

**Integrated
Annual Report
2020**

MOWI[®]



**Leading
the Blue
Revolution**

20



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Leading the Blue Revolution

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Integrated Annual Report 2020

Mowi is one of the world's leading seafood companies, ranked as number one on both market capitalisation and sustainability.

Mowi is also by far the world's largest Atlantic salmon farmer with harvest volumes of 440 000 tonnes in 2020, equivalent to a global market share of approximately 20% in an industry which is still fragmented.

The company has a fully integrated value chain from roe to plate and produces its own environmentally certified feed specifically designed for the Mowi salmon strain.

This integrated report sets out how we run our business, describes our vision and ambition, our successes and our improvement areas in an open and transparent way.

At every stage of the value chain, we all work towards one shared aim. To provide a growing world population with delicious, healthy and nutritious food from the ocean, in a way that respects our planet and allows local communities to flourish. A product everyone at Mowi is proud of, every day.

Deep history of value chain investments

Since our pioneering days in 1964, we have continued to invest in our value chain and today enjoy full control of our product: From the parental broodstock to sales. It's a remarkable story. Just a few decades ago our founders were growing salmon in netted bays and mixing fish feed by hand.



1964

The adventure of Mowi begins.

Salmon came from the rivers Vosso and Årøy.

1969

First stocking of salmon smolt in seawater.

Hydro buys 50% of Mowi.

1975–1976

Mowi becomes a recognised local brand.

The Mowi breeding adventure starts.

1980–2005

Several M&As and Norsk Hydro takes 100% ownership of Mowi and changes name to Marine Harvest.

MOWI'S INTEGRATED VALUE CHAIN

Feed | Breeding | Smolt | Farming | Harvesting | Processing | Products and customers

Over 50 years later, our investments in areas such as genetics, feed nutrition and value-added processing have transformed our business and now place us in a leading position that few food producing companies can boast.



2006–2007

Marine Harvest Group is established from three independent companies; Pan Fish, Marine Harvest and Fjord Seafood.

2012

The Group establishes its own feed division with factory, strengthening a fully integrated value chain.

2013

Morpol becomes a part of the group.

2018

Marine Harvest once again becomes Mowi. MOWI brand successfully launched.

2020

Self-sufficient with feed in Europe. MOWI brand launches in France retail and US e-commerce.

Scan the QR code with your Smart phone to view our 360 film about the Mowi integrated value chain.



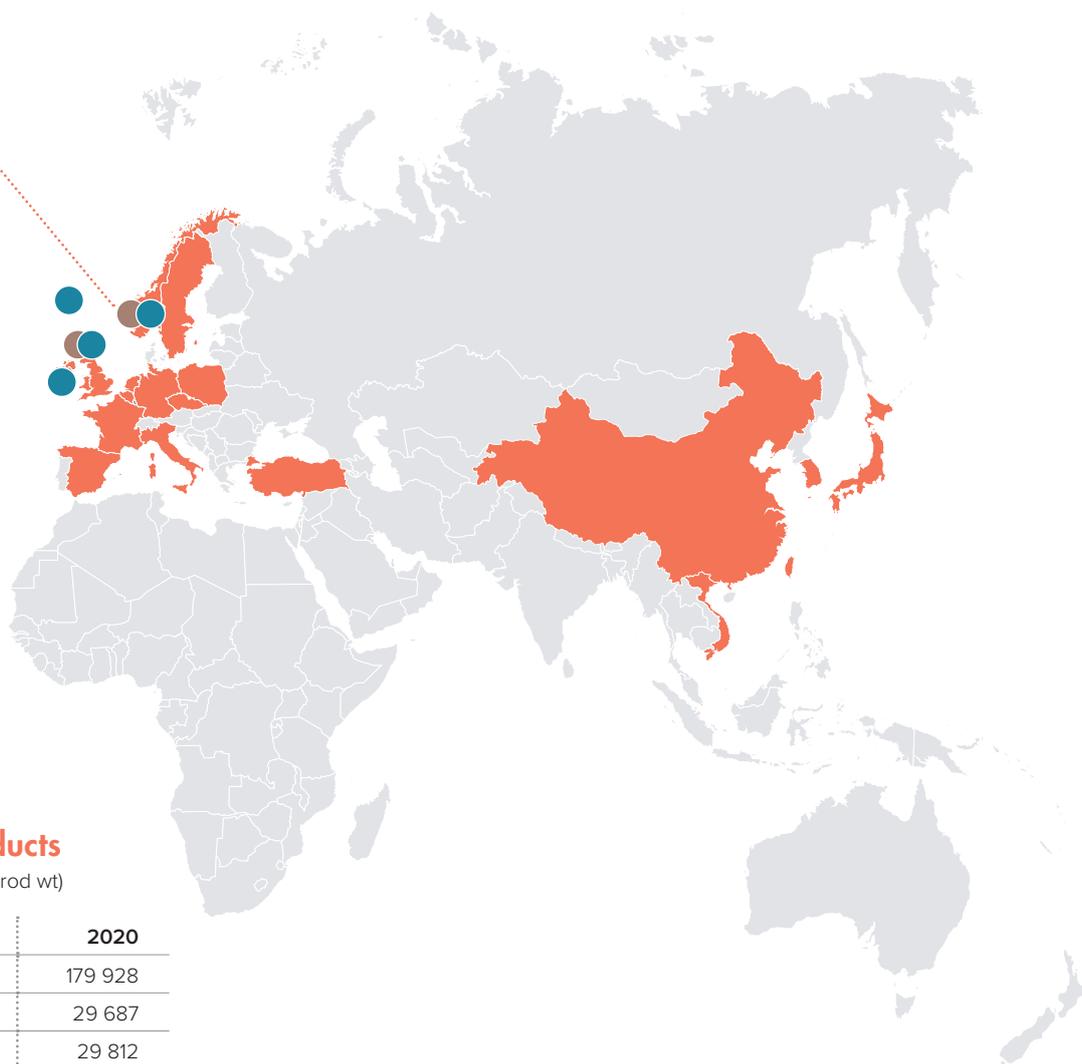
Business areas

Mowi is the world's largest producer of farm-raised salmon measured by both volume and turnover. We offer seafood products to approximately 70 countries, are represented in 25 countries and employ 12 200 people. Mowi is organised in three business areas: Feed, Farming and Sales & Marketing.

COUNTRIES WHERE MOWI IS REPRESENTED – BY BUSINESS AREAS

Headquarters

Location; Bergen



Consumer Products

(Volume sold, tonnes prod wt)

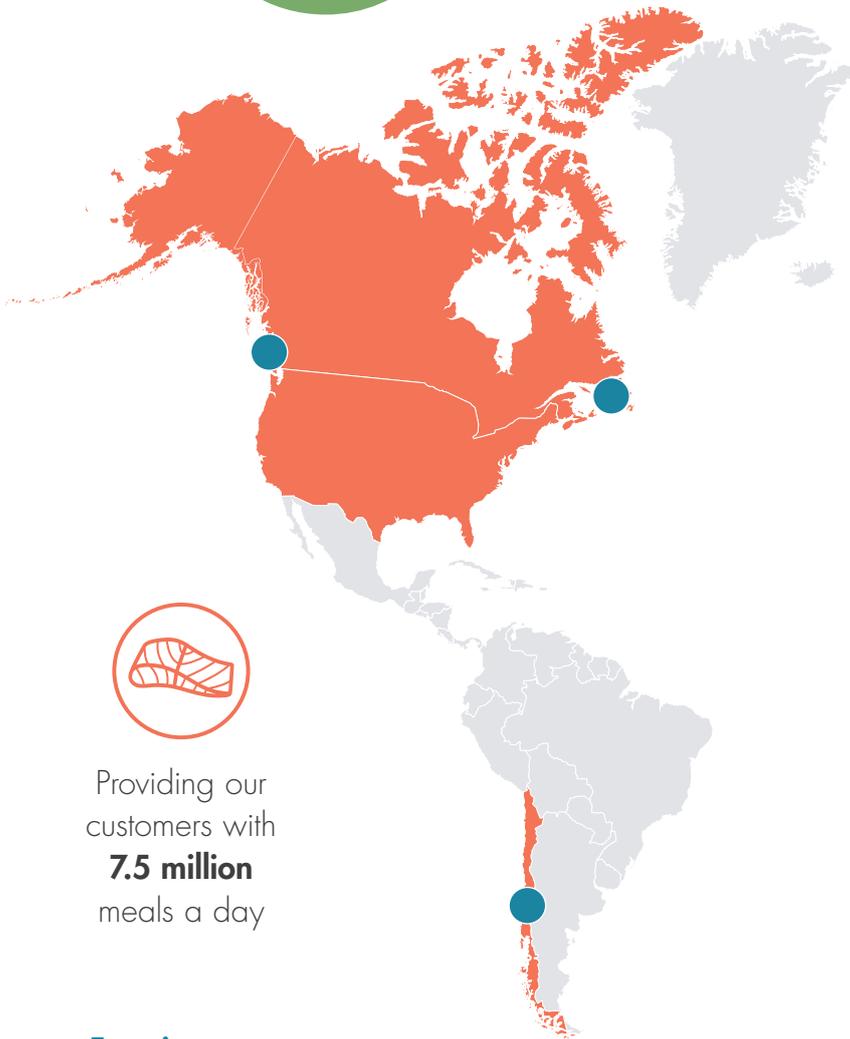
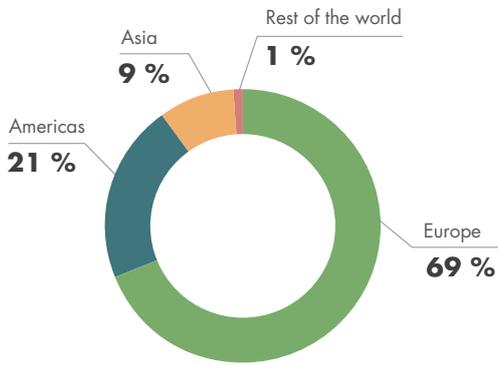
Country	2020
Europe	179 928
Americas	29 687
Asia	29 812
Total	239 427

Feed

(Tonnes)

Country	Capacity	Production				
		2020	2019	2018	2017	2016
Produced Norway	400 000	389 750	353 310	348 402	305 174	310 242
Produced Scotland	240 000	150 576	51 883	—	—	—
Total	640 000	540 326	405 193	348 402	305 174	310 242

SALES BY GEOGRAPHY



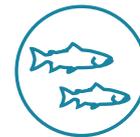
Providing our customers with **7.5 million** meals a day

BUSINESS AREAS



Feed

Comprises our feed plants in Norway and Scotland.



Farming

Incorporates our farming operations and some primary processing and filleting activities in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands.



Sales & Marketing

Includes our secondary processing and value added operations in Europe, the US and Asia, and the sales and delivery of our products.

Farming

(Tonnes)

Country	Guidance	Harvest volume GWT				
	2021	2020	2019	2018	2017	2016
Norway	260 000	262 016	236 880	230 427	210 152	235 962
Chile	70 000	64 570	65 688	53 165	44 894	36 931
Canada	40 000	43 953	54 408	39 267	39 389	43 349
Scotland	60 000	52 739	65 365	38 444	60 186	45 046
Ireland	6 000	7 961	6 650	6 238	9 745	8 441
Faroes	9 000	8 590	6 913	7 697	5 980	10 893
Total	445 000	439 829	435 904	375 237	370 346	380 622

GWT = Gutted weight equivalent tonnes

Dear stakeholder

2020 was characterised by very challenging market conditions due to the Covid-19 pandemic but also good operational performance and record high volumes under extraordinary circumstances. Our financial results were impacted by low spot prices for salmon as a consequence of extensive lockdown measures which caused a shortfall in demand from the foodservice segment. But despite a challenging year our operations have been running close to normal, and this was made possible by the hard work, competence and dedication of Mowi's employees.

2020 truly was a very special year. More than anything else, the Covid-19 pandemic was the defining event of 2020 across countries, industries and businesses, including Mowi. In our industry, out-of-home consumption of salmon, the so-called foodservice market segment, was negatively impacted to a large degree due to extensive lockdown measures. Although retail sales have been strong and have offset some of the demand shortfall, net demand was reduced compared with the situation before the pandemic. As a result, spot prices declined in all markets and reduced profits in our main division, Farming, accordingly.

Despite the many challenges presented by Covid-19 there have been many positive achievements in 2020. Volumes were all-time high in all divisions. Farming cost per kg was stable when adjusted for inflation despite the underlying cost pressure, and the organisation delivered on its many cost initiatives. The strength of Mowi's integrated value chain was demonstrated as our Consumer Products division capitalised on the shift in consumer demand from foodservice to retail and Mowi produced more value-added products than ever through the downstream facilities. And once again, Mowi was ranked the most sustainable animal protein producer in the world in the 2020 Collier FAIRR Protein Producer Index.

Looking ahead, we believe in a market recovery during 2021. With regards to demand, increased vaccination for Covid-19 is expected to support a gradual re-opening of the foodservice segment. Also, the recent low price level and the shift in demand towards more elaborated products are expected to boost demand

post Covid-19. About half of the increase in the retail segment we have seen in 2020 stems from increased penetration, i.e. new customers, and the other half comes from increased purchasing frequency. Mowi is well positioned to benefit from a permanent increase in retail consumption rates post Covid-19 even as the foodservice segment re-opens. With regards to supply, global industry supply growth is estimated to be low in 2021 and this would under normal circumstances be supportive of strong salmon prices. In the coming years, we expect global megatrends to continue to drive demand for salmon and we expect demand growth to outpace supply growth.

Mowi is by far the largest producer of salmon, a scientifically proven natural superfood. Salmon is versatile and appeals to people of all ages with its highly appetising taste, look, texture and colour. In the coming years, I see countless opportunities for Mowi and we are working on many important initiatives that will further develop the company and bring it into the future. In Farming, we are working along three main pillars; volume growth, cost and sustainability. In Sales & Marketing, we are putting the customer at the core of all our activities related to products, branding and operational excellence. With regards to the Feed division our feed performs very well and we continue to work on operational improvements and cost optimisation.

The ongoing trend of using smart technology to automate production and industrial practices, often referred to as the fourth industrial revolution, offers significant opportunities for Mowi. To leverage these opportunities, we have developed our own



CEO Ivan Vindheim

Mowi 4.0 strategy to digitalise and automate our value chain from roe to plate. In Farming Norway, our largest farming unit, we are aiming to roll out our Smart Farming concept by 2025. By means of advanced imaging technology and intelligent sensors, we will perform real-time monitoring of biomass, digital lice counting, autonomous feeding and tracking of fish welfare. A wealth of data combined with machine learning and artificial intelligence will enable us to grow the fish much more efficiently than today, and in an even more sustainable way. By constantly tracking fish behaviour and fish health, we can be proactive instead of reactive when it comes to acting on biological issues. We believe Industry 4.0 technologies will offer much clearer scale advantages in the seawater phase than what we see today. Bear in mind that even after 50 years we are still feeding the fish manually – though with a camera and a mouse click, and not a hand bailer. Further to this, digitalisation and automation offer significant opportunities in our 35 factories in 23 countries. Fish processing is in many ways still very labour-intensive. Advanced scanning technology also opens up for much more sophisticated product differentiation than we do today. We will also use blockchain solutions for selected customers.

Mowi's mission to provide sustainable and healthy food to a growing world population is more important than ever. Mowi's employees have demonstrated flexibility and determination to maintain production even in challenging times, and Mowi continues to take all possible measures to keep operations running while health and safety remains the number one priority.

Key achievements in 2020

OPERATIONAL

- Operations have been running close to normal despite extraordinary challenges from Covid-19
- All-time high harvest volumes of 440 000 tonnes
- Record high year-end biomass in sea of 326 000 LWT
- Mowi self-sufficient for feed in Europe. Record high volumes of 540 326 tonnes and earnings of EUR 31.2 million for Mowi Feed
- Best year ever for Sales & Marketing. Strong performance in Consumer Products with Operational EBIT of EUR 81.8 million on shift in demand towards elaborated products due to Covid-19 and all-time high volumes sold of 239 427 tonnes
- MOWI brand launched in France retail and US e-commerce

FINANCIAL

- Operational EBIT of EUR 337.7 million and Financial EBIT of EUR 183.5 million
- Return on capital employed (ROCE) of 8.3% despite a very challenging year
- Completed 2020 cost savings program with annual savings of EUR 35 million
- Initiated new global EUR 25 million cost savings program
- 5-year EUR 200 million green bond issuance in January 2020 with coupon of EURIBOR + 160 bps
- Divestment of Mowi's 50% stake in DESS Aquaculture Shipping in January 2021 with a gain of EUR 54 million

SUSTAINABILITY

- Mowi ranked the most sustainable animal protein producer in the world (FAIRR) for the second year in a row
- Improved safety record with all-time low rolling LTIs per million hours worked at 2.7, down from 4.3 in 2019

Priorities going forward

- Volume growth
- Cost improvement
- Sustainability
- Brand roll-out
- Digitalisation and automation – Mowi 4.0
- Develop our people and leaders

Feed

Our feed performs very well, which is essential as feed is the most important input factor in salmon production. In 2020, Mowi reached a milestone in our Feed division as we became self-sufficient for feed in Europe. In 2020 the feed mill at Valsneset in Norway produced 389 750 tonnes of feed, an all-time-high and a great achievement. Our Feed mill in Kyleakin, Scotland had its first full year of operations and produced 150 576 tonnes of feed. The advanced plant delivers different types of freshwater, seawater and organic feed for our farming operations in Scotland, Faroes and Ireland. The feed segment delivered an Operational EBIT of EUR 31.2 million, also a new record.

Although our Feed operations set new records in 2020 and delivered strong results the work doesn't stop here. Our combined feed production capacity is 640 000 tonnes, and consequently Mowi Feed is able to support further growth in Farming. We will continue to work on delivering high-performing feed and optimising feed ingredients while maintaining our focus on sustainability and high quality. With two modern facilities strategically located close to our largest farming operations, Mowi Feed is well positioned to streamline operations and reduce costs.

Farming

Volume growth, costs, and sustainability are the three main pillars we are working along in Farming. While Mowi Farming performs well on costs and sustainability, there is still room for improvement. When it comes to volume growth, this will be an important focus area in the coming years.

Mowi reached a new harvest volume record of 439 829 tonnes GWT in 2020, up from 435 904 tonnes in 2019. Increased smolt stocking and an all-time high biomass in sea at year end, support further growth in 2021. The number of smolt released and the average smolt size have increased in the past years. However, in our largest and most important Farming entity, Farming Norway, growth has been less than for our peers. Consequently, Mowi has been lagging the industry growth trajectory despite license utilisation again being above the industry benchmark. In order to reignite growth in Farming Norway, Mowi will accelerate freshwater investments during the next five years in order to produce more and larger smolt. Also in our Scottish farming operations, plans to significantly increase the average smolt size through freshwater investments are being prepared. Mowi Scotland is also

Scan the QR code
with your Smart phone
to view the video
about Smart Farming



developing new sites to utilise new licenses awarded in recent years. In Chile, Mowi expects to grow in line with the traffic light system. In Canada East, Mowi has many unused licenses and there is a significant potential for growth in the coming years. Mowi Farming also aims to grow volumes by applying new farming technologies as well as purchasing additional capacity and undertaking M&A activities.

Adjusted for inflation, blended Farming cost per kg has been stable for Mowi Farming during the past five years despite the underlying cost pressure related to more demanding biology, costly treatments and more complex regulations. Mowi's Farming cost relative to peers has over time been the best or second best in all of the geographical regions where the company operates. A number of successful cost-reduction measures have been introduced in recent years. However, the absolute cost level is still too high, and Mowi continues to work on reducing its cost level through the further development of farming technologies and new cost-cutting initiatives.

The ongoing implementation of Smart Farming technologies in Mowi Farming is expected to have a positive impact not only on productivity and costs, but also on fish welfare and sustainability. This work is part of our overall plan called Mowi 4.0 to transform and make the value chain more efficient through digitalisation and automation. In Farming, this includes e.g. implementation of remote operations centres, automatic feeding, real-time monitoring of biomass, tracking of fish welfare, and machine learning. Farming Norway leads the way in this work and within the next five years we expect to have completed the roll-out of Smart Farming in our largest farming unit.

Sales & Marketing

This division consists of all our downstream activities, including our steadily growing production of consumer-ready products. Operational results for Sales & Marketing were all-time high in 2020. Consumer Products benefited from the shift in demand towards more elaborated products and we sold 239,000 tonnes which was record high and 16% more than in 2019. I commend our organisation for managing to keep our operations running close to normal, while at the same time showing strength and flexibility in a shifting market by adapting to new consumer behaviour.

Mowi's mission to provide sustainable and healthy food to the population is more important than ever.

Although the launch of the MOWI brand is progressing it has been significantly delayed by Covid-19. An important part of our launch strategy is to have sales representatives in-store, but this has not been possible in most markets during the pandemic. Despite difficult market conditions we launched our products to e-commerce customers in the US with very positive feedback and increasing demand. The roll-out plan continues in 2021 focusing on key markets in Europe and further growth in the US. We have great belief in our MOWI brand strategy, and our long-term target of EUR 1 billion in turnover at 10% earnings margin remains, with an ultimate target to de-commoditise the salmon market over time.

Within our Sales & Marketing division there is a strong focus on automation and digitalisation. We have established a global Processing Excellence team tasked with realising improvements in our processing plants. Through establishing benchmarks and best practices, the team will focus on automation and the right use of technology to further improve our processing operations, ensuring efficient and lean factories. We are the largest value-added operator in the salmon sector with 33 primary and secondary facilities in 19 countries and we see great scale advantages with such a cross-border team that can bring in best practices and benchmarks throughout our organisation

Sustainability

Food security and climate change are two of the most pressing challenges facing humanity. As a seafood producer, Mowi is unlocking the potential of the ocean to produce healthy and climate-friendly food for a growing world population. In 2020, we have seen the importance of producing food from the ocean being recognised as a solution to climate change by world-class scientists and heads of government around the world. Sustainable aquaculture is considered an ocean solution that benefits people, nature and the economy.

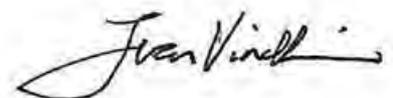
We remain committed to the principles of the United Nation's Global Compact and to maximising our contribution to its Sustainable Development Goals (SDG). At Mowi, we pursue an integrated sustainability strategy where long-term targets have been established for all our guiding principles: Planet, People, Product and Profit. Transparency reporting according to global standards such as the Global Reporting Initiative (GRI) is, and will continue to be, an important piece of our sustainability work.

In 2020, we continued the implementation of our sustainability strategy, Leading the Blue Revolution Plan, and demonstrated significant progress in key strategic programmes such as our climate footprint, responsible use of plastics, freshwater management and sustainable sourcing of feed. In 2020, 100% of our harvested volumes were 100% certified as sustainable by independent standards recognised by the Global Seafood Sustainability Initiative (GSSI).

We are proud that our sustainability performance is recognised: Mowi has been rated the most sustainable animal protein producer in the world by the Collier FAIRR index and rated in the Leadership category by the CDP on climate change and supplier engagement.

To support further organic growth Mowi increased its financial flexibility in January 2020 by issuing a EUR 200 million green bond. The 5-year senior unsecured bond carries a coupon of three months EURIBOR + 160 bps p.a. I am pleased that Mowi issued the first green bond by a seafood company and achieved an attractive low financing cost. It is positive to see that our commitment to sustainable and environmentally-friendly salmon production is shared by the financial market.

'Leading a Blue Revolution' is not easy but we believe Mowi's unique strengths – our global presence, being fully integrated and being a front runner on innovation and R&D – will make a positive impact in the world.



Ivan Vindheim
Chief Executive Officer

Key figures

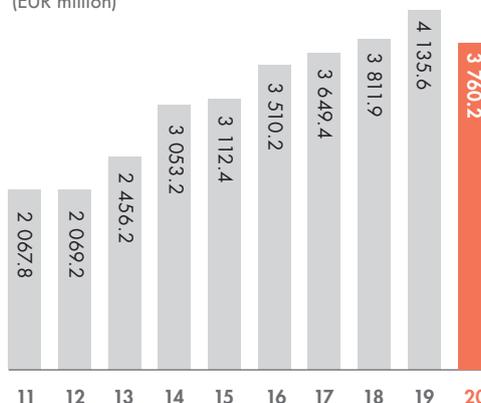
(EUR MILLION) YEAR	2020	2019	2018	2017	2016
REVENUES & COST					
Revenue and other income	3 760.2	4 135.6	3 811.9	3 649.4	3 510.2
Harvest volume of salmonids (GWT)	439 829	435 904	375 237	370 346	380 621
Value-added share of sales (salmon)	56.4%	51.4%	50.9%	48.3%	46.3%
Cost in box (EUR/kg)	4.37	4.26	4.13	4.16	4.00
Market price of salmon (EUR/kg)	5.00	5.79	6.19	6.31	6.72
PROFITABILITY					
Operational EBITDA	504.6	874.5	906.2	942.5	842.7
Operational EBIT	337.7	720.9	752.8	792.1	700.2
EBIT	183.5	617.0	925.4	484.9	991.2
Operational EBIT (EUR/kg)	0.77	1.65	2.01	2.14	1.84
Profit or loss for the year	119.1	476.3	567.2	462.7	539.3
Cash flow from operations**	502.7	759.0	620.9	632.4	693.2
Net cash flow per share (EUR)	0.01	0.59	0.51	0.74	1.23
ROCE %	8.3%	19.9%	24.9%	26.7%	28.1%
BALANCE SHEET					
Gross investments	315.8	292.7	346.2	254.9	211.6
Total assets	5 846.1	5 840.1	5 145.1	4 330.3	4 810.4
Net interest-bearing debt	1 458.4	1 337.2	1 037.2	831.9	890.0
Covenant equity %	52.0%	53.0%	56.0%	53.5%	43.0%
Equity (owners of Mowi)	2 764.1	2 892.6	2 879.0	2 314.2	2 068.4
THE SHARE					
Total market value OSE (NOK million)	98 768	118 005	94 280	68 133	70 078
Number of shares (million)	517.1	517.1	516.0	490.2	450.1
Earnings per share (EUR) - basic	0.23	0.92	1.15	0.97	1.20
Underlying earnings per share (EUR)	0.43	0.99	1.11	1.23	1.13
Dividend declared and paid per share (NOK)	2.60	10.40	10.40	12.40	8.60
PEOPLE					
Number of FTEs	14 645	14 998	14 537	13 233	12 717
LTI per million hours worked	2.7	4.3	4.8	6.6	9.9
Absenteeism	5.1%	4.7%	5.0%	5.2%	5.7%
PLANET					
Sustainability certification*	100%	99 (37%)	78 (34%)	72 (31%)	59 (26%)
Fish-in Fish-out (FIFO)	0.68	0.66	0.75	0.73	0.77
Greenhouse Gas emission (tonnes CO ₂ e; scope 1 and 2)	347 325	356 762	325 359	294 251	273 587
Greenhouse Gas emission (tonnes CO ₂ e; scope 3)	1 716 894	1 764 384	1 750 868	na	na
Avoided carbon emissions (million tonnes CO ₂)	1.8	1.7	1.4	na	na

See also achievement on ambitions for more detailed figures on our four guiding principles Profit, Planet, Product and People. For definitions of key figures, see the description of Alternative Performance targets. *From 2020 our target has changed from 100% ASC by 2025 to 100% of yearly harvest volumes certified with a Global Seafood Sustainability Initiative (GSSI) recognised standard. **Cash flow from operations, excluding effects of IFRS 16, was EUR 331.4 million in 2020 and EUR 625.5 million in 2019.

2015	2014	2013	2012	2011
3 112.4	3 053.2	2 456.2	2 069.2	2 067.8
420 148	418 873	343 772	392 306	342 820
45.4%	43.2%	35.8%	34.6%	NA
3.68	3.27	3.41	3.24	3.11
4.60	4.80	5.07	3.60	3.97
486.6	624.3	508.5	176.7	433.7
346.8	508.7	411.0	86.1	348.3
345.3	434.5	596.4	129.6	155.0
0.83	1.21	1.20	0.22	1.02
158.3	112.4	321.8	54.7	143.0
233.3	471.5	258.8	207.8	358.6
-0.02	0.80	-0.05	0.34	0.57
13.1%	20.9%	18.5%	3.9%	16.7%
215.8	210.6	251.7	98.1	135.2
4 196.1	4 119.7	4 023.2	3 170.7	2 932.9
999.7	1 032.6	929.3	731.7	832.3
45.2%	39.8%	48.5%	50.1%	47.6%
1 894.6	1 638.1	1 946.5	1 580.1	1 385.6
53 830	42 228	30 306	19 192	9 261
450.1	410.4	410.4	374.8	358.1
0.36	0.27	0.85	0.15	0.40
0.84	0.68	0.68	0.08	0.63
8.30	2.25	2.25	—	8.00
12 454	11 715	10 676	6 389	6 324
11.40	11	14	14	NA
4.7%	5.0%	4.8%	3.4%	3.8%
39(24%)	8 (4%)	NA	NA	NA
0.74	0.80	0.80	NA	NA
249 517	146 390	107 809	101 466	95 874
na	na	na	na	na
na	na	na	na	na

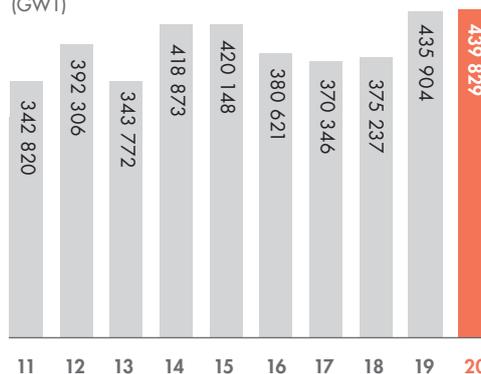
Revenue and other income

(EUR million)



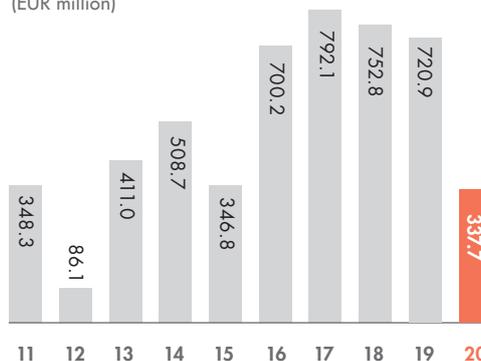
Harvest volume salmonids

(GWT)



Operational EBIT

(EUR million)



Leading the Blue Revolution



Mowi's most material value drivers

021

Mowi's contribution to UN Sustainable Development Goals

025

Achievements on ambitions

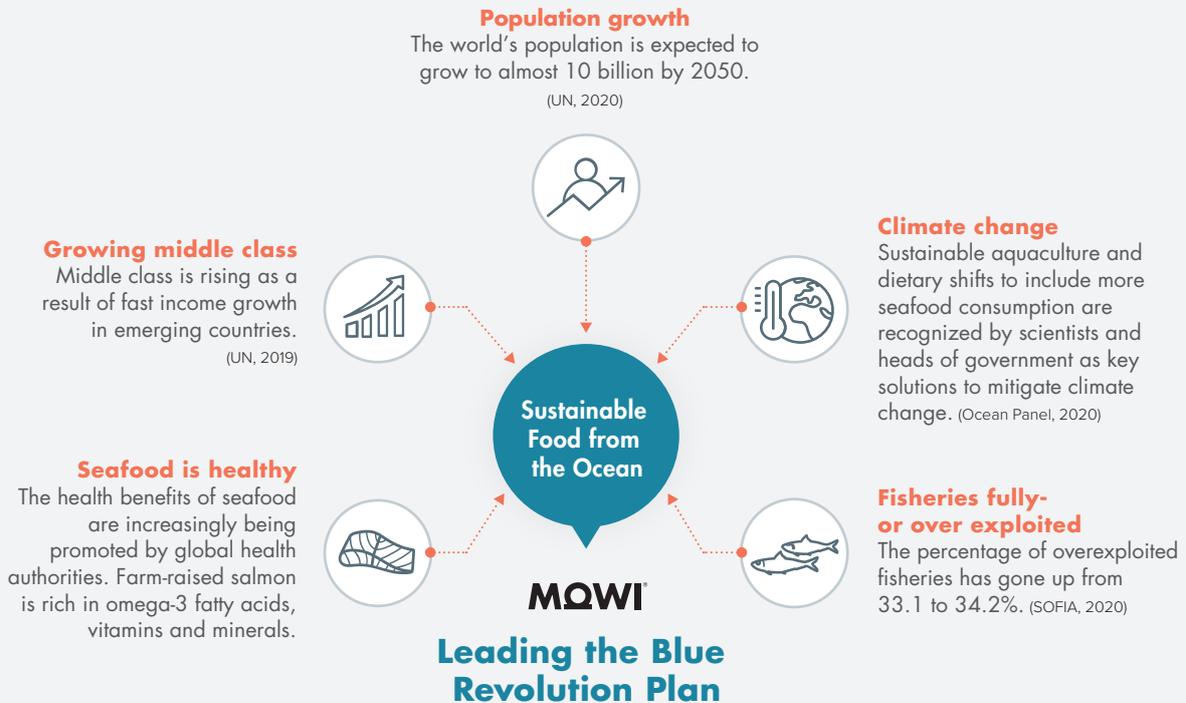
026

Unlocking the potential of the sea

"Food from the ocean is key to provide nutritious food with a smaller climate footprint than land-based food production. It is a triple win: for People, for the Planet and the Economy. Our big goal is to unlock the potential of the ocean to produce more food for a growing world population in a way that respects our planet and allows local communities to flourish while offering consumers products that are tasty, healthy and of the highest quality. In combination, this is Leading the Blue Revolution."

Ivan Vindheim, CEO

The world needs more food from the Ocean



Ocean Panel, 2020. Ocean Solutions that Benefit People, Nature and the Economy. Report. Washington, DC: World Resources Institute. Available online at <http://www.oceanpanel.org/climate>
UN, 2019. World Population Prospects: the 2019 Revision. https://population.un.org/wpp/Publications/Files/WPP2019_10KeyFindings.pdf
SOFIA, 2020. The state of the world fisheries and aquaculture. <http://www.fao.org/publications/sofia/en/>

Our corporate foundation

We believe that by farming the ocean, we can sustainably produce healthy, nutritious and affordable food for society at large. 70% of our planet is covered by water, yet the United Nations Food and Agriculture organisation (FAO) estimates that only around 2% of the world's food supply comes from the ocean. This includes both farm-raised and wild-caught fish. We know that global consumption of farm-raised seafood will increase in the future, both in terms of overall volumes and as a percentage of the global food supply.

The Mowi way

Our financial results are created through interaction between people, the natural environment and technology. Our goal is to find an optimal combination of these elements to create long-term success, whilst understanding that our growth must be environmentally, socially and financially sustainable. To manage the risks that may prevent us from reaching our goals and delivering on our strategy, we have developed the "Mowi Way". The Mowi Way combines our vision, values, strategy, leadership, and our guiding principles.

Our vision and values

Our vision, "Leading the Blue Revolution", gives direction and outlines possibilities. The possibilities lie in the increased need for protein to supply a growing and increasingly prosperous world population with healthy, sustainable food products. We believe the most efficient way to produce more protein is by farming the ocean.

Our global values - Passion, Change, Trust and Share - inspire us to act in the right way and are key enablers for reaching our goals. **Passion** for the company and the product: Passion is the key to our success and how we make a difference.

Change is the new "normal": We are ready for change and work continuously to improve our operations.

Trust is essential in everything we do: Our operations provide safe, delicious and healthy food, and we deliver on our promises.

Share underpins the performance of our employees: We share knowledge and experience, we are open and transparent, and we cooperate with key stakeholders globally.

Our leadership principles

Taking the lead is about setting a course and taking responsibility, and our leadership principles provide an important guide for managers' behaviour:

Inspire people: We recruit the very best and build talent for the future. We strive to create winning teams and challenge people to succeed.

Make it happen: We challenge existing thinking and promote change and innovation. We encourage people to propose solutions and learn from mistakes.

Live the values: We want our leaders to be role models and build our culture; leaders should show direction and engage with stakeholders.

Think and act: We want our leaders to think and act as if the company was their own. Leaders should do what is best for the company, bearing in mind both our short- and long-term goals.

Our strategy

We aim to be an integrated provider of proteins from the ocean, taking the lead in all key areas, from the production of fish feed to meeting the needs of the market. By integrating the entire value chain, we can control our products from roe to plate, and be more proactive in addressing challenges related to sustainable feed, breeding and genetics, farming and secondary processing. We see research and development as an integral part across our value chain, which differentiates Mowi within the industry.

VERTICAL INTEGRATION

We believe there are benefits to vertical integration, due to the greater capacity it gives us to control the production process. We refer to activities which occur after farming (i.e. secondary processing) as downstream operations, and activities occurring prior to farming (i.e. feed production) as upstream operations. Our integrated production helps us stabilise costs, control the quality of our products and improve efficiency. Over time, vertical integration is expected to result in more stable earnings and unlock future growth. We expect to be less exposed to the cyclical nature of salmon prices, and to be better able to control the quality of our products. An important prerequisite for building the MOWI brand and gaining brand awareness is to gain consumer trust, and through Mowi's integrated value chain, we believe that the company can differentiate the way our products are perceived, positioned and sold.

Upstream

Mowi's latest addition, Mowi Feed, was established as late as in 2012. After commissioning the second feed mill in Kyleakin, Scotland in 2020 Mowi is now self-sufficient for feed in Europe. Feed is by far the most important cost component in farming.

The strategy from here is to grow Mowi Feed along with Mowi Farming. Mowi has unutilised capacity at its feed mill in Kyleakin, Scotland, and can add a new production line at the feed mill in Bjugn, Norway if needed with limited capital expenditure. Further to this the company will continue to streamline its operations

Our contribution to making the world a better place

Two of the biggest challenges humanity is facing:

climate change and **food security**



Increased food production needs to be **climate friendly** and **healthy**

Seafood has a **lower carbon footprint** than land based proteins and is **rich in omega-3** fatty acids

Mowi salmon is ranked as the **most sustainable** animal protein in the world

to minimise cost and continue to produce sustainably sourced, high-performing quality feed specially designed for the Mowi salmon strain. Mowi will also continue to test alternative feed ingredients that provide the necessary nutrients for state-of-the-art salmon feed. The incorporation of such novel feed raw materials into Mowi Feed's sourcing strategy will continue to be subject to satisfying our internal profitability, operational excellence and sustainability requirements.

Farming

Mowi Farming is working along three pillars; volume, cost and sustainability.

We are addressing volume growth through various growth initiatives including increased investments in more and larger smolt. With the right measures in place we believe Mowi Farming has the intrinsic potential to grow well beyond 500,000 tonnes organically, using existing license capacity. We will also pursue farming growth through accretive acquisitions when this fits with its operational strategy. The main focus in Mowi Farming has been and will continue to be conventional farming. That said, we are monitoring developments in alternative technologies closely and may introduce such technologies when, and if, we find it timely and profitable.

On cost Mowi is consistently the number one or number two performer among peers in the regions in which the company operates. However, cost is still too high in absolute terms, particularly in some regions outside Norway. The cost variation between farming regions is also too high. Thus, Mowi Farming will continue unabated with its work to address cost initiatives going forward.

On sustainability Mowi has yet again being ranked the world's most sustainable animal protein producer in the 2020 Collier FAIRR Protein Producer Index.

The ongoing implementation of Smart Farming technologies in Mowi Farming is expected to have a positive impact not only on productivity and costs, but also on fish welfare and sustainability. Implementation of "Mowi 4.0 Smart Farming" will enable us to grow fish much more efficiently than today, and in an even more sustainable way. By constantly tracking fish behaviour and fish health, Mowi can further improve its ability to be proactive when it comes to acting on biological issues. The organisation strongly believes Industry 4.0 technologies will offer much clearer scale advantages in the seawater phase than what is seen today.

Downstream

In Sales & Marketing we put the customer at the core of everything it does through product innovation, branding and operational excellence to create customer value. Mowi will continue to develop new, innovative, high quality products that are easily accessible to its customers to keep pace with constantly evolving food habits.

In 2021 we will continue the roll-out of our MOWI branded strategy in additional markets. Over time, we expect our marketing efforts and unique product attributes to distinguish our products in what

has been a traditionally commodity-driven food category. At the same time we must acknowledge that salmon is still mainly sold as a commodity subject to fierce competition – particularly in Europe. Thus, it is key to be a cost leader in this part of the value chain too, in order to attain a reasonable profit on our sales. Mowi has 33 primary and secondary processing facilities in 19 countries. Improvements within automation and digitalisation can be realised with strong leadership and execution. To address the competitive processing market, Mowi has established a Global Processing Excellence Team with the task of realising improvements related to Mowi's processing plants. Fish processing is in many ways still very labour-intensive and in many cases improvements can be made by automation of manual work. The availability of advanced scanning technology also opens up for much more efficient production and more sophisticated product differentiation than seen today.

In 2020 our Consumer Products division sold a record high volume of 239 427 tonnes end-product weight. This was an increase by 8.3% compared with 2019 driven by Covid-19 and the shift in demand towards more home consumption. Mowi is well positioned to benefit from a permanent increase in retail consumption rates post Covid-19 even as the foodservice segment re-opens.

Guiding Principles

The way we operate our business is centred around our four guiding principles that underpin our vision and behaviour: Planet, Product, People and Profit. Balancing the four principles is a prerequisite for Leading the Blue Revolution and creating long-term value. This ensures that we continue to deliver a premium product with minimal negative impact to the environment that also generates value for the local communities in which we operate, as well as focusing upon delivering healthy shareholder returns and ensuring access to capital.

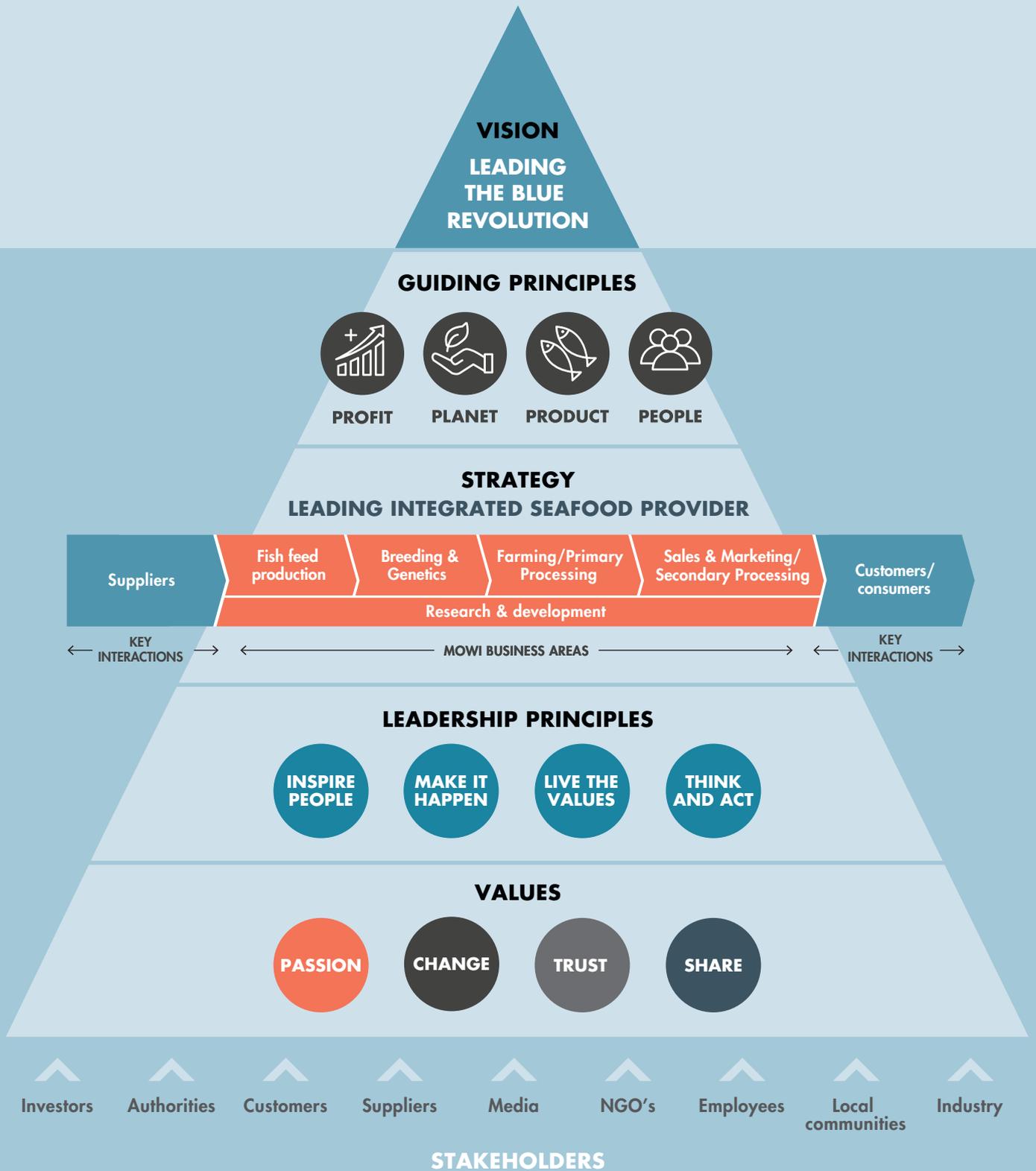
STAKEHOLDER ENGAGEMENT

As a global seafood company, our activities influence a diverse group of stakeholders. At the same time, our stakeholders' viewpoints and decisions also have an impact of the success of our business. Therefore an ongoing engagement with our key stakeholders is inherent to our way of working. Dialogue helps build trust, and as trust is one of Mowi's core values, we value every opportunity to listen to our stakeholders, to identify trends, to address critical issues and build partnerships. Understanding our stakeholders' needs and interests will help us shape our strategy and better meet their expectations.

In addition, engagement with sustainability benchmark developers (e.g. Collier FAIRR's Index, Seafood Stewardship Index, Food and Agriculture Benchmark) help us understanding key sustainability and innovation trends.

Our Code of Conduct underpins how we interact with stakeholders and our internal standard on Community Engagement defines

From Vision to Action



minimum requirements on community engagement plans including those related to the Aquaculture Stewardship Council certification.

Continuous identification and prioritisation of relevant stakeholders and their topics of interest is done through Mowi's communication and sustainability global networks. The added insight from such networks contribute to our materiality assessment (see important and material topics of concern identified by stakeholders in our materiality assessment).

Mowi has identified the following stakeholder groups as key to help us identify the key economic, environmental and social impacts, both positive and negative:

Investors and creditors, through road shows, capital markets days and other presentations to share ambitions and concerns.

Authorities, to facilitate the development and implementation of smart, fair and enforced industry regulations.

Consumers and customers, including key retailers for product and process development and greater understanding of consumer expectations in general.

Suppliers, to ensure that we have a shared approach to the delivery of goods and services, sustainability, human rights and ethics in general.

Media, including social media, to understand the public perception of seafood in general and our business in particular.

NGOs, for the mutual exchange of ideas and information.

Employees, utilising their potential for personal and company growth and progress.

Local communities and Indigenous People where we operate, to promote healthy cooperation and create win-win solutions.

The industry, for a unified approach to common global and local challenges e.g. SeaBOS for greater seafood industry cooperation and continuous progress on global sustainability challenges and the Norwegian Seafood Federation (Sjømat Norge) for country-specific challenges.

How we interact with our stakeholders is described below.

How we interact and engage with stakeholders

Consumers & customers

- Customer and consumer surveys
- Trade fairs
- Face-to-face and digital meetings /dialogue responding to enquiries

Suppliers

- Regular face-to-face meetings to learn about new developments and accelerate more sustainable and affordable solutions
- Dialogues in the context of industry initiatives

Employees

- Employee survey, intranet media, dialogue with employees and managers

Media

- Dialogues in the context of press trips, press releases, trade fairs, international events
- Media monitoring

Local communities

- Visit to farming sites, career days, beach clean up days

The industry

- Local and global industry initiatives (e.g seaBOS)

Indigenous peoples

- Skills training
- Employment initiatives
- Joint research & monitoring
- Community engagement

Investors and creditors

- Continuous dialogue, during capital market days, roadshows, quarterly results presentations
- Face-to-face meetings/ dialogue responding to enquiries

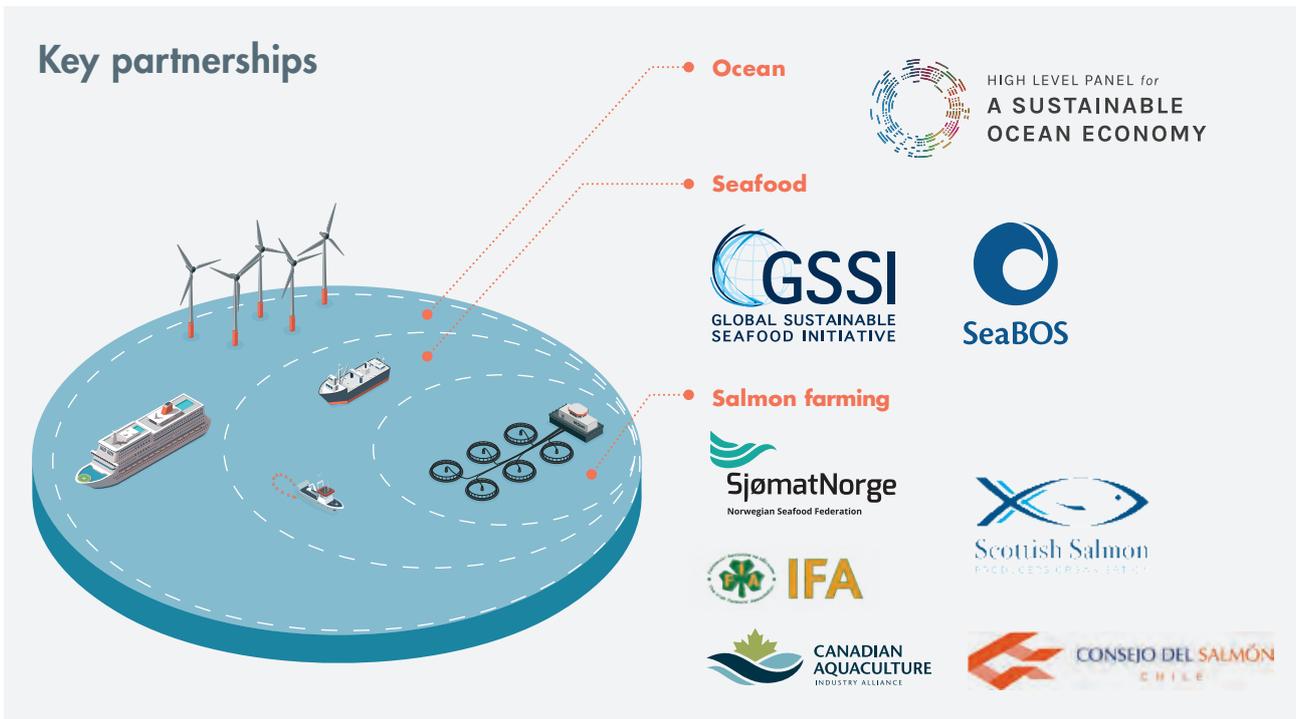
NGOs

- Dialogues in the context of partnerships (e.g. seaBOS) and industry initiatives
- Face-to-face meetings/ dialogue responding to enquiries

Authorities

- Sea site visits
- Participation in policy discussions
- Feedback to open hearings regarding changes in legislation





KEY PARTNERSHIPS

Working in collaboration is key to Mowi's vision of Leading the Blue Revolution. We believe that we can accelerate progress by working together with peers in the seafood sector and other players that share our common interest of using the ocean to add value to humankind.

Our collaboration with other seafood players is key to Mowi as part of the Seafood Business for Ocean Stewardship (SeaBOS). Our contribution to this initiative ranges from increasing transparency and traceability at our own operations, working with governments to improve regulations and working towards eliminating IUU fishing, reducing the use of plastic pollution and antimicrobials while ensuring good animal welfare. Engagement with public policy officials also take place to discuss the topic of climate resilience in the seafood sector.

With the aim of realising sector-wide improvements on biosecurity, Mowi rejoined the Norwegian Seafood Federation (Sjømat Norge) from 1 January 2020. The Norwegian Seafood Federation represents the interests of approximately 800 member companies and is the largest federation for seafood companies in Norway. We are a member of national federations in the various farming countries in order to address local and national issues.

We continue to support the Global Sustainable Seafood Initiative (GSSI, <http://www.ourgssi.org>), which plays an important role in providing clarity on seafood certification.

Mowi is part of the advisory network of the High Level Panel for a sustainable ocean economy which comprises more than 135 private sector, non-governmental organisations and

intergovernmental organisations across 35 countries. As a member of the advisory network we aim to share knowledge on existing initiatives and actions within ocean-farming that can contribute to the High Level Panel's aim of advancing a new relationship between humanity and the sea that protects the ocean and optimises its value to humankind. <https://www.oceanpanel.org/>. In addition, this network allows a discussion with public policy officials on topics such as climate change and ocean pollution.

MANAGING A SUSTAINABLE SUPPLY CHAIN

Every year Mowi's inbound supply chain channels significant volumes of materials and services from thousands of businesses globally. Through these connections we impact a variety of environments around the world. This is a responsibility that commits.

Behind every healthy product there must be a viable supply chain. We are committed to high ethical standards in our business conduct in order to create and uphold necessary trust between our stakeholders and us. This obligates, not only Mowi, but everyone in our supply chain to comply with the standards we set.

Our Global Procurement Policy lays the ground rules for how we conduct ourselves toward our vendors and our expectations toward the supply chain. An integral part of this is our Code of Conduct, a mandatory part of our relationship with suppliers. Every business unit has their own procurement professionals whose responsibility it is to monitor and follow up internal and third-party compliance with our Global Procurement Policy and Code of Conduct. To further secure a consistent enforcement of Mowi's standards, we implemented a standardised, global onboarding system for suppliers in 2020.

Given the variety and size of Mowi’s supplier portfolio and spend, in a wide range of industries and sectors, one of the steps we have taken the last year is to coordinate procurement globally. The building blocks of this work is a strong and unified procurement organisation, a standardised digital infrastructure and a common structured approach to strategic sourcing and management of supplier spend. Thus far this work has proved fruitful and will continue to strengthen our supply chain, reduce cost, increase sustainability focus and add value to our business in the years to come.

MATERIAL LONG-TERM VALUE DRIVERS

Our materiality assessment helps to identify and prioritise sustainability issues in a world of constant change. Last year we reviewed our materiality assessment in our global sustainability networks and in the Group Management Team. In addition, the board ran a strategic discussion on risks and opportunities related

to sustainability and long term-planning. As a result, we reviewed our materiality assessment in alignment with what impacts our business and what is important to our stakeholders. We have re-phrased some of the value drivers to reflect a closer understanding of that value driver for Mowi and our stakeholders:

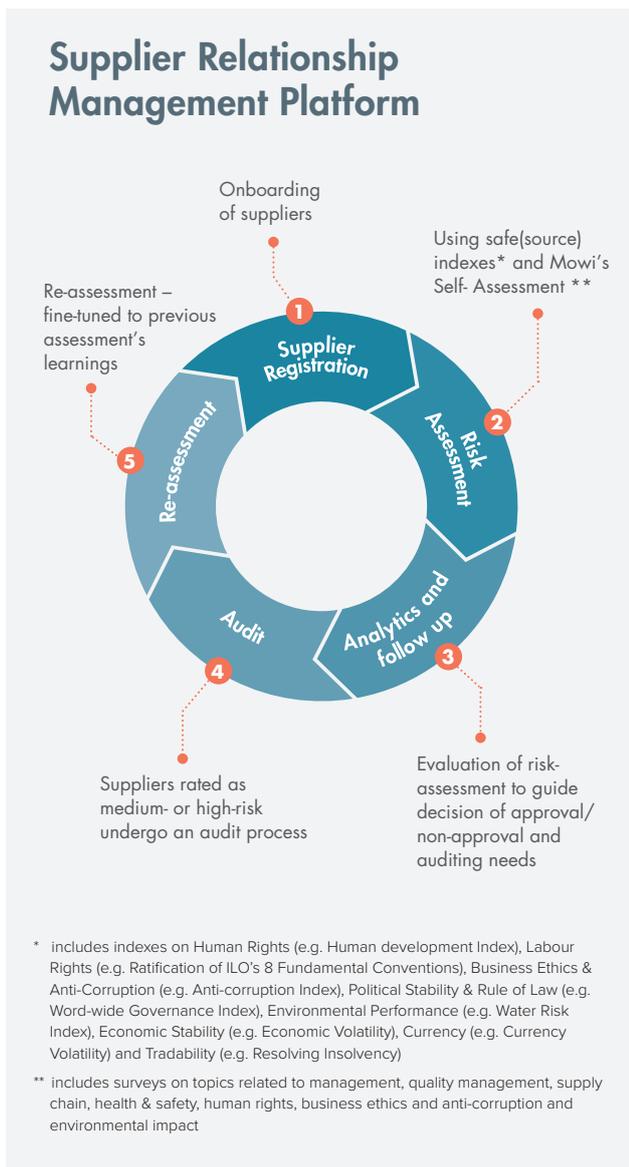
- we replaced "Protect working conditions in the supply chain" with "Responsible supply chain" which includes other elements of human rights than just working conditions
- we replaced "Purpose driven organisation" with "Operational Excellence" which better describes the Mowi way
- we simplified the driver "Responsible and circular nutrient and waste management " as "Promote circular economy"
- we replaced "sea lice management" by "responsible and cost-efficient sea lice management " to specify the key elements of our management approach on sea lice
- we replaced "overcome the plastic waste challenge" with "Responsible (plastic) waste management" which includes not only our focus on addressing the plastic challenge but also our waste management program
- we moved "diversity and mobility in the workplace" from important to Mowi/important to stakeholders to material to Mowi/important to stakeholders which reflects Mowi's focus and targets of diversity and inclusion.

We have chosen to use an integrated materiality analysis* which identifies the value drivers that have the most material impact on long-term value creation. The materiality assessment is approved by the board.

Along its entire value chain, Mowi is affected by social issues, such as worker’s rights and public acceptance of fish farming. Climate change, environmental regulations and certification requirements may have an impact on the supply chain, by affecting the availability of raw feed ingredients as well as farming areas. Trade barriers may have a significant impact on our products’ availability in different markets.

In turn, Mowi also has an impact on people and the environment along its value chain. Our Feed, Farming and Sales & Marketing operations create jobs and contribute to the economic development of local communities. In addition, the health benefits of our products clearly have a positive impact on people and society in general. Health and safety issues and labour rights are also key components of the social impact we have at both our own operations and our suppliers. Our impact also extends to social and environmental standards setting. In terms of environmental impacts we contribute to greenhouse gas emissions along the supply chain, and affect local ecosystems in the vicinity of our farming operations. However, the new technology and infrastructure we continue to invest in will lead to more sustainable farming methods that could also be relevant to other fish species.

Mowi supports the UN Sustainable Development Goals (SDGs). The alignment of our strategy, guiding principles, material long-term value drivers and the SDGs is provided on the following pages.



Mowi's most material value drivers



*Mowi's original materiality analysis from 2013 was based upon the guidelines of the GRI (Global Reporting Initiative) and GRI was also used to guide the new integrated materiality analysis along with the integrated reporting council's integrated reporting framework. The integrated reporting framework involves identifying the key inputs, or capitals, that a company relies upon to carry out its business activities, how these inputs are processed by the business and what are the resultant outputs. These key inputs and outputs and processes were identified by considering Mowi's value chain from supply of fish feed ingredients through to delivery of products to customers. The GRI materiality process requires identifying the key economic, environmental and social impacts, both positive and negative, that a company has upon its stakeholders throughout its value chain. Our key impacts were originally identified using a stakeholder dialogue process and desktop review of relevant academic literature, media reports, reporting standards, regulations and competitors. To identify the value drivers that have the most material impact on long-term value creation, each value driver has been assessed with regards to current and future stakeholder expectations as well as operational and strategic impact on Mowi. The prioritisation was performed in conjunction with executive management, and material value drivers will be addressed on a regular basis at senior management level to ensure adequate focus.

How do we ensure full transparency?

TRANSPARENCY

Transparency builds trust. Being transparent about our environmental, social and product performance is key for building trust with our stakeholders and correcting misinformation. Our sustainability data is audited by third parties and reported according to global standards such as the Global Reporting Initiative (GRI).

These are example of our global sustainability reports:

- Annual Report**, an integrated report combining our group financial results with environmental, product and social performance.
- Mowi's Industry Handbook**, provides financial analysts, investors and other stakeholders with insight into the salmon industry.
- Task Force on Climate-Related Financial Disclosures (TCFD) Report**, also included in this annual report, summarizes climate-related risks and opportunities accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures.
- CDP (formerly the Carbon Disclosure Project) report**, provides Mowi's annual carbon accounting covering scope 1, 2 and 3 emissions as well as risks and opportunities linked with climate change.
- Aquaculture Stewardship Council (ASC) audit reports**, available at <http://asc.force.com/Certificates/> make publicly available the audit reports of all ASC certified farms.
- Green Bond Impact report**, summarises the projects and the environmental impact of projects which are eligible to be funded with green bond proceeds.
- Quarterly Reports**, are available at mowi.com and provide quarterly financial updates as well as highlights of our Planet, People and Product principles.
- Global Compact Report**, provides an assessment of how Mowi is adopting the UN Ten Principles in the areas of human rights, labour, environment and anti-corruption, whilst taking action to deliver on the Sustainable Development Goals.
- At mowi.com** we share our group policies on sourcing feed raw materials, fish welfare, climate change and responsible plastic use. We also disclose key metrics related with our ASC certification in Mowi's ASC Dashboard.



Annual Report



Mowi's Industry Handbook



ASC Audit reports



CDP report



Quarterly Financial Reports



Global Compact Report



Mowi's website – Policies & ASC dashboard
www.mowi.com

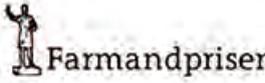


Green Bond Impact Report



Scan the QR code with your Smart phone to view the report.

Sustainability ratings and awards

Rating agencies	About the rating	Score
	Mowi ranked as the most sustainable animal protein producer in the world (amongst the largest 60 animal protein producers in the world) for two consecutive years.	
	Mowi recognised as a global leader in climate action for two consecutive years.	
	Supplier Engagement Rating	
	ESG Rating designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. Mowi in the Leader category.	
	Mowi awarded the best Annual report in Norway three times in the last four years. Sustainability and sustainability reporting is a key part of the evaluation.	
	Mowi ranked the second most sustainable seafood company (amongst the 30 largest seafood companies in the world).	
	ESG Rating to assessing financially material Environmental, Social and Governance (ESG) data.	Medium-Risk
	ESG reporting amongst the 100 largest listed companies in Norway	



Mowi's contribution to UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) have been agreed by all 193 UN member states in 2015 and guide governments, civil society and the private sector in a collaborative effort for change towards a sustainable development. The SDGs described below are those considered the most material for Mowi, i.e. those where we can have the greatest impact, but we also contribute to others.



SDG 3 Good Health and Well-being

Farm-raised salmon is a rich source of omega-3 fatty acids, minerals and vitamins. Its benefits to human health are well-documented (see Product section). Our KPIs that contribute to SDG 3: harvested volumes; nutritional values of our salmon, quality of harvested salmon, contaminant levels, decreasing LTI and absenteeism, global health and safety program, and employee work place programs (see People section).



SDG 5 Gender Equality

Our business depends on diversity and gender balance among our employees. We focus on building a diverse work force throughout the value chain, as well as fair employment, and development and equal opportunities for employees (see People section). Our KPIs that contribute to SDG 5: training on diversity and equal rights, gender balance, and parental leave opportunity for both genders.



SDG 8 Decent Work and Economic Growth, SDG 10 Reduced Inequalities & SDG 11 Sustainable Cities and Communities

Our operations contribute to the development of local communities providing safe and meaningful jobs (see People section). Our KPIs that contribute to SDG 8, 10 and 11: Global Health and Safety Program, LTI and absence rate, code of conduct training, number of cases raised in the whistle blower channel, training on human rights, non-compliance incidents, community engagement and our indigenous workforce.



SDG 9 Industry Innovation and Infrastructure

We invest significantly in research, development and innovation to solve our challenges and create new growth opportunities (see R&D section). Our KPIs that contribute to SDG 9: R&D spending.



SDG 12 Responsible Consumption and Production & SDG 13 Climate Change

Salmon farming is one of the most efficient ways of using natural resources to produce a healthy protein: it has a low carbon footprint, high energy and protein retention efficiency and low water footprint (see Planet and People section). Our KPIs that contribute to SDG 12: energy use and GHG emissions, % of sites with minimum benthic impact, number of biodiversity projects, number of escape incidents and escaped fish, GSSI recognised certification, compliance with sustainable feed policy, FFDRm and FFDRo limits, antimicrobial use, sea lice counts and medicine use, Global Health and Safety Program.



SDG 14 Life Below Water

Our business depends on a healthy ocean. We minimise our environmental impact by monitoring, applying best practices and following the strictest environmental standards available for aquaculture (see Planet section). Our KPIs that contribute to SDG 14: % of sites with minimum benthic Impact, number of biodiversity projects, number of escape incidents and escaped fish, ASC certification, compliance with sustainable feed policy, FFDRm and FFDRo limits, antimicrobial use, sea lice counts and medicine use.



SDG 17 Key Partnerships for the Goals

Achieving a sustainable future will require concerted action and new forms of partnership. Examples of our key partnerships are the SeaBOS initiative, Global Sustainable Seafood Initiative (GSSI), the Norwegian Seafood Federation (Sjømat Norge) and the Chilean Salmon Council (see Planet section). We are also committed to support the UN Global Compact Principles.

Achievements on ambitions

	Material value driver	Ambition	Effort
PROFIT	Reliable shareholder return - profitability	ROCE% > 12% p.a.	Through achieving our ambitions in the below indicators, we believe that our profitability will remain above target.
	Reliable shareholder return - solidity	NIBD EUR 1400 million	Continuous monitoring of access to borrowed capital and dialogue with lenders.
PLANET	Climate friendly food production	Sustainability certification*	Ongoing certification with a Global Seafood Sustainability Initiative (GSSI) recognised standard.
		Set up Science Based Targets (SBT) for GHG emissions by the end of 2020	
		Reduce absolute scope 1 and 2 GHG emissions 35% by 2030 (2016 base year)	Compliance with our policy on climate change; focus on reporting, reduction targets and energy saving initiatives.
		Reduce absolute scope 3 GHG emissions 35% by 2030 (2018 base year)	
	Prevent fish escapes	Positive trend towards zero escapes (#escaped fish; #escape incidents)	Compliance with industry and internal standards, focus on preventing human error (training) and reduced net cleaning.
	Fish welfare, health and robustness	99.5% survival in sea (monthly average) by 2022	Compliance with our policy on salmon welfare, Focus on more gentle non-medicinal tools for delousing and R&D.
	Sea lice management	0% of sites above limit (monthly average)	Optimisation of non-medicinal tools, cleaner fish performance and welfare and breeding tools.
		Reduction in sea lice medicine use (% y-o-y)	Application of the sea lice strategy and increased use of non-medicinal methods.
	Responsible use of medicines and chemicals	Reduction in antimicrobial use (g per tonne prod) from 2015	New vaccine in Chile against SRS.
	Efficient and sustainable fish feed	100% compliance with our sustainable sourcing policy	Continuous focus on novel, sustainable and affordable feed ingredients; sharing best practices on optimal feeding.
PRODUCT	Branding and product innovation	Increased value-added share of sales	Focus on strengthening relationship with key customers and improving our market and consumer insight to facilitate innovation and product development.
	Ensure food quality	Superior share > 92%	Ongoing projects to gain a better understanding of the main causes of downgrading (kudoa and melanisation).
	Ensure food safety	Compliant with laws and regulations	Comprehensive monitoring program to document that the level of environmental contaminants is far below the safe limits set by the food safety authorities.
	3rd party quality certifications	Compliant with 3rd party verified certification schemes	Conducting external and internal audits and reviews to ensure our activities are in accordance with stakeholder expectations.
	Healthy seafood	Omega 3 content >1g per 100 g product	Monitoring the level of important nutrients in our farm-raised salmon to ensure that it is both safe and healthy.
PEOPLE	Mowi Way	Live our values and vision, and work cost effectively	Continuous integration of our vision, values and leadership principles.
	Ethical business conduct	Compliance with our Code of Conduct	Mandatory testing on our Code of Conduct.
	Excellence driven organisation	Implement ONE Mowi, operational excellence program	Re-launch of Mowi's operational excellence program, new database and global internal audit.
	Safe and meaningful work	Absence rate < 4%	Systematic approach to safety to obtain a safer workplace and reduce absenteeism.
		Reduction in LTI per million hrs worked	Focus on a strong health and safety culture, with BrainSafe as an integral part of the way we operate.
	Community Engagement	Develop and support the local communities in which we operate	Maintain good relations with local communities and support local initiatives.

* SBTi = Science Based Targets Initiative

** From 2020 our target has changed from 100% ASC by 2025 to 100% of yearly harvest volumes are certified with a Global Seafood Sustainability Initiative (GSSI) recognised standard

Status vs ambition	2020	2019	2018	2017	2016	2015	2014	2013	2012
●	8.3%	19.9%	24.9%	26.7%	28.1%	13.1%	20.9%	18.5%	3.9%
●	1458.4	1337.2	1037.2	831.9	890.0	999.7	1032.6	929.3	731.7
●	100%	99 (37%)	78 (34%)	72 (31%)	59 (26%)	39 (24%)	8 (4%)	—	—
●	Targets approved by SBTi* in Nov 2019								
●	347 325	357 353	325 359	294 251	273 587	159 757	105 509	83 912	81 018
●	1 716 894	1 764 384	1 750 868	na	na	na	na	na	na
○	146 873 (17)	68 145 (16)	783 323 (10)	23 223 (15)	12 790 (11)	94 450 (16)	2 052 (6)	73 744 (10)	3 150 (6)
●	98.7%	98.5%	98.7%	98.3%	98.2%	98.6%	99.0%	99.2%	99.2%
●	12.0%	11.0%	9.0%	9.0%	10.0%	12.0%	8.0%	4.0%	10.0%
●	4%	4%	17%	73%	50%	na	na	na	na
●	54	44	40	62	53	82	40	26	12
●	100%	84%	83%	100%	100%	100%	na	na	na
●	56.4%	51.4%	50.9%	48.3%	46.3%	45.4%	43.2%	35.8%	34.6%
●	91%	91%	91%	93%	92%	92%	93%	89%	91%
●	yes	yes	yes	yes	yes	yes	yes	yes	yes
●	yes	yes	yes	yes	yes	yes	yes	yes	yes
●	yes	yes	yes	yes	yes	yes	yes	yes	yes
●	yes	yes	yes	yes	yes	yes	yes	yes	na
●	yes	yes	yes	yes	yes	yes	yes	yes	yes
●	yes	yes	na	na	na	na	na	na	na
●	5.1%	4.7%	5.0%	5.2%	5.7%	4.8%	5.0%	4.8%	3.4%
●	2.7	4.3	4.8	6.6	9.9	11.4	11.4	13.8	13.7
●	yes	yes	yes	yes	yes	yes	yes	yes	yes

● Achieved ● Partly achieved ○ Not achieved

Strategy and operational approach

2



We aim to be an integrated provider of food from the ocean, taking the lead in all key areas, from the production of fish feed to meeting the needs of the market. By integrating the entire value chain, we can control our products from feed to fork, and be more proactive in addressing challenges related to sustainable feed, farming and value-added processing.

Highlights Guiding Principles



PROFIT

Record-high volumes in Feed, Farming and Consumer Products. Our financial results were impacted by low spot prices for salmon as a consequence of extensive lockdown measures.

030



PLANET

Mowi ranked the most sustainable animal protein producer in the world (FAIRR) for the second year in a row.

046



PRODUCT

MOWI brand launched in France retail and US e-commerce.

080



PEOPLE

Improved safety record with all-time low rolling LTI's per million hours worked at 2.7 down from 4.3 in 2019.

102

Innovation in the value chain

RESEARCH & DEVELOPMENT

Further development and full-scale validation of farming technology aligned with Smart Farming and Mowi 4.0.

126



**PROFIT****Attractive
financial results**

Our financial success hinges on our ability to provide customer value from healthy, tasty and nutritious seafood that is raised both cost-effectively and in an environmentally sustainable way.

Record high volumes in all business areas despite Covid-19

Operational EBIT

Operational EBIT of EUR 337.7 million. The figure is down from EUR 720.9 million in 2019 mainly as a result of lower achieved prices due to Covid-19, though positively affected by record high volumes. Financial EBIT is also down from 2019 on lower operational earnings, lower net fair value adjustment of biomass and lower contribution from associated companies.

Dividend and returns

Dividend of NOK 2.60 per share paid out to the shareholders in 2020, down from NOK 10.40 per share in 2019. Underlying earnings per share was EUR 0.43, a decrease from EUR 0.99 in 2019.

Financing

Issuance of EUR 200 million five-year green bond with coupon of EURIBOR + 160 bps in January 2020.

NIBD and ROCE

NIBD of EUR 1 458.4 million (1 337.2 million). Despite a very challenging year due to Covid-19, ROCE was 8.3% (19.9%)

PROFIT

Material value driver	Ambition
Reliable shareholder return - profitability	ROCE% > 12% (per annum)
Reliable shareholder return - solidity	Long-term NIBD of EUR 1 400 million

Overall Group Performance in 2020

Total revenues in 2020 amounted to EUR 3 760.2 million, a decrease of 9% from 2019 on significantly lower sales prices as a result of the Covid-19 pandemic and extensive lockdown measures. Spot prices in both Europe and Americas were reduced by 14%. We harvested 439 829 tonnes gutted weight of salmon in 2020, compared with 435 904 tonnes for the year ended December 31, 2019. Our Operational EBIT came to EUR 337.7 million in 2020, compared with EUR 720.9 million for the year ended December 31, 2019. The reduction is mainly due to lower achieved prices. Our earnings before financial items (EBIT), totalled EUR 183.5 million in 2020, compared with EUR 617.0 million in 2019. The change is due to lower operational earnings, lower net fair value adjustment of biomass and lower contribution from associated companies. We achieved a return on capital employed (ROCE) of 8.3% in 2020 despite a very challenging year, but this was below our long-term target of 12.0%. The comparable figure for 2019 was 19.9%. At year-end, the Group had a net interest-bearing debt (NIBD) of EUR 1 458 million, which is slightly above our long-term target of EUR 1 400 million. The comparable figure at year-end 2019 was EUR 1 337 million.

The Market in General

SUPPLY

Global harvest volume of Atlantic salmon was approximately 2 444 400 tonnes gutted weight in 2020. This was 120 500 tonnes more than in 2019, an increase of 5%. Supply from Norway increased by 32 200 tonnes in 2020 as a result of higher smolt stocking whilst supply from Scotland decreased by 8 400 tonnes due to a more troublesome biology. Supply from Chile increased by 79 300 tonnes on good biological performance and record-high harvest weights. Supply from other regions increased by 22 700 tonnes compared with 2019.

GLOBAL SUPPLY OF SALMON

(GWT)	2020	2019	CHANGE %
Norway	1 232 300	1 200 100	2.7%
Scotland	163 100	171 500	-4.9%
Faroe Islands	72 700	77 900	-6.7%
Other Europe	42 300	36 000	17.5%
Total Europe	1 510 400	1 485 500	1.7%
Chile	700 600	621 300	12.8%
North America	145 300	142 900	1.7%
Total Americas	845 900	764 200	10.7%
Australia	70 000	57 600	21.5%
Other	18 100	16 600	9.0%
Total	2 444 400	2 323 900	5.2%

REFERENCE PRICES

Prices in 2020 decreased compared with 2019 in the various markets. The reference price for salmon of Norwegian origin decreased by 13.7% in the market currency compared with 2019.

The average price in Miami decreased by 15.6% for the year, whilst prices in Seattle and Boston/New York decreased by 10.3% and 5.5% respectively.

REFERENCE PRICES FOR SALMON

	2020	2019	CHANGE	2020	2019	CHANGE
	MARKET ⁵⁾	MARKET ⁵⁾	%	NOK	NOK	%
Norway ¹⁾	5.00	5.79	-13.7%	53.65	57.04	-5.9%
Chile ²⁾	4.23	5.01	-15.6%	37.21	40.79	-8.8%
North America ³⁾	2.90	3.23	-10.3%	25.48	26.29	-3.1%
North America ⁴⁾	3.29	3.48	-5.5%	28.96	28.37	2.1%

1) Average superior per kg gutted weight (NASDAQ Oslo)

2) Average D trim per pound (Urner Barry Miami 3-4 pound)

3) Average superior per pound gutted weight (Urner Barry Seattle 10-12 pound)

4) Average superior per pound gutted weight (Urner Barry Boston/New York 10-12 pound)

5) Market price in EUR for Norway, and USD for Chile and Canada

MARKET DISTRIBUTION AND DEMAND

(GWT)	2020	2019	CHANGE %
EU	1 070 800	1 017 500	5.2%
Russia	78 600	78 700	-0.1%
Other Europe	108 100	103 500	4.4%
Total Europe	1 257 500	1 199 700	4.8%
USA	505 900	468 700	7.9%
Brazil	98 600	97 400	1.2%
Other Americas	132 400	127 300	4.0%
Total Americas	736 900	693 400	6.3%
China/Hong Kong	75 100	111 500	-32.6%
Japan	64 200	52 900	21.4%
South Korea/ Taiwan	64 600	55 500	16.4%
Other Asia	73 700	74 100	-0.5%
Total Asia	277 600	294 000	-5.6%
All other markets	116 600	115 200	1.2%
Total all markets	2 388 600	2 302 300	3.7%

Global consumption increased by 4% in 2020 compared to 2019. Covid-19 significantly impacted trade flows and channel logistics during most part of the year. Lockdown measures were imposed in markets to a varying degree, hence demand was significantly affected. Sales into the retail channel were strong whilst the foodservice segment in general was weak. Net demand was impacted in the range of negative 5% to 10%. Airfreight capacity

was curtailed from spring and rates elevated, hence this also had an impact on logistics and trade flows. The difference between supply and consumption in 2020 of approx. 55,000 GWT is mainly related to frozen inventory build-up of Chilean salmon. Total frozen inventories for the Chilean industry at year-end are projected to be around 75,000 GWT.

The consumption pattern of salmon has changed during the pandemic. More people eat salmon meals at home, which has resulted in retail sales increasing by approximately 20%. About half of the increase stems from increased penetration, i.e. new customers who have not previously purchased salmon through retail. The other half comes from existing customers through increased purchasing frequency. Both customer groups are expected to permanently increase their retail consumption rates post Covid-19, even as the foodservice segment gradually reopens in due course.

Consumption in the EU increased by 5.2% compared with 2019 as consumption in the key markets of Germany, France, UK and Spain grew. The out-of-home customer segment was naturally impacted by Covid-19, whilst the retail segment was strong. Reduced salmon prices also fuelled promotional activities.

Despite a partial closedown of the foodservice segment, US consumption increased by 7.9% compared with 2019 and reached an impressive 505 900 tonnes. Retail sales were strong and the positive consumer trends of online shopping, home delivery and in store pick-up developed during the year in a forceful way. Value-added consumer products were to a large extent driving the growth.

Consumption in the Asian market decreased by 5.6% compared with 2019. Air-freight capacity to many destinations were in general impacted during the year and freight rates remained elevated. Developments within the Chinese/Hong Kong market impacted by Covid-19 and lower confidence of imported seafood.

Our Markets

GEOGRAPHIC MARKET PRESENCE

Our main source of revenues is the sale of Atlantic salmon. Europe is by far the largest market for our salmon, representing approximately 69% of our total revenues in 2020 (70% in 2019). We experienced good sales growth in the southern part of Europe, while UK, France and Germany continue to be very important regions.

Compared with 2019, the relative share of sales to the American market was stable, on strong US demand and stable volumes from Chile. For the Asian market, the relative share of sales compared with the previous year was also stable compared to 2019, despite the impact of Covid-19 on the Chinese market.

SALES BY PRODUCT

The share of sales related to salmon products was relatively stable compared to the previous year, at 89.4% and 91.7% of our revenues for the years ended December 31, 2020 and 2019 respectively. Fresh whole salmon (i.e. primary processed salmon) represented 32.1% of our total revenues in 2020, compared to 40.8% in 2019, as a result of the decrease in the foodservice market due to Covid-19. In the same periods, fresh smoked salmon and fresh and frozen elaborated salmon (i.e. secondary processed salmon) accounted for 56.4% and 49.8% of our revenues respectively. The share of elaborated products has been positively impacted by the changed consumption pattern during the Covid-19 pandemic.

We are actively pursuing strategies to reduce our dependence on spot market prices for salmon. This includes increasing our capacity to produce elaborated and value-added products, which generally command more stable consumer prices. In line with this strategy, we have opened new value-added plants in several countries in recent years, including USA, Spain and China. We have also expanded several of our existing value-added plants. The strength of our value chain, and capacities in our Consumer Products division, proved it's worth in 2020 as the foodservice market was reduced significantly, and the demand for elaborated products increased.

PRICE ACHIEVEMENT

The development in market reference prices was described in the previous section. Mowi achieved a combined global price that was 1% above the weighted reference price in 2020, compared to 3% above the reference price in 2019. Relative to the reference price, contract sales made a positive contribution in both years.

In 2020, the contract share varied between the different business units. The Group's overall contract share was 33% in 2020, the same as in 2019.

The overall share of the volumes sold as superior quality was 91% in both 2020 and 2019. This level is within the normal range, but slightly below the Group's target of at least 92%.

CONTRACTS, QUALITY AND PRICE

2020	NORWEGIAN ORIGIN	SCOTTISH ORIGIN	CANADIAN ORIGIN	CHILEAN ORIGIN	IRISH ORIGIN	FAROESE ORIGIN	TOTAL
Contract share	33%	61%	—	33%	78%	—	33%
Quality - superior share	92%	96%	85%	87%	87%	86%	91%
Price achievement	98%	121%	95%	102%	N/A	140%	101%

Segment Reporting

The following is a presentation of our operating performance by business segment, using Operational EBIT per kg of fish harvested as a key measure of performance. The table below shows

Operational EBIT for each of our operating segments for the years ended December 31, 2020 and 2019:

SEGMENT RESULTS

(EUR MILLION)	2020	2019
Operational EBIT - Feed	31.2	22.4
Operational EBIT - Farming	179.2	602.2
Operational EBIT - Markets	63.5	68.4
Operational EBIT - Consumer Products	81.8	45.4
Operational EBIT - Other	-17.9	-17.5
Group Operational EBIT ¹⁾	337.7	720.9
Group EBIT	183.5	617.0

1) Group Operational EBIT is a non-IFRS financial measure. See Note 4 Business segments and part 4 of this report for an explanation of how we define and calculate Operational EBIT, and for a reconciliation of Group Operational EBIT to Financial EBIT according to IFRS.

FEED

Operational EBIT for our Feed segment in 2020 ended at EUR 31.2 million, which was higher than the previous year (EUR 22.4 million). The main driver for the increase is higher volume. Production cost in Norway was stable compared to 2019. In Scotland costs improved as the factory had its first full year of operations, and there were positive effects from scale effects and less start-up and commissioning costs. Operational EBIT margin was 4.6% in 2020, which is up from 4.3% in 2019.

Our Norwegian plant produced a record-high 389 750 tonnes of feed in 2020 (353 310 in 2019). Our Norwegian farming operations were 97% supplied by Mowi Feed (88% in 2019). The new plant in Kyleakin, Scotland, produced 150 576 tonnes of feed in 2020 compared to 51 883 tonnes produced during the second half of 2019. This ensured a 94% self-sufficiency rate in Scotland in 2020. Estimated production capacity is 240 000 tonnes for the new feed factory. Combined our two feed factories ensured a 96% (82%) self-sufficiency rate for our European Farming operations in 2020.

Following our self-sufficiency strategy on feed, Mowi Feed continues to develop its range of products, including fresh water, organic and cleaner fish diets.

FARMING

Farming's Operational EBIT totalled EUR 179.2 million in the year ended December 31, 2020, compared with EUR 602.2 million in the year ended December 31, 2019. The decrease is first and foremost due to lower spot prices for salmon as a result of Covid-19. Although improved through the course of the year, blended Farming cost per kg increased slightly from 2019 on higher feed prices and a lower performing generation harvested in the first half of the year. These effects were partly offset by 1% increase in harvest volumes from 2019 to 2020. For details of our farming entities' operational performance, please see the comments under Operational performance by country of origin.

SALES AND MARKETING

Our Sales & Marketing operations consist of the reporting segments Markets (trading) and Consumer Products (value-added operations).

Markets

Markets' Operational EBIT for the year ended December 31, 2020 came to EUR 63.5 million, compared with EUR 68.4 million in 2019. While revenue decreased in Europe and Americas mainly as a consequence of lower sales prices due to Covid-19, the Operational EBIT margin remained stable in Europe and Chile, while it was reduced in Canada following a challenging year for this operation.

Consumer Products

Mowi Consumer Products is geographically organised, but constitutes one reporting segment. Consumer Products' Operational EBIT for the year ended December 31, 2020 came to EUR 81.8 million, compared with EUR 45.4 million in 2019. The Covid-19 pandemic, with extensive lockdown measures in most markets, led to a shift towards more elaborated products. The effect of somewhat lower prices was more than offset by lower raw material costs and a record high sales volume for the year. The volume sold increased by 8.3% compared with 2019, ending at 239 427 tonnes end-product weight.

Europe

We experienced strong growth in retail in all markets, and in particular in the German and the Southern European markets in 2020.

For our Chilled operations (mainly smoked products) in Europe, volumes increased from 2019. Earnings also increased despite margin pressure following fierce competition, helped by the lower spot raw material prices. In our Fresh operations in Europe, volumes increased significantly from 2019 on strong demand strengthened by the shift from foodservice to retail as a consequence of Covid-19. Operational EBIT was stable from the previous year.

Americas

Fresh in the Americas developed favourably in 2020 driven by strong demand for our value-added products and the shift from foodservice to retail as a consequence of Covid-19. Skin pack volumes were at all-time high and the Miami plant opened in 2019 has been an important enabler to achieve the growth. For Chilled in the Americas, volume development was stable, but also influenced by the lockdown measures in the foodservice segment.

Asia

Our Asian operations experienced a slowdown in volumes in 2020. Asia the first region to be impacted by Covid-19, both related to severe restrictions and lock-downs, but also from reduced availability of air-freight capacity and increased air freight rates. We experienced an improvement in the market during the last quarter of the year.



Operational Performance By Country of Origin

The table below shows a selection of operating metrics by country of origin for our harvested salmon for the years ending December 31, 2020 and 2019:

OPERATIONAL PERFORMANCE BY COUNTRY OF ORIGIN

	NORWEGIAN ORIGIN	SCOTTISH ORIGIN	CANADIAN ORIGIN	CHILEAN ORIGIN	IRISH ORIGIN	FAROESE ORIGIN	OTHER	TOTAL
2020								
Operational EBIT (EUR million)	269.3	46.0	-21.2	27.6	22.4	13.0	-19.4	337.7
Harvest volume of salmon ¹⁾	262 016	52 739	43 953	64 570	7 961	8 590		439 829
Average price achievement ²⁾	98%	121%	95%	102%	—	140%		101%
Contract coverage ³⁾	33%	61%	3%	33%	78%	—		33%
Quality - superior share ⁴⁾	92%	96%	85%	87%	87%	86%		91%
Feed cost (EUR per kg) ⁵⁾	—	—	—	—	—	—	—	1.76
Total cost (EUR per kg) ⁶⁾	—	—	—	—	—	—	—	4.37
Operational EBIT (EUR per kg)	1.03	0.87	-0.48	0.43	2.81	1.52	—	0.77
EBIT (EUR per kg)	0.69	0.57	-1.91	0.79	2.54	0.53	—	0.42
2019								
Operational EBIT (EUR million)	485.9	126.0	15.4	89.4	17.8	12.3	-25.9	720.9
Harvest volume of salmon ¹⁾	236 880	65 365	54 408	65 688	6 650	6 913		435 904
Average price achievement ²⁾	102%	114%	96%	101%	—	113%		103%
Contract coverage ³⁾	37%	50%	—	27%	96%	—		33%
Quality - superior share ⁴⁾	92%	95%	85%	90%	87%	83%		91%
Feed cost (EUR per kg) ⁵⁾	—	—	—	—	—	—	—	1.70
Total cost (EUR per kg) ⁶⁾	—	—	—	—	—	—	—	4.26
Operational EBIT (EUR per kg)	2.05	1.93	0.28	1.36	2.68	1.79	—	1.65
EBIT (EUR per kg)	2.04	1.66	-0.47	0.90	3.27	1.99	—	1.42

1) We measure our harvest volume in terms of tonnes of gutted weight of salmon. Harvest volume of salmon is a key measure of our success as, in the absence of trading, it corresponds to the volume of salmon available for sale. As trading volume generally achieves limited margin, harvested volume is the volume-related driver of our profit.

2) The average price achievement measures the prices that we are able to achieve on our products compared with a salmon price index. Price achievement is measured against NASDAQ for salmon of Norwegian, Scottish and Faroese origin and Urner Barry for salmon of North American and Chilean origin. The market reference prices are spot prices for superior quality salmon, while our achieved price is a blend of spot and contract price for all qualities. Average price achievement measures our ability to sell our products at above market rates and is thus important for understanding our performance. In situations where contract prices deviate from spot prices, or the quality of our sold fish is low, our achieved price will deviate from the reference price.

3) The contract coverage measure represents the percentage of our products that was sold pursuant to contracts. A contract is for this purpose defined as a commitment to sell our salmon at a fixed price for a period of three months or longer. We have a sales contract policy aimed at limiting our exposure to short and medium-term fluctuations in salmon prices.

4) The superior share of salmon is the percentage graded as being of superior quality, divided by the total volume of harvested salmon. If salmon for some reason, e.g., pale colour or scale loss, cannot be classified as a superior product, it is downgraded and sold as production or ordinary grade product at a lower price.

5) Feed cost per kg harvested is calculated by dividing our total cost of fish feed for harvested fish by tonnes of gutted weight of salmon harvested.

6) Total cost per kg harvested is calculated by dividing our total cost for harvested fish by tonnes of gutted weight of salmon harvested.

SALMON OF NORWEGIAN ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Norwegian origin was EUR 269.3 million for the year ended December 31, 2020 compared with EUR 485.9 million in 2019. The decrease was mainly due to lower achieved prices. Furthermore, costs increased somewhat mainly related to feed prices and health costs. These effects were partly offset by higher volumes. Operational EBIT per kg was EUR 1.03 compared with EUR 2.05 in 2019. Our EBIT for salmon of Norwegian origin was EUR 181.2 million for the year ended December 31, 2020 compared with EUR 483.0 million in the same period in 2019. EBIT per kg was EUR 0.69 in 2020 compared with EUR 2.04 in 2019.

Price and volume developments

Compared with 2019, the reference price for Atlantic salmon of Norwegian origin decreased by 13.7% from the levels in 2019. Market spot prices were heavily affected by the Covid-19 pandemic and extensive lockdown measures in most markets. Our price achievement for the year ended December 31, 2020 was 2% below the reference price, contrary to 2019 when the price achievement was 2% above the reference price. Contribution from contracts were positive in both 2019 and 2020. The contract share was 33% in 2020, compared with 37% in 2019. The superior share of salmon harvested in 2020 was 92% in 2020, the same as in 2019.

The harvest volume for the year ending December 31, 2020 was 262 016 tonnes gutted weight, an increase of 25 136 tonnes, or 11%, from 2019. Harvest volumes increased in all three regions on higher smolt stocking and improved production. The increase was particularly high in Region Mid with 20 029 tonnes more harvested in 2020. Both Region South and Region North saw record high harvest volumes in 2020, with 50 340 tonnes and 88 714 tonnes respectively.

Costs and operations

The total cost per kg for salmon of Norwegian origin harvested in 2020 increased somewhat compared with 2019, driven by higher feed prices and a lower performing generation harvested in the first half of the year.

The feed cost for fish harvested in 2020 was higher than in 2019 on increased feed prices and feed conversion ratio. Other seawater costs per kg of fish harvested increased mainly as a result of higher health related costs. Sea lice mitigation and treatment costs are still at a high level, and slightly up from 2019. Extensive development and testing of non-medicinal tools and methods continues in collaboration with Mowi's Global R&D and Technical department. Non-seawater costs were reduced with 8% compared to 2019. Incident-based mortality in the amount of EUR 17.1 million was recognised in 2020 compared with EUR 16.1 million in 2019.

SALMON OF NORWEGIAN ORIGIN BY REGION

The table below shows an overview of operating performance by region in 2020 compared with 2019.

Region South

Operational EBIT in Region South amounted to EUR 41.7 million in 2020 compared with EUR 101.7 million in 2019. The decrease was mainly due to lower prices. Costs increased mainly related to feed costs and health costs. These effects were partially offset by increased harvest volumes. The volume harvested was record high at 50 340 tonnes gutted weight compared with 47 674 tonnes in 2019. Operational EBIT per kg harvested was EUR 0.83 compared with EUR 2.13 in 2019. Harvest volumes were negatively affected in the first half of 2020 due to less available fish for harvesting as a result of early harvesting in 2019. Volumes improved in the second half of 2020 as a result of increased smolt stocking as well as improved production in the region. While CMS and gill issues have been challenging in 2020, the sea lice situation has improved during the year, and lice levels year-end were a low level compared to 2019. Incident-based mortality in the amount of EUR 0.7 million was recognised in 2020. In 2019, incident-based mortality amounted to EUR 4.9 million.

Region Mid

Operational EBIT in Region Mid amounted to EUR 108.9 million in 2020 compared with EUR 164.6 million in 2019. Decrease in prices and a slight increase in cost were the main reason for the reduction in profit, partly offset by higher harvest volumes. The main cost increases are feed costs as a result of increase in feed prices

KEY FIGURES BY REGION IN NORWAY

	SOUTH		MID		NORTH	
	2020	2019	2020	2019	2020	2019
Operational EBIT (EUR million)	41.7	101.7	108.9	164.6	118.6	219.6
Harvest volume (GWT)	50 340	47 674	122 962	102 933	88 714	86 273
Operational EBIT per kg (EUR)	0.83	2.13	0.89	1.60	1.34	2.55
Incident based mortality (EUR million)	0.7	4.9	12.9	8.2	3.4	3.0
Superior share	93%	92%	93%	91%	90%	94%

and increased feed conversion ratio, as well as higher cost at the start of the year from harvesting a lower performing generation as a result of a very challenging 2019. The volume harvested was 122 962 tonnes gutted weight compared with 102 933 tonnes in 2019. The increase in harvest volume was a result of increased smolt stocking, as well as improved production and harvest weights in 2020 compared to 2019. Operational EBIT per kg harvested was EUR 0.89, compared with EUR 1.60 in 2019. Incident-based mortality in the amount of EUR 12.9 million was recognised in 2020, mainly related to PD, CMS and treatment losses. In 2019, incident-based mortality amounted to EUR 8.2 million.

Region North

Operational EBIT in Region North amounted to EUR 118.6 million in 2020 compared with EUR 219.6 million in 2019. The decrease is mainly due to decreased prices, as well as a slight increase in costs. Harvest volumes were stable from 2019 to 2020. Measured by Operational EBIT per kg harvested, Region North continues to be the best performing region in Mowi Norway as it has been from 2017. The figure reduced to EUR 1.34 from EUR 2.55 in 2019 due to lower prices. The volume harvested was 88 714 tonnes gutted weight, which was record-high for the region, compared with 86 273 tonnes in 2019. Harvest volumes were stable from 2019, and is a result of continued good production and generally good biology. Costs increased slightly from 2019 to 2020, and was due to higher feed and health related costs. Incident-based mortality in the amount of EUR 3.4 million was recognised in 2020, compared with EUR 3.0 million in 2019, mainly related to winter sores.

SALMON OF SCOTTISH ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Scottish origin was EUR 46.0 million for the year ended December 31, 2020 compared with EUR 126.0 million in 2019. The decrease is due to both lower prices and higher costs, as well as decrease in harvest volumes. Operational EBIT per kg was EUR 0.87 in 2020 compared with EUR 1.93 in 2019. Our EBIT for salmon of Scottish origin was EUR 30.2 million for the year ended December 31, 2020 compared with EUR 108.8 million in 2019. EBIT per kg was EUR 0.57 in 2020 compared with EUR 1.66 in 2019.

Price and volume developments

The reference price in EUR decreased significantly compared with 2019 due to Covid-19. Our price achievement for salmon of Scottish origin for the year ended December 31, 2020 was 21% above the reference price, compared with 14% above in 2019. Price achievement in 2020 and 2019 was positively affected by contracts in both years. The contract share was 61% in 2020 compared with 50% in 2019. Harvest volumes decreased from 2019 to 2020, while contracted volumes were stable. The superior share was 96% in 2020 and 95% in 2019.

At 52 739 tonnes gutted weight, the harvest volume in the year ended December 31, 2020 decreased from record-high 65 365 tonnes in 2019. Harvest volumes in 2020 were impacted by a prolonged period of challenging biology going into the year, a situation that continued throughout the third quarter. In the fourth

quarter our Scottish operations experienced an improved biological situation with better production, lower mortality and increased harvest weights.

Costs and operations

The total cost per kg for salmon of Scottish origin harvested in 2020 increased compared with 2019. This is a result of a long period of challenging biology in 2019 and most of 2020 resulting in an increase in the cost of harvested fish. The biological situation has affected the harvest volumes negatively, further increasing the cost per kg due to scale effects. Feed costs, health costs and other seawater costs all increased from 2019 to 2020. The biological situation in Scotland in 2020 improved in the fourth quarter of the year. EUR 10.9 million was recognised as incident-based mortality in 2020, compared with EUR 20.2 million in 2019. The 2020 incidents were related to different issues, including AGD, treatment losses, algal bloom, CMS and gill issues.

SALMON OF CANADIAN ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Canadian origin was EUR -21.2 million for the year ended December 31, 2020 compared with EUR 15.4 million in 2019. Decrease in prices due to Covid-19 as well as lower harvest volumes negatively impacted the results in our Canadian operations. Further to this, a long period of challenging biology in both Canada West and East lead to increased costs in both regions. Operational EBIT per kg was EUR -0.48 in 2020 compared with EUR 0.28 in 2019. Our EBIT for salmon of Canadian origin was EUR -84.0 million in the year ended December 31, 2020 compared with EUR -25.5 million in 2019. EBIT per kg was EUR -1.91 in 2020 compared with EUR -0.47 in 2019.

Price and volume developments

Market prices in 2020 for salmon of Canadian origin decreased on both the West and East coast by 10.3% and 5.5% respectively compared with 2019. Our price achievement in 2020 was 5% below the combined reference price, the same as in 2019. Price achievement was negatively impacted by the biological challenges in Canada East and West and mainly related to winter sores and maturity issues. While there were no contracts for salmon of Canadian origin in 2019 the contract share in 2020 was 3%. The superior share was 85% in 2020, compared with 85% in 2019.

The harvest volume in the year ended December 31, 2020 was 43 953 tonnes gutted weight compared with 54 408 tonnes in 2019. Due to a long period of biological challenges, the harvest volume in Canada East was only 3 988 tonnes in 2020, compared to 13 834 tonnes in 2019.

Costs and operations

The total cost per kg for salmon of Canadian origin harvested in the year ended December 31, 2020 increased by 6.4% compared with 2019. In Canada West the cost increased with 4.9% from 2019. Feed cost was reduced from 2019, while other seawater related costs increased after a challenging year. In Canada East the costs were largely affected by a series of incidents in 2019 and 2020, reducing harvest volumes to less than a third of the volumes

in 2019, hence affecting the cost per kg due to scale effects. Incident-based mortality of EUR 16.9 million was recognised in 2020 in our Canadian operations (EUR 17.4 million in 2019), due to a generally challenging biological situation in both Canada East and West including algal blooms.

Canada East has experienced biological challenges since the acquisition by Mowi in 2018 including mass mortality, algal blooms and ISA. As a consequence, Mowi has been lagging behind its initial growth plans for this area. The Board of Directors has approved a plan for Canada East to return to profitability and establish Mowi Canada East as an appropriately scaled, lean business unit equipped to deal with the challenges of the region and positioned for solid financial performance and growth. The plan includes rationalisation of processing and infrastructure resources and an in-depth review of all levels of the organisation. Mowi has developed a detailed plan to improve biosecurity in Canada East including sea lice management and ISAv mitigation measures.

In December, the Government of Canada issued a press release saying that the government has decided to phase out salmon farming licenses in Discovery Islands, British Columbia, Canada West by 30 June 2022. Mowi Canada West has applied for judicial review of the government's decision. The impacted harvest volumes represent 30% or approximately 10,000-12,000 GWT of Mowi's total annual harvest volumes in Canada West. 2021 harvest volumes will not be impacted. Further to the announcement from the government, the Board of Directors has approved a revised plan for Mowi's operations in Canada West. A restructuring provision of EUR 2.7 million is expected to be recognised in Financial EBIT in the first quarter of 2021 related to reduction of 200 FTEs and other direct costs related to the restructuring. Financial EBIT in 2020 was negatively impacted by EUR 15.1 million related to impairment losses and provisions for decommissioning of sites and clean-up costs. Expected cash outflows in 2021 and later periods related to the items above amount to EUR 6.1 million.

SALMON OF CHILEAN ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Chilean origin was EUR 27.6 million for the year ended December 31, 2020 compared with EUR 89.4 million in 2019. Operationally 2020 was another year with positive development for our Chilean operations, with stable costs year-over-year as well as harvest volumes compared to 2019. On the other hand, Covid-19 heavily affected the market prices negatively in both North-America and Brazil, our two most important markets. Operational EBIT per kg was EUR 0.43 in 2020 compared with EUR 1.36 in 2019. Our EBIT for salmon of Chilean origin was EUR 51.1 million in the year ended December 31, 2020 compared with EUR 59.0 million in 2019. EBIT per kg was EUR 0.79 in 2020 compared with EUR 0.90 in 2019.

Mowi's integrated business model again proved it's worth for our Chilean operations, as volumes were sourced to our US plants which produced elaborated products for the retail segment.

Price and volume developments

Market prices for salmon of Chilean origin decreased by 15.6% in 2020 compared with 2019. In North America, the most important market for Mowi Chile, the markets prices throughout the year were heavily affected by Covid-19 and related lockdown measures. Prices achieved were 2% above the reference price in 2020, compared with 2019 when the price achieved were 1% above the reference price. Contracts impacted price achievement positively in both 2020 and 2019. The contract share increased to 33% in 2020 from 27% in 2019. The superior share for salmon of Chilean origin was 87% in 2020 compared with 90% in 2019.

Our Chilean operations continued the good operational performance from 2019, and a harvest volume of 64 570 tonnes gutted weight in 2020 was stable compared to 2019, when it totalled 65 688 tonnes gutted weight.

Costs and operations

Biology in Chile continued to be good in 2020, as in 2019. The total cost per kg for Chilean salmon harvested in the year ended December 31, 2020 was stable compared with 2019. Incident-based mortality in the amount of EUR 1.4 million was recognised in 2020, compared to EUR 2.9 million in 2019.

SALMON OF IRISH ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Irish origin was EUR 22.4 million for the year ended December 31, 2020 compared with EUR 17.8 million in the same period in 2019. Although affected by Covid-19, the prices for organic salmon stayed relatively strong through 2020. In addition cost were reduced and harvest volumes increased slightly compared to 2019. Operational EBIT per kg amounted to EUR 2.81 in 2020 compared with EUR 2.68 in 2019. Our EBIT for salmon of Irish origin was EUR 20.2 million in the year ended December 31, 2020 compared with EUR 21.8 million in the same period in 2019. EBIT per kg was EUR 2.54 in 2020 compared with EUR 3.27 in 2019.

Price and volume developments

Our Irish operation mainly produces organic salmon and there is no reference price available for benchmarking. Compared with 2019, prices achieved were down by 8% for the year ended December 31, 2020. As previous years, earnings were positively impacted by sale of eggs. Our contract share was 78% compared with 96% in 2019. The superior share of salmon harvested was 87% in 2020 and 87% in 2019. The harvest volume in the year ended December 31, 2020 was 7 961 tonnes gutted weight compared with 6 650 tonnes in 2019.

Costs and operations

The total cost per kg for salmon of Irish origin harvested in the year ended December 31, 2020 decreased by 11.6% compared with 2019.

SALMON OF FAROESE ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Faroese origin was EUR 13.0 million for the year ended December 31, 2020 compared with EUR 12.3 million in 2019. Slightly reduced prices were offset by higher harvest volumes and lower costs. Operational EBIT per kg was EUR 1.52 in 2020 compared with EUR 1.79 in 2019. Our EBIT for salmon of Faroese origin was EUR 4.5 million in the year ended December 31, 2020 compared with EUR 13.8 million in 2019. EBIT per kg was EUR 0.53 in 2020 compared with EUR 1.99 in 2019.

Price and volume developments

The bulk of the salmon harvested was sold at favourable prices to Eastern Europe, and achieved prices in 2020 were 40% above (13% above) the reference price. There were no contracts in Faroes in neither 2019 or 2020.

The harvest volume in the year ended December 31, 2020 was 8 590 tonnes gutted weight compared with 6 913 tonnes in 2019. The higher volume in 2020 was due to the uneven smolt stocking pattern resulting from the limited number of sites in operations.

Costs and operations

In 2020, the cost level for salmon of Faroese origin was lower than in 2019 due to lower seawater related costs, mainly health costs, and scale effects. Incident-based mortality in the amount of EUR 0.1 million was recognised in 2020, compared to no incident-based mortality in 2019.

Liquidity, Cash Flow and Borrowings

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash on hand, revenues generated from our operations, loans and other financings. Our principal needs for liquidity have been, and will likely continue to be, costs of raw materials, including fish feed, other working capital items and capital expenditures, to service our debt, and to fund dividend payments and acquisitions. We believe that our liquidity is sufficient to cover our working capital needs in the ordinary course of business.

Our cash and cash equivalents as of December 31, 2020 was EUR 107.1 million compared with EUR 128.6 million as of December 31, 2019. Cash and cash equivalents comprise cash and bank deposits, including restricted funds. Restricted funds comprise employees' income tax withholdings as well as deposits to fulfil collateral requirements for financial instruments.

Our NIBD (excluding effects of IFRS 16) was EUR 1 458.4 million as of December 31, 2020, up from EUR 1 337.2 million as of December 31, 2019. Our NIBD target is based on a Farming NIBD/kg of EUR 2.2 and the long-term net interest bearing debt target is set at EUR 1 400 million.

CAPITAL EXPENDITURES

Our capital expenditures primarily relate to investments in our operating facilities and equipment used in our operations. Net capital expenditures were approximately EUR 309 million for the year ended December 31, 2020, compared with approximately EUR 286 million for the year ended December 31, 2019. For 2020 and 2019 respectively, EUR 168.3 million and EUR 91.7 million of the total net capital expenditure was attributable to our farming operations in Norway. The bulk of the capital expenditure in Norway was related to expansions in our freshwater operations, investments related to mitigation of sea lice and general maintenance investments at our seawater facilities. The main purpose of the expansions in our freshwater operations is to enable the production of larger and higher quality smolt. In addition approximately EUR 46.6 million was related to purchase of fixed price MAB growth and increased farming capacity in Norway in 2020.

CASH FLOWS

Cash flow from operations

Cash flow from operations for the year ended December 31, 2020 came to EUR 502.7 million, compared with EUR 759.0 million for 2019. The decrease is related to decrease in earnings partly offset by less working capital tie up and decrease in payment of taxes.

Cash flow from investments

Cash flow from investments for the year ended December 31, 2020 came to EUR -283.4 million, compared with cash flow from investments of EUR -308.3 million in 2019. The difference from 2019 was purchase of shares and other investments in 2019, mainly related to the acquisition of the Norwegian farming company K Strømmen Lakseoppdrett AS, partly offset by an increase in net capex and the purchase of fixed price MAB growth and increased farming capacity in Norway in 2020.

Cash flow from financing

Cash flow from financing for the year ended December 31, 2020 came to EUR -238.1 million, compared with EUR -428.2 million for 2019. As a result of the Covid-19 pandemic, the Board did not find it appropriate to distribute quarterly dividend for the first three quarters of the year. Hence cash flow outflow related to dividend was reduced from EUR 544.9 million in 2019 to 132.9 million in 2020. The other main change from 2019 is lower proceeds from new interest-bearing debt.

BORROWINGS

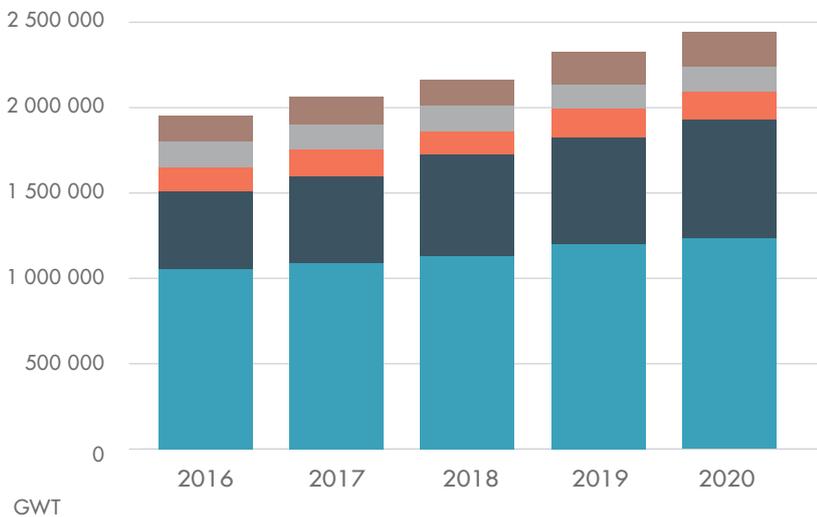
In 2020 we issued a EUR 200 million five-year green bond with coupon of EURIBOR + 160 bps.

As of December 31, 2020 our main outstanding borrowings consisted of the EUR 1 406 million syndicated facility, an unsecured Schuldschein loan of EUR 150 million and two unsecured bond of EUR 200 million each, one labelled green.

For further details of our borrowing facilities and bonds, please see Note 11 to the Group financial statement. For further details of how to analyse our performance, please see Part IV - Analytical Information.

Financial performance

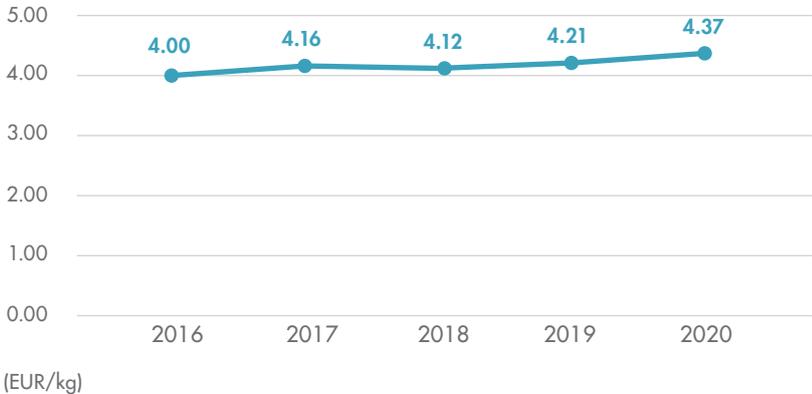
Global supply increase



Supply of Atlantic salmon increased by 5.2% in 2020, mainly due to increased supply from Norway and Chile. Demand remained strong in 2020, but extensive lockdown measures negatively affecting the foodservice segment lead to reduced prices compared with 2019. The reference price for salmon of Norwegian origin decreased by 13.7% for the year. A similar development was experienced in the US market for salmon of Chilean origin, with a decrease in price of -15.6%. For salmon of Canadian origin, prices decreased by -10.3% and -5.5% on the West and East coast respectively.

■ Norway ■ Chile ■ Scotland
■ North America ■ Other

Cost in Farming



In the group's reporting currency, EUR, our cost per kg in Farming has increased by an average rate of 2.2% per year between 2016 and 2020, mainly due to increased cost of feed and biological challenges. Adjusted for feed prices and health related costs, costs were stable in 2020 compared with 2019.

— Farm cost EUR

Another record year for Mowi Group

Record high harvest volumes and feed production.

All time high production in Feed

540

thousand tonnes produced (405)

All time high harvest volume in Farming

440

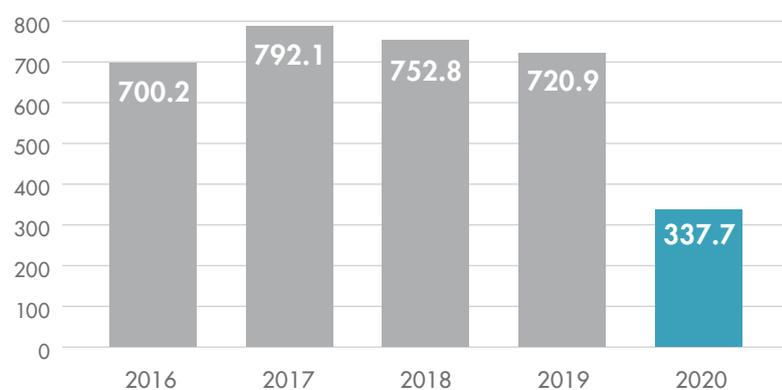
thousand tonnes (436)

All time high Sales volume in Consumer Products

239

thousand tonnes of product weight (220)

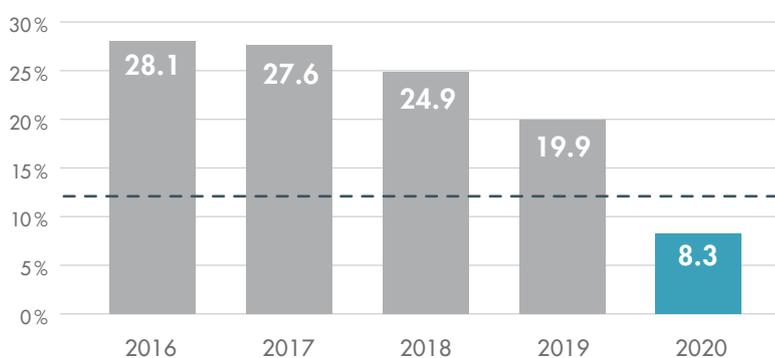
Operational EBIT



EUR million

Operational EBIT at **EUR 337.7 million**, significantly reduced from 2019 due to lower prices as a consequence of the Covid-19 pandemic.

Return on Capital Employed below target



ROCE below the long-term target of 12% at **8.3%** (19.9%) but satisfactory considering the challenging market situation in 2020.

-- Target

Dividend and NIBD

Dividend of NOK

2.6

per share paid out to the shareholders as ordinary dividend (NOK 10.4)

NIBD of EUR

1 458.4

million at year end (1 337.2 million), slightly above the target level of EUR 1 400 million.

Mowi Scotland

New feed mill delivers on plan

Despite the challenges posed by Covid-19 and Brexit, our new state of the art feed mill in Scotland delivered on our strategic aim to be self-sufficient for all feed requirements in Europe.

Based in Kyleakin on the Isle of Skye, the feed mill started production in the spring of 2019. After successfully completing the commissioning phase, working closely with regulator Scottish Environment Protection Agency (SEPA), it moved into full production in 2019.

With a team of 70, most of them local, the feed mill produces the full range of feed required by Mowi's operations in Scotland, Ireland and the Faroe Islands. It will also deliver seawater and freshwater feed to the Norwegian operations.

Kyleakin produces feed for our freshwater, seawater and organic farms. When operating at full capacity, it can produce up to 240,000 tonnes of feed pellets a year. In 2020, the team at the feed mill, under the leadership of Feed Operations Director, Claes Jonermark, was able to adapt work patterns to meet with government requirements relating to Covid-19 and ensure that enough feed was produced to mitigate against any potential disruption posed by Brexit.

Investment in Scotland

The construction of the feed mill at Kyleakin was a significant investment for the company. Upwards of £100 million was spent on the construction of the feed mill, which was designed to be as efficient as possible, take account of future requirements of the business and reduce our dependency on road freight.

A cornerstone of the infrastructure at Kyleakin was the refurbishment and extension of the pier. This enables us to receive delivery of raw materials to produce the feed and despatch the final product by sea.

With the recent completion of LNG commissioning, the feed mill now also produces with lower carbon emissions. The LNG is also delivered by sea.

Much of the infrastructure is unique to Kyleakin Feed Mill including the unloader which features a carbon filter to remove odour from

the tiniest of particles and ducting to ensure that air from both the raw material side as well as the processing side is passed through the biofilter to eliminate odour.

Since it has been operational, the team has worked closely with the local community to have open lines of communication and respond to any concerns. Two site visits for the community have taken place and over 50 people attended an open day to find out more about Mowi and salmon farming as a whole as well as the feed mill operation specifically.



Feed Operations Director, Claes Jonermark



Pier at Kyleakin, Scotland

Collaboration with Norway

The feed mill at Kyleakin is an excellent example of the power of collaboration that is possible at Mowi. The team from the Valsneset feed mill in Norway has been involved in every step of the journey at Kyleakin. From applying for permits, meeting politicians in Scotland, hosting political delegations from Scotland at our feed plant in Norway, the construction phase and frequent communication since the site has been operational, the collaboration between the teams at the two sites has been strong.

Learnings from Valsneset also led to the production of feeds that are of a consistently higher physical quality yet, whilst improving operational effectiveness and reducing waste.

Strong team

In the early days, some of our experienced team from Norway relocated to Scotland to support the new feed mill. Thanks to shared learning, training and further collaboration, most of that team have now returned to Norway and the majority of staff are local to Kyleakin. Creating local employment is an important part of our commitment to Scotland.

Producing healthier salmon

The guiding principle for salmon feed is that every single pellet must deliver 100% of what the fish needs, every day. Our aim, therefore, is to produce robust, sustainable, high quality salmon using the widest available spectrum of raw materials in the most efficient way possible.

“What a year it has been! We have had challenges and successes, but the constant has always been a great team at both our sites, in Kyleakin and at Valsneset. I firmly believe that we embody the notion of One Feed, One Mowi. I am extremely proud of this and I know it will stand us in good stead for challenging times ahead as we continue to face global uncertainty caused by the far-reaching impact of the Coronavirus pandemic.”

Claes Jonermark,
Feed Operations Director

The feed mill in Scotland has substantially increased the scope of products that we are now manufacturing and introduced diversity in the product mix as we tailor our products to meet the different needs of salmon product offerings including Label Rouge, Irish Organic Salmon and the MOWI Pure bespoke salmon.

Having two feed mills gives us complete control of the supply chain. By determining the raw material, recipes and nutrition used in the feed we can ensure we produce the healthiest salmon possible. Going forward our Feed operations will grow in line with our farming operations in order to stay self-sufficient. Furthermore, Mowi Feed will continue to focus on operational improvements and cost optimisation.





PLANET

Sustainable and environmentally responsible development

There is untapped potential for our oceans to produce more sustainable food – Salmon is part of the solution to climate change while also being a huge benefit to human health.

The Blue Revolution has begun

Top ESG ratings

Mowi was ranked the most sustainable animal protein producer in the world by the Collier FAIRR Protein Producer Index. CDP ranked Mowi in the A list of leadership companies on climate action and supplier engagement.

Reduction in GHG emissions

We reduced our total GHG emissions (scope 1, 2 and 3) by 2.7% as compared to 2019 in accordance to our Science Based Targets.

Sustainability-related certifications

100% of our harvest volume in 2020 was sustainably certified with a Global Seafood Sustainable Initiative (GSSI) recognised standard (ASC, BAP or Global GAP). Total of 128 ASC certified sites in 2020 (99 in 2019), representing 32% (33% in 2019) of all ASC certified sites producing Atlantic salmon globally.

Escapes

17 escape incidents with 146 873 escaped fish in 2020 (16 incidents with 68 145 escaped fish in 2019). The majority of the escape incidents (11 out of 17) can be considered negligible as they resulted in < 300 escaped fish.

Sustainable feed

100% sustainable sourced feed according to Mowi's policy. Our salmon remains a net protein producer as it takes only 0.68 kg of wild fish to produce 1 kg of Atlantic salmon (FIFO of 0.66 kg in 2019).

Medicine use

In 2020, 64% of sea lice treatments were non-medicinal (68% in 2019), with 82% for Norway

PLANET

Material value drivers	Ambitions
Climate friendly food production	100% of our harvest yearly volumes are sustainably certified by a GSSI* recognised standard Achieve our Science Based Targets for GHG emissions in our scopes 1, 2 and 3
Responsible use of plastics	By 2025 100% of our plastic packaging will be reusable, recyclable or compostable By 2025 at least 25% of plastic packaging will come from recycled plastic content By 2023 100% of farming plastic equipment is reused or recycled
Prevent fish escapes	Positive trend towards zero escapes
Fish welfare, health and robustness	By 2022 99.5% survival in sea (average per month) By 2020 global welfare data capture and reporting system By 2023 minimum 50% of our stock with real-time welfare monitoring
Sea lice management	Limit the number of medicinal treatments per farm, per cycle, as per requirements in the ASC standard, by 2025
Responsible use of medicines and chemicals	Reduction in antimicrobial use relative to 2015
Efficient and sustainable fish feed	100% compliance with our sustainable feed sourcing policy

* Global Seafood Sustainability Initiative

The global picture – climate friendly food production

THE CHALLENGE AND THE OPPORTUNITY

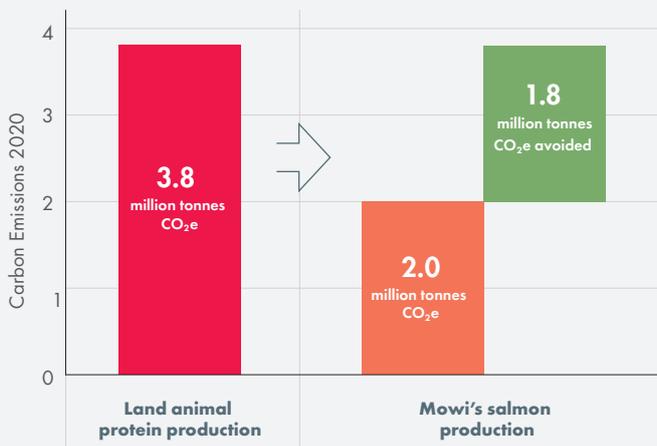
As the global human population increases and average income rise, the demand for ocean-derived food continues to increase. Never before have we seen leading scientists and heads of state coming together to recognise that food from the sea is uniquely positioned

to contribute to the most pressing challenges humanity is facing: food security and climate change.

In 2020, the High Level Panel for a Sustainable Ocean Economy has released a remarkable report "Ocean Solutions that Benefit People, Nature and the Economy" built on the latest scientific research, analyses and debates from around the world. Key messages from this report are at the core of Mowi's vision of Leading the Blue Revolution and our sustainability strategy.

GHG Emissions

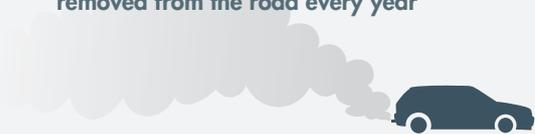
1.8 million tonnes CO₂e emissions are avoided annually by replacing the corresponding amount of land animal protein production



1.8 million tonnes net avoided CO₂e emissions

Equivalent to approx.

380 000 cars removed from the road every year



The carbon footprint used for land animal protein production was calculated by starting to convert the production volumes of Mowi salmon in 2020 to edible yield (using a 55% conversion), then calculating the carbon footprint of that volume originating from animal protein mix. This was done by using a mix of consumption (OECD, 2019) of 40% chicken, 38% pork and 22% beef and the reported GHG emissions from SINTEF 2020. www.epa.gov/energy/greenhouse-gas-equivalencies-calculator was used to convert the net avoided CO₂e emissions resulting from replacing land animal protein by Mowi salmon, to number of cars that can be removed from the road every year.



The ocean has the potential to provide over six times more food than it does today, food that is highly nutritious containing essential vitamins, minerals, omega 3 fatty acids and other nutrients not found in plant-based or other animal proteins. Food from the ocean is also climate friendly as compared to the emission-intensive land-based animal proteins. All in all, food from the ocean is a triple win: for people (because its healthy), for the planet (because its climate-friendly) and for the economy (because it sustains local and global economies).

Our commitment to produce more food from the ocean in a sustainable way guides our day-to-day actions. Mowi has developed a sustainability strategy, the Leading the Blue Revolution Plan. It sets ambitious goals to ensure our salmon is raised in the ocean in harmony with nature and local coastal communities, using an eco-efficient value chain while offering solutions to global challenges such as climate change and plastic pollution. In 2020, our actions towards the targets set in our sustainability strategy contributed to reducing the group's GHG emissions, further optimisation of our packaging, increased recyclability of farming equipment, more efficient freshwater use at our processing plants and smolt/post-smolt units, increased circularity of our waste streams like sludge from freshwater units and by-products from processing plants. Our feed continues to be sourced from sustainable sources with major milestones being reached with our soy suppliers from Brazil which have committed to achieving a 100% deforestation-free in their entire supply chain by 2020. Our target of zero-waste to landfill is well under way as 82% of the waste generated by our processing plants is either recycled, incinerated (mostly with energy recovery) or re-used. We continued our work on integrated sea lice management with 82% of all lice treatments in Norway being

non-medicinal. Also in 2020 we rolled out a global supply chain relationship management tool for onboarding and risk-assessment of our suppliers.

On an industry average, farm-raised Norwegian salmon has an emission intensity that is 20% of that of beef (SINTEF, 2020). The carbon footprint of farm-raised salmon is 7.9 kg of carbon equivalent per kg of edible product, compared with 12.2 kg of carbon equivalent per edible kg of pork and 39.0 kg per edible kg of beef (SINTEF, 2020). For the consumer, replacing pork and beef with fish would significantly reduce their personal carbon footprint (daily greenhouse gas (GHG) emissions). Not only is the carbon footprint of farm-raised salmon lower but its edible yield is higher (68%) as compared with chicken (46%), pork (52%) or lamb (38%). For Mowi, high edible yields combined with 100% re-use of by-products (i.e.offcuts and trimmings) means that nearly every single gram of salmon is used (see section on Sustainable Feed where we introduce the concept of recapture FIFO, rFIFO, showing how farmed salmon is highly efficient on using marine raw materials and upcycling its by-products so that nothing is wasted).

OUR EFFORTS

Climate change and food security remain the biggest challenges facing humanity. We recognise the growing significance of climate change on our business and the increasing role of producing food from the ocean as a solution to climate change.

Mowi has adopted a global approach to climate change which is aligned with climate science (our targets are approved by the Science Based Targets Initiative, SBTi) and the Paris Agreement to

Climate change Mowi's approach

We are taking action in all our business areas to reduce our scope 1, 2 and 3 emissions.

Feed



Operating **energy-efficient feed plants** and optimising logistics



Designing feeds for **optimal FCR**



Purchasing only **deforestation-free soy**

Farming



Reducing the dependency on diesel to run our farming sites by connecting them to **land power** or introducing **hybrid generators**



Increasing the share of **renewable electricity** at our freshwater sites and processing plants

Sales & Marketing



Optimising **logistics**



Working with our suppliers to promote a **climate-friendly supply chain**



Running more **energy-efficient** processing plants

limit the increase in the global average temperature to well below 2°C, and ideally no more than 1.5°C, above pre-industrial levels by the end of the century.

Mowi integrates climate-related disclosures in this Planet section, in the Risk and Risk management sections and in addition, we have also summarised the risks and opportunities arising from climate change, our strategic approach towards a low carbon economy and our corporate targets in the TCFD report (see Part 4 of the Annual report).

We have a global policy on climate change guiding our operations to take action that lead to reduction in GHG emissions. Our policy is publicly available at mowi.com.

Our energy consumption and GHG emissions data are reported internally and audited annually. We disclose our GHG emissions strategy and performance in association with the Carbon Disclosure Project (CDP). In 2020, Mowi was recognised in the CDP's leadership category for being amongst the world's most pioneering companies leading on environmental transparency and performance. Mowi was also rated by CDP's annual Supplier Engagement Rating (SER) as a top leader on supplier engagement strategies.

We are working in collaboration with our peers in the seafood sector (through SeaBOS) and other ocean economies (High Level Panel for

a sustainable ocean economy) to optimise the value of the ocean to produce more sustainable food as a strategy against climate change while at the same time increasing our understanding of the potential impacts of climate change to our business.

Our approved science-based targets are:

- reduce absolute scope 1 and 2 GHG emissions 35% by 2030 and 72% by 2050 from a 2016 base year
- reduce absolute scope 3 GHG emissions 35% by 2030 and 72% by 2050 from a 2018 base year

2020 RESULTS

Energy consumption and greenhouse gas emissions

Total Mowi's GHG emissions (scope 1, 2 and 3) was 2 064 219 tonnes CO₂e in 2020 which is 2.7% lower than total emissions in 2019 (2 121 146 tonnes CO₂e). This is a combination of a reduction in our scope 2 and 3 emissions. Mowi's GHG emissions (scope 1 and 2) decreased 2.6% from 356 762 tonne CO₂e in 2019 to 347 325 tonne CO₂e in 2020. This is mainly a contribution of a reduction in GHG emissions of our scope 2 emissions due to our ongoing energy-saving initiatives and the purchase of renewable electricity through guarantees of origin (GoO). Our reported scope 2 emissions are market based. Improved reporting and increased production both in our farming and feed business areas explain the increased scope 1 GHG emissions. Scope 3 emissions reduced from 1 764 384 tonne CO₂ in 2019 to 1 716 894 tonnes CO₂ in 2020, a

ENERGY AND GHG EMISSIONS (SCOPE 1, 2 AND 3)

	2020	2019	2018
Energy consumption			
Direct energy consumption (Scope 1)	2 541	2 119	1 904
Indirect energy consumption (Scope 2)	1 578	1 379	1 260
Total energy consumption (TJ)	4 119	3 498	3 164
GHG emissions			
Direct energy consumption (Scope 1)	184 450	155 640	144 069
Indirect energy consumption (Scope 2)	162 875	201 121	181 290
Indirect energy consumption (Scope 3)	1 716 894	1 764 384	1 750 868
Total GHG emissions - scope 1 and 2 (tonne CO₂e)	347 325	356 762	325 359
Total GHG emissions - scope 1, 2 and 3 (tonne CO₂e)	2 064 219	2 121 146	2 076 227

GHG emissions (scope 2) is market based for 2020 and the years before. Indirect GHG emissions calculated in scope 2 originate from electricity consumption and district/indirect heating, while direct GHG emissions calculated in scope 1 come from use of fossil fuels, such as diesel, fuel oil, gasoline/petrol, heating oil, natural gas and propane/LPG as well as refrigerants. The methodology used for the carbon accounting is A Corporate Accounting and Reporting Standard (Revised Edition), WBCD, WRI, 2004. The chosen consolidation approach for calculation of GHG emissions is operational control. All figures are based on direct consumption reported by each Business Unit, multiplied by an energy conversion factor and carbon emission factor per unit consumed. All emission and heating value factors for direct GHG emissions are from DEFRA 2020. Emission factors for calculation of indirect location based GHG emissions are based on International Energy Agency statistics (IEA), 2020. Emission factors for calculation of market based GHG emissions come from European Residual Mixes, AIB, 2020. The emission factor for electricity consumption in Norway is the Nordic average grid mix for four Nordic countries: Norway, Sweden, Finland and Denmark and is based on IEA statistics, 2020. The GWP reference is IPCCAR5 (IPCC Fifth Assessment Report). All six greenhouse gases are taken into account and converted into carbon dioxide equivalents (CO₂e). These six gases are: carbon dioxide (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF₆) so all gasses listed in Kyoto Protocol and GHG Protocol. All figures listed as CO₂e in the report are metric tonnes of carbon dioxide equivalents. 2018 and 2019 results were adjusted in accordance with the most recent data set. Mowi is aware that the data presented in the climate report is somewhat erroneous due to varying reporting methods among the Mowi farming and production sites. Mowi is working to improve its procedures for greenhouse gas reporting to eliminate potential errors.



2.7% reduction. This reduction was mainly due to reduced purchase from external feed suppliers and a reduction in downstream transportation and distribution linked to Covid-19. In 2020, despite the increased feed production from our own feed plants we were able to source feed raw materials with a lower carbon footprint.

In the Farming business area, emissions decreased from 376 (in 2019) to 343 kg CO₂e/tonne biomass produced in seawater in 2020 (9% reduction). In 2020, 62% of all our Norwegian farming sites are not using diesel anymore as they are connected to land power. 4% of our sites in region Mid in Norway are also using hybrid generators allowing a reduction of diesel use by 40-60%. We aim to further decrease the use of fossil fuels in our marine sites in Norway by connecting more sites to land-power and introducing hybrid-generators to sites where connection to land power is not possible. In 2020, we generated 205 000 kWh using solar panels at our Dalrymple hatchery (Canada West) representing 4% of the total yearly energy needed. In Chile, we used a hydraulic turbine to generate 1 MWh at our processing plant. In 2021, a second hydraulic turbine will be installed allowed savings of 400 m3 of diesel use.

In the Feed business area (including both the plants in Norway and Scotland), the intensity of GHG emissions decreased from 170 to 161 kg CO₂e/tonne feed produced (5% reduction). In 2020, our focus was directed to improve the efficiency of the feed drying process by optimising the air flow in our driers, measuring and gathering more data, using the data to optimise the process and finally to automate the process to reduce the possibility to run in a “non optimal way”. Savings so far are estimated to be in the range of 1.8 GWh / year (in LNG consumption).

In 2020, we have calculated and audited our scope 3 emissions in connection to sourcing feed raw materials for our feed business area (following the ASC guidelines for GHG accounting of feed, the GHG Protocol Standard and the carbon footprint of feed raw materials provided by SINTEF 2020 Life Cycle Assessment). We have also completed a project with LCA experts to update the carbon footprint of all our feed raw materials and include that information in our formulation program. Our estimates indicate that

sourcing and transportation of feed raw materials resulted in 939 207 tonnes of CO₂e in 2020 (905 514 tonnes of CO₂e in 2019) or 1.80 kg CO₂e/kg feed produced (2.55 kg CO₂e/kg feed produced in 2019). The increase in absolute GHG emissions connected with sourcing of feed raw materials is related to increased feed production in our Scottish plant. Despite the increase in absolute GHG emissions, the intensity of GHG emissions per tonne of feed produced was reduced due to a more low carbon sourcing of feed raw materials. This was mainly due to using supplier-specific data of volumes of soy protein concentrate originating from Brazilian farmers where land change occurred more than 20 years ago.

The intensity of GHG emissions from the Sales & Marketing business area, which includes our secondary processing units and sales offices across the globe, decreased from 211 to 149 kg CO₂e/tonne sold end product (29% reduction). This is explained by an increase in purchase of renewable electricity and the energy-saving initiatives run at our plants. For example, in 2020, our processing plants in Poland reduced energy use by 1 258 MWh/year (3% of total energy consumption in 2019) as a result of a number of energy-saving initiatives including the replacement of fluorescent lamps with LED, installation of air curtains in store freezers, removal of compressed air leaks, modernisation of the vacuum installation, replacement of freon with ammonia for cold storage, increasing the evaporating ammonia temperature from -38 °C to -35 °C and switching off lights and others equipment. In the US, we continued with optimisation of refrigeration, air compression and lighting resulting in 19 295 kWh saved. In the Netherlands (Lemmer) we invested in new, more efficient motors, transitioned to LED lighting, eliminated production steps for certain products and ran awareness/training campaigns with our employees to save energy which resulted in savings of 10 000 kWh in 2020.

In 2020, we have also calculated Mowi's scope 3 emissions and compared it with equivalent emissions in 2019 and 2018. Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. Categories that were assessed

Our certification strategy along the value chain

From feed to plate we make sure our operations are certified against the strictest standards available.



as relevant for Mowi Group were included in scope 3 emissions namely purchased goods and services, fuel and energy related activities, upstream transportation and distribution, waste generated in operations, business travel and downstream transportation and distribution. 76% of scope 3 emissions related to feed: both the purchase of feed from external parties and sourcing the feed raw materials for Mowi Feed, followed by 14% related with downstream transportation. Air freight contributed only to 10% of total scope 3 emissions.

Sustainability certifications

Third-party certification remains key to our sustainability strategy. 100% of the harvested volume in 2020 was sustainably certified by a Global Sustainable Seafood Initiative (GSSI)-recognised standard: the Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP), or GlobalGAP.

We continue our ASC certification efforts. At the end of 2020, Mowi accounted for 33% of all the ASC certified Atlantic salmon sites worldwide, reaffirming that we are the leading producer of ASC certified farm-raised salmon.

We certified a total of 29 new seawater sites in 2020, bringing the cumulative total to 128 sites for Mowi Group. This represents 45% of all our farming facilities (including Canada East). This increase is mainly due to further certification in Norway and Chile. In Scotland, we have certified four additional seawater sites in the beginning of 2021, bringing our total number of certified seawater sites to five by the time this report is released. The previous limitation from the ASC standard to certified smolts originating from freshwater lochs has been lifted and therefore we expect a roll out of ASC certification also in Scotland.

MOWI ASC CERTIFIED SITES

Country	Number of sites certified (% of total sites)					
	2020		2019		2018	
Norway	76	61%	61	50%	49	42%
Scotland	1	2%	1	2%	0	0
Canada*	26	32%	25	35%	23	74%
Chile	19	95%	8	40%	1	4%
Ireland	5	63%	3	38%	4	50%
Faroe Islands	1	33%	1	33%	1	33%
Group	128	45%	99	37%	78	34%

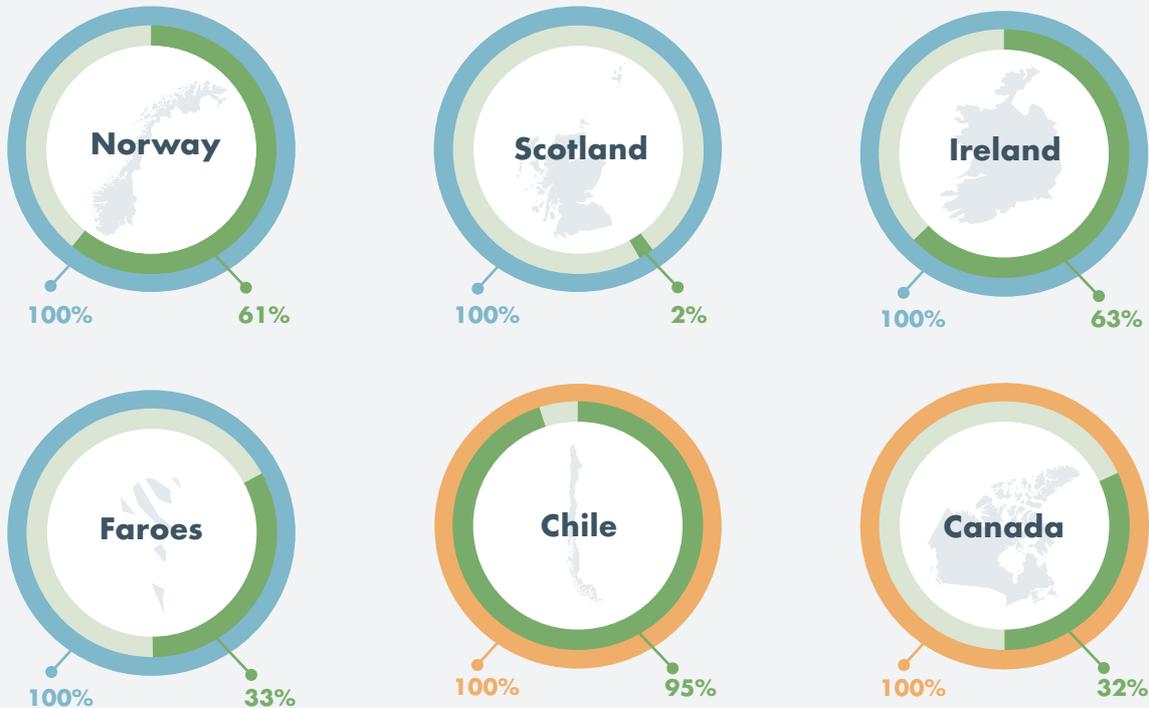
Public reporting information for our ASC sites is available at asc-aqua.org. *Data for Canada West is 26 sites certified (90%) at the end of 2020. In 2019 and 2020, numbers for Canada also includes Canada East.

Responsible Plastic Use

Mowi depends on a healthy ocean. The presence of plastic and its fragmentation to microplastics in the marine ecosystem must be avoided. Mowi focuses on avoiding unnecessary use of plastics in their operations, and makes sure plastic waste is handled in a responsible manner. We have a well-established monitoring and control programme for undesirable substances in both feeds and fish, verifying that there are no reasons for concern and that all limits set by food safety authorities are adhered to.

100% Sustainably Certified*

■ ASC ■ Global GAP ■ BAP



* In 2020, 100% of the harvested volume was certified by at least one Global Sustainable Seafood Initiative (GSSI)-recognised standard: the Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP), or GlobalGAP.

This is what we are doing to tackle plastic waste:

We have developed a policy on plastic use and plastic waste management

Our policy sets the minimum actions we are taking as a company to use plastic in a responsible manner. Our policy is publicly available at mowi.com

We have set targets

- By 2025, 100% of our plastic packaging will be reusable, recyclable or compostable
- By 2025 at least 25% of plastic packaging will come from recycled plastic content
- By 2023, 100% of farming plastic equipment is reused or recycled

We reduce the amount of plastic used in packaging

In 2020, we avoided nearly 2 000 tonnes of virgin plastic use by using a variety of strategies such as light weighting, use of rPET and packaging redesign/simplification:

- In Poland, by increasing the amount of post-consumer rPET in bottom films we were able to prevent more than 550 tonnes

of virgin plastic use. In addition, by removing metallized films and reducing the thickness of our packaging we avoided a further 430 tonnes of plastic use.

- In Scotland, our secondary processing plant located in Rosyth avoided 89 tonnes of plastic use by reducing the thickness of both trays and plastic labels. We have also worked on packaging simplification by using printed films instead of a plain film plus a cardboard sleeve, avoiding 105 tonnes of plastic. In Scotland, at our secondary processing plant we used returnable S bins instead of EPS boxes reducing the use of approximately 600 tonnes of EPS.
- In France and Spain we have redesigned our trays to reduce thickness while keeping the needed strength. This allowed us to prevent 21 tonnes and 11 tonnes of virgin plastic being used in France and Spain, respectively.
- In the Netherland (Lemmer), we have installed a new pallet wrapper which allows a 15% reduction in foil use. In 2020, this allowed us to prevent almost 100 kg of plastic use in just 2 months.
- In the US, we increase the use of recycled plastic material in films and plastic trays resulting in a reduction of 210 tonnes of virgin plastic use.

We recycle plastic in packaging and farming equipment

In 2020, we increased the volumes of packaging being recycled by preventing landfill, switching to mono-materials and using colours which facilitate the recycling process:

- In Poland, 300 tonnes of sushi trays can now be recycled due to a switch to mono PET.
- Similarly, in Belgium, 19 tonnes of trays became available for recycling by changing from multilayer PET/PE to mono PET. In addition, blue trays were converted to transparent trays allowing 163 tonnes of plastic packaging to become fully recyclable.
- In Chile, 243 tonnes of plastic were recycled both from farming and processing plants. This was the results of workers educational campaigns and diverting EPS boxes from landfilled to being recycled.
- EPS boxes that end up as waste in our processing plants are recycled and used as insulation building materials.

As in previous years, we continue our recycling program of farming equipment (our initial scope until 2023 is on nets and feeding pipes). In 2020, our farming units sent 14 914 tonnes of nets and feeding pipes for recycling, representing 84.6% of our total farming equipment waste. The recycling process includes reconversion of the netting into new polyamide filament, which in turn can be used in a variety of applications, such as in the manufacture of swimwear or carpet yarn.

We reuse plastic equipment

In Scotland, we transitioned to returnable crates instead of using outer corrugated boxes avoided 124 tonnes of outer cases. In Scotland, our nets were reused in land stabilisation projects.

We monitor the presence of microplastics in our fish

In 2020, we continued monitoring microplastics in our products. As in previous years our monitoring results indicate no plastic-related contaminants in our salmon.

We work in global partnerships

We work with SeaBOS (Seafood Business for Ocean Stewardship), to scale up our impact on protecting the oceans from plastic litter which includes our support to the Global Ghost Gear Initiative.

We work with our suppliers

During 2020, we extended our national agreement in Norway with a waste handler to ensure a safe and standardised handling of our waste and easier access to our waste data. Also in Norway, we started rolling out a new collaboration with a subcontractor, where our feeding pipes will be collected and cut in a closed process to prevent cut fragments and microplastics from being released to the environment and the used pipes will be recycled into new products.

PRIORITIES GOING FORWARD

To Lead the Blue Revolution, we must have a positive impact on global issues, such as climate change, and also tackle environmental challenges that are more industry specific. Moving forward, we will continue to focus on verification of our improvements by reputable third-party certification schemes, such as ASC, BAP and Global GAP. In 2021, we aim to continue focusing on ensuring that our harvested volumes are 100% sustainable certified.

We will continue to transition to a low carbon business by focusing on our feed suppliers, reducing the use of fossil fuels in our farming operations and increasingly using renewable electricity in our processing plants. As a member of the Sustainable Air Freight Alliance (SAFA), a buyer-supplier collaboration between shippers, freight forwarders, and air freight carriers we will continue to promote tracking and reduction of GHG emissions from air freight and promote responsible freight transport.

Overcoming the plastic waste challenge remains an important issue for our business and our stakeholders and as such we will continue to focus on avoiding any plastic litter ending up at sea as a result of our farming activities, implement our packaging design strategy, continue to work with SeaBOS (Seafood Business for Ocean Stewardship) to scale up our impact on protecting the oceans from plastic litter which includes our support to the Global Ghost Gear Initiative, and monitor the potential for microplastics and plastic-related contaminants in our fish.

Mowi's journey towards a responsible plastic use



We REDUCE the amount of plastic used in packaging

2 000 tons of virgin plastic avoided by light weighting, use of rPET and packaging redesign/simplification in Poland, Scotland and the US.



We REUSE plastic equipment

124 tons of returnable crates instead of disposable corrugated boxes in Scotland



We RECYCLE packaging and farming equipment

15 639 tons of packaging and farming equipment (nets and feeding pipes) were recycled in 2020



Recycling farming equipment



Escape prevention

THE CHALLENGE

Because escaped farm-raised salmon may have a negative impact on the environment, due to ecological interactions and interbreeding with wild populations, we have set a target of a positive trend towards zero escapes.

OUR EFFORTS

Our focus on preventing escape incidents includes a wide variety of actions including:

- investing in new technologies and upgrading farming equipment.
- implementation of the Norwegian Nytek standards for technical requirements on the dimensioning, design, installation and operation of fish farming installations. In Chile, we welcomed the release in 2020 of a technical standard establishing the methodology for the information collection, processing and calculations of the engineering study, and technical specifications of the fish farming structures (RS. EX. N°1821). In Scotland, a technical standard for Scottish finfish aquaculture has been developed and is being implemented.
- implementation of our internal global standard which sets minimum requirements regarding equipment certification, training, risk-assessment, reporting, mitigation, drills and checklists.
- undertaking risk-assessment when running large operations or using new equipment.
- preventing human error by focusing on training and simplification of procedures. In 2020, we updated our global training program on escape prevention and mitigation. This training aims to reaffirm our internal standard for seawater and

freshwater management, including the sharing of experiences and lessons to be learned after escapes, and the highlighting of behavioural changes that can make a difference. In 2020, 100% of all our farmers passed this training program.

- sharing main learning points after each incident with all site managers globally using our escape info sheets (in Norwegian, English and Spanish).
- innovating, through R&D, for better anti-fouling strategies that minimise the need for net cleaning and for better sea lice treatment strategies that minimise net handling. We are also looking at using sensors technology to help in the detection of holes in nets.

RESULTS

In 2020, the number of escaped salmon increased to a total of 146 873 (68 145 in 2019), while the number of escape incidents remained similar with 17 incidents (16 in 2019). Only 6 out of the 17 incidents related with a number of escaped fish higher than 300 which is used in the ASC standard as indicative of nonconformity. The total of 146 873 escaped fish correspond to 0.09 % of the average number of fish in sea in 2020. Main causes and mitigation actions per escape incident are indicated below.

Three escape incidents, two in Scotland and one in the Faroes accounted for 98% of all escaped fish in Mowi. These incidents are all related with extreme weather conditions at exposed farming locations. The largest escape incident took place at the sea site Carradale in Scotland which is an exposed/high energy location. In challenging locations such as Carradale we are using the Norwegian Standard and the Scottish Technical Standard plus new and modelled equipment to withstand the extreme environment. Even so, the equipment still needs further improvements and we are working with our suppliers to minimise the risk of equipment

failure and have moved to more robust pen and net designs. Our mitigation actions are in partnership with the Fisheries Management Scotland, where we surveyed 120 rivers to assess any potential genetic introgression. This will be a multiyear study and has recently been extended to include English rivers where a small number of farmed salmon were also recaptured.

PRIORITIES GOING FORWARD

We will continue our efforts to reduce the number of escape incidents by strengthening our collaboration and training with equipment and service suppliers, improving our training programs to minimise human error, ensuring that best practices for delousing operations are followed, and implementing anti-fouling strategies that reduce the need for net cleaning. In addition, a positive progress towards zero-escapes has been linked to bonus remuneration in the senior management team.

NUMBER OF ESCAPE INCIDENTS AND FISH ESCAPED

Country	2020		2019		2018	
	# of escape incidents	# of escaped fish	# of escape incidents	# of escaped fish	# of escape incidents	# of escaped fish
Norway	11	1 264	11	23 179	5	106 746
Scotland	2	122 518	1	23 970	2	24 584
Canada	3	1 069	4	20 996	2	2
Chile	—	—	—	—	1	651 991
Ireland	—	—	—	—	—	—
Faroe Islands	1	22 022	—	—	—	—
Group	17	146 873	16	68 145	10	783 323



Country	Site name	# of escaped fish	Main cause category	Mitigation actions
Norway	Glomfjord	15	Human error (technical error on wellboat)	Strengthen requirements for secondary barriers on external vessels
	Averøy/Aukan	858	Human error (net mesh size)	Improve documentation of smolt size variation
	Bukkholmen	1	Technical error (malfunctioning of pipe connection)	Improve equipment and procedure for installation of safety net
	Brattholmen	1	Human error (net handling)	Improve routine registering and risk assessment of equipment
	Brettingen	19	Technical error (opening in wellboat system)	Strengthen requirements for documentation of external vessel systems
	Kvalvika	1	Technical error (malfunctioning of piping)	Improve equipment and procedure for installation of safety net
	Kjelneset	4	Human error (disconnected pipes)	Improve training and routine checks
	Mefaldskjæret	1	Human error (handling fish)	Improve equipment and procedure for installation of safety net
	Storvikbukta	318	Human error (mispositioned propeller)	Improve implementation of enclosure for propeller
	Svåsandneset	5	Technical failure (mispositioned lift-up)	Improve installation procedures
	Skipningsdalen	41	Still investigated. Opening between handrail and net	Close opening between handrail and net
Scotland	Colonsay	73 684	Technical error (incorrect mooring installation at exposed site)	Improve inspection on all sites to ensure correct cage installation
	Carradale North	48 834	Technical error (malfunctioning of piping)	Re-engineering of hose and installation of improved secondary barrier
Canada	Shaw Point	1 066	Technical error (chafing of net on billets during spring tides)	Improve equipment monitoring and inspection
	Duncan Island	2	Human error (lice counting)	Improve procedure on safety net installation
	The Gorge	1	Human error (lice counting)	Improve procedure on safety net installation
Faroe Islands	Sandsvág	22 022	Technical failure (net handling)	Improve implementation of secondary net, strengthen weather condition requirements





Mowi policy on salmon welfare

Why we care about fish welfare

Caring about fish welfare is an ethical responsibility and an integral part of our business strategy as it can impact our productivity and reputation.

Our definition of fish welfare

Mowi recognises the accepted Five Freedoms for animal welfare and adopts the World Organisation for Animal Health (OIE) definition of animal welfare: A good state of welfare is if it is healthy, comfortable, well nourished, safe, able to express innate behaviour and it is not suffering from unpleasant states. Good welfare requires disease prevention and veterinary treatment, appropriate shelter, management, nutrition, humane handling and humane slaughter.

How we safeguard the welfare of farmed-raised salmon

- Train our employees
- Farm under optimal environmental conditions
- Secure optimal health and, when needed, responsible medicine use
- Apply optimal feed and feeding practices
- Vigilance of fish behaviour
- Use humane slaughter methods
- Apply internal and global fish welfare standards
- Ensure service and equipment suppliers adopt our standards
- Monitor and report operational welfare indicators
- Continuously improve through R&D

Fish Health and Welfare

THE CHALLENGE

Protecting the health and welfare of our fish is paramount for optimal performance and is both financially rewarding and positive for the environment.

OUR EFFORTS

Our primary goal is to rear healthy fish and to protect their welfare. Ocean farming allows us to rear salmon under conditions that satisfy their biological needs, including clean water, space and food, and we ensure they obtain the necessary nutrients for good health throughout their lives. Our fish are stocked at densities that benefit welfare and enhance performance. Coordinated fallowing and synchronised production are integral components of our farming practices, which also reduce biological risk.

Under the supervision of our fish health professionals, we continuously apply good husbandry practices and biosecurity standards to optimise health and welfare. Our high standards of fish health and welfare are achieved through veterinary health plans, recognised standards and certification schemes (e.g. The Royal Society for the Prevention of Cruelty to Animals, Global GAP, ASC and the OIE Aquatic Animal Health Code), welfare laws and regulations.

Smolt quality and effective vaccines are key ingredients. We vaccinate 100% of our fish and take a great deal of care to ensure the quality and robustness of our smolt to reduce health risks.

There was a strong emphasis on salmon quality throughout 2020 with a number of projects focused on omega-3 optimisation with regards to its origin, level and bioavailability in the feed influence attributes like flesh colour and nutritional value. Additionally, we have been evaluating relationships between nutritional antioxidants, carotenoids and novel feed supplements and their relationship to salmon quality in a feed matrix where synthetic antioxidants have largely been replaced by natural ones.

Functional ingredients (FIs) play an increasingly important role in securing optimal fish health and welfare in Mowi Feed. The underlying strategy at Mowi is to supplement the every-day feed of our salmon with a FI package that is tailored to the seasonal risks encountered by the fish. This year, we have carried out a number of projects to develop a family of products to be deployed on a more tactical basis to boost salmon robustness in more challenging environmental conditions.

RESULTS

In 2020 the Group achieved 98.5% and 98.7% average monthly survival in seawater (% biomass and % numbers, respectively) and total losses (both biomass and numbers) were lower. While the average monthly survival in Norway was stable compared to 2019, we saw encouraging increases in Scotland, Ireland, Canada and Faroes. Chile continued to show the highest survival but losses increased slightly from 2019. As a result of our continuous efforts



to reduce the risk of infectious disease, these accounted for 34% of the total number of fish lost during the year. The remaining 66% were lost to non-infectious causes.

Our advances on reducing losses to Salmonid Rickettsial Septicaemia (SRS) in Chile continued in 2020, and since 2015 we have now achieved a 77% reduction in losses (based on fish numbers). Losses associated with poor performers and Pasteurella were reduced by 5% and 30% respectively in 2020 compared with 2019. In 2020 we increased our focus on biosecurity practices for mitigation of Pasteurella and started vaccinating a proportion of our stock in Scotland. Sea lice treatment losses increased slightly in 2020 but were relatively stable compared to 2019.

While survival rates generally increased in 2020 relative to 2019, losses to Cardiomyopathy Syndrome (CMS), Heart and Skeletal Muscle Inflammation (HSMI), gill infections, winter sores and algal blooms increased in 2020. This was mainly attributed to additional fish handling to address the sea lice challenge. Although losses to Pancreas Disease (PD) increased slightly in 2020, our management approaches and practices meant losses were still consistently well below the peaks observed in 2008 and 2011.

The incidence of extraordinary environmental conditions and algal blooms in Ireland and the east coast of Canada increased in 2020. However, our surveillance and monitoring programmes, and response plans contributed to mitigating the severity of these incidents. Our ONE Mowi procedure on plankton monitoring and mitigation practices, together with internal training on plankton surveillance, risk management and response plans, are expected to contribute to fewer incidents and losses associated with algal blooms. In Chile, Canada, Scotland, Ireland and some regions in Norway we use monitoring protocols adapted to seasonal risks, ensuring that surveillance is carried out on a daily basis during high-risk periods. Useful resources such as interagency tools, namely satellite imagery or national monitoring systems (e.g. Irish Marine Institute Harmful Algal Bloom (HAB) weekly bulletin) are used

to monitor the risk of algal blooms. During HAB events we follow a response plan and protect our fish by using measures such as aeration systems, stopping surface feeding and steering the fish to safer depths using deep lights.

Despite continuing to apply our strict risk management approach to Infectious Salmon Anaemia (ISA), four cases were recorded in Norway in 2020 (2017 - 3; 2018 - 1; 2019 - 4). In Canada East, two sites were recorded with ISA and an additional 5 sites were virus positive.

In 2020 we launched a new, standardised and systematic global system for welfare monitoring and data capture. This is now operational and allows our seawater farming units to regularly check the welfare of our stocks. In addition, we began development of a technology that will deliver real-time surveillance and monitoring of fish welfare. Through our breeding and genomic selection programme, further advances were made in selection of fish stocks with resistance to PD, CMS and sea lice, and this is expected to result in further improvements in survival rates (see R&D section). CMS, gill infections and PD, along with sea lice treatment losses and sores, remain our priority focus areas for improvement. In addition, we will work strategically to address ISA challenges in Canada East.

PRIORITIES GOING FORWARD

Protecting the health and welfare of our fish, and improving survival, will remain a primary focus in 2021. We will continue to closely monitor the causes of reduced survival and set our operational and R&D priorities accordingly, both for salmon and cleaner fish. Further development of our welfare standards, gentler systems for sea lice treatment, the application of new vaccines, advances in genomic selection for disease resistance and the outputs from several important R&D projects are expected to contribute towards our long-term goal of >99% monthly survival. We will continue to support industry research initiatives in the area of fish health and welfare, and we will continue to engage in the development of better industry practices.

MAIN CAUSES OF REDUCED SURVIVAL

	INFECTIOUS		NON-INFECTIOUS	
	FISH NUMBERS	BIOMASS	FISH NUMBERS	BIOMASS
1	CMS	CMS	Treatments	Treatments
2	Winter sores	Gill infections	Environmental	Environmental
3	Gill infections	PD	Poor performers	Poor performers
4	PD	Winter sores	Other non-infectious	Physical damage

(CMS, Cardiomyopathy Syndrome; PD, Pancreas Disease)

Sea Lice Management

THE CHALLENGE

Effective sea lice management is important for fish welfare and to ensure sea lice on our farms do not negatively impact wild salmonids. Sea lice control also represents a significant cost to the industry.

OUR EFFORTS

We work intensively to continuously improve our approach to sea lice management and minimise the number of adult female lice at our sites, especially during the period when wild salmon migrate to sea. Our goal is to manage sea lice in an integrated manner and reduce the use of medicines, through the application of strategic, preventive, biological and non-medicinal measures. We continue to respect the precautionary statutory limits on the maximum number of lice per fish, set by relevant authorities. We are continuously developing better management practices and sharing best sea lice management practices between our operations. Our R&D activities target innovative and non-medicinal methods to control lice.

RESULTS

We have again progressed towards our goal of managing sea lice in an integrated and sustainable manner, while reducing medicine use. We continue to use cleaner fish and non-medicinal treatment systems and continually work on improvements. In 2020, we once again increased our R&D activities on lice management and made good progress on several projects to develop novel solutions for safe and cost-efficient control (see R&D section).

Preventive management tools (skirts, deep lights, deep feeding, and combinations of these) were once again used extensively in 2020. In our operations where non-medicinal treatment systems are available, an average of 64% (range 15-84%) of all treated fish were treated using these systems. Although this figure is slightly down

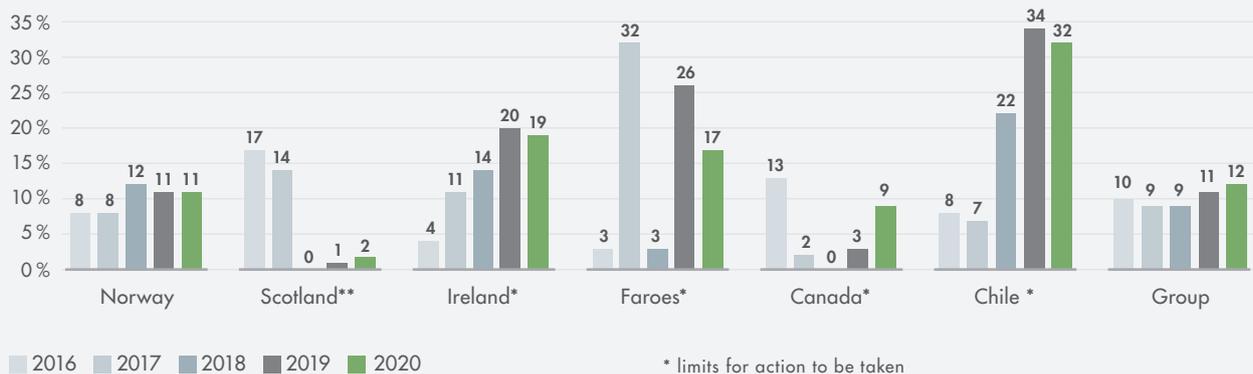
from 2019 (68%), this year Canada West and Ireland introduced non-medicinal treatment systems and a significant proportion of their fish were treated using these tools. The proportion of fish treated varied, depending on equipment availability, environmental conditions and fish size. In Chile and Canada East, we continued to trial non-medicinal treatment systems, with the aim to use them more extensively going forward. Further advancements were made in cleaner fish production in Norway, Scotland, Ireland and Canada, and we continued our investment in cleaner fish R&D. In 2020 we developed a strategy to improve the efficiency of cleaner fish and reduce losses. On average, 80% of our seawater sites, with access to cleaner fish, used them in 2020 (77% in 2019).

The average monthly percentage of sites above national sea lice limits (at any time) for each Business Unit is shown in the figure at the end of this section. Values for Mowi Group, Norway, Scotland, Ireland and Chile were comparable with 2019, with a decrease in Faroes. An increase was observed in Canada, where several factors including environmental challenges, limited access to non-medicinal treatment systems and higher lice challenge pressure hampered integrated lice management. While sea lice treatment losses increased slightly in 2020, this increase was unsatisfactory, and further emphasises the need to strengthen our efforts to develop integrated approaches and gentler non-medicinal treatment systems for lice control.

PRIORITIES GOING FORWARD

Maintaining low levels of sea lice at our sites will remain a top priority. We will continue to optimise existing solutions, develop novel and cost-effective methods and will increase our focus on the use and welfare of cleaner fish. In Chile and Canada we will continue to develop and operationalise non-medicinal treatment systems. Our ambition is to ensure that sea lice control is based principally on preventive, integrated and non-medicinal approaches, allowing us to reduce the use of medication.

% of sites above national lice limits at any time



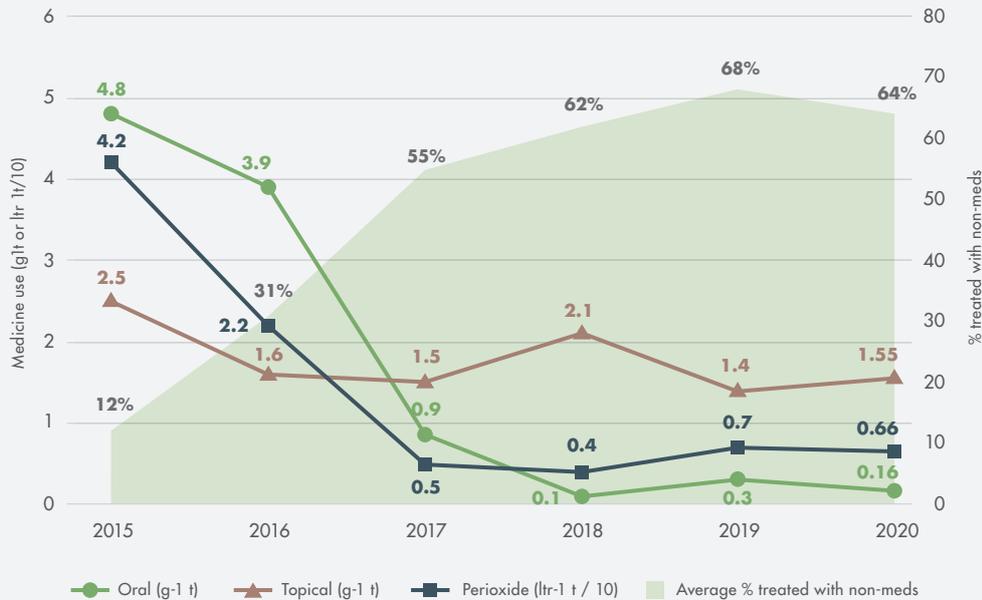
* limits for action to be taken

** limits for action introduced April 2017, and applied retrospectively



Sea lice medicine use

Active substance (gram or litre) per tonne biomass produced



80%

(average) of all sites used cleaner fish in combatting sea lice

64%

(average) of all treated fish treated using non-medical tools

4%

reduction in total medicine use

Medicine use

THE CHALLENGE

Licensed medicines may have potential negative environmental impacts if used too frequently. The risk of sea lice developing reduced sensitivity to medicines is also a concern.

OUR EFFORTS

With our strong focus on optimising fish survival and preventing disease, licensed medicines are only used when absolutely necessary. Used in rotation, sea lice medicines are additional tools for integrated management and ensuring lice from farms do not impact wild salmonids. We only use licensed antimicrobial medicines when fish health and welfare are at risk from bacterial infection. We adopt the recommendations and best practices as outlined in the World Health Organization's "WHO guidelines on use of medically important antimicrobials in food-producing animals". We restrict use and do not use antimicrobials for growth promotion, prevention of infectious diseases or for control of dissemination. Antimicrobials are only used under veterinary prescription. Those listed as critically important for human medicine are only used as exemptions under the judgement, prescription and supervision of a veterinary professional, and if microbial sensitivity results demonstrate that the selected antimicrobials is the only treatment option. Medicines are always applied in a responsible manner and we ensure there are no flesh residues at harvest.

RESULTS

Sea lice management

Licensed medicines for sea lice control are prescribed and used only when required, under the supervision of authorised veterinarians and fish health professionals. In 2020, the use of oral medicines decreased, while the use of topical medicines increased slightly compared with 2019. The use of hydrogen peroxide was stable compared with 2019, reflecting the application of integrated sea lice management practices in Chile and Canada. As a result, from 2019 to 2020, our total medicine use decreased and the total active substance use (g/t biomass produced) decreased by a further 4%.

Bacterial challenges

Licensed medicines for bacterial infections were prescribed and used only when required, and under the supervision of authorised veterinarians and fish health professionals. For information about withdrawal periods and medicine residues in our end products, please see the Product section. In total, our use of antimicrobials (gram of active substance per tonne produced) to combat bacterial infections increased slightly to 54g in 2020 (44g in 2019). As per 2019, no antimicrobials were used in our operations in Norway or the Faroe Islands. A significant reduction was achieved in Ireland and Canada, while use increased in Scotland and Chile. The former related to management of localised cases of *Pasteurella skyensis*, the latter related to cases of *Salmonid Rickettsial Septicemia (SRS)* following commercial testing of non-medical lice treatments.

An overview of our use of antimicrobials per territory is shown at the end of this section. The number of fish treated with antimicrobials remained low and was reduced in 2020, at 0% in freshwater (0.1% in 2019) and 4.5% in seawater (4.8% in 2019).

PRIORITIES GOING FORWARD

Reducing the use of antimicrobials in our operations remains an important priority. Several important R&D and best practice initiatives, together with more focus on SRS in Chile and Pasteurella

in Scotland, are expected to reduce biological risk and contribute to decreases in antimicrobial use. We will continue to direct attention towards the issue of antimicrobial resistance and management. Continuous implementation of non-medicinal control methods, advances in our breeding programme and compliance with the Aquaculture Steward Council Salmon Standard are expected to contribute to further reductions in the use of sea lice medicines. In addition, we will continue to engage in the Chilean Salmon Antimicrobial Reduction Programme, and the Global GAP Aquaculture Technical Committee, to address antimicrobial use.

INSIGHTS FROM OUR EXPERT



Dr Gordon Ritchie, Group Manager, Fish Health & Welfare

Healthy fish with restricted antimicrobial use

Why are antimicrobials used in food production/farming?

When good husbandry and management practices, and disease prevention measures, are insufficient and there is no alternative then antimicrobials may be used when bacterial infections are diagnosed. To not use antimicrobials under such circumstances would be unacceptable from a fish health and welfare perspective.

How are salmon farmers able to produce so much food using so little antimicrobials compared to other animal protein producers?

Good husbandry and management practices, biosecurity and veterinary health plans, all under the supervision of fish health professionals are

the cornerstones for limited use. These plans target disease prevention, mitigation of stress and limit the spread of infection, if fish become sick. In addition, the industry vaccinates 100% of its fish for the majority of bacterial infections, reducing the need for antimicrobial use to a minimum. Antimicrobials are never used prophylactically or to promote growth. If antimicrobials are required they are prescribed by certified veterinarians / fish health professionals, used prudently and responsibly, and are strictly controlled by the authorities.

Why is it important to keep the antimicrobial use low?

To minimise the risks of development of antimicrobial resistant bacteria.

Production and use of antibiotics in Norway



Source: Kontali Analyse AS / Norsk medisinaldepot / Folkehelseinstituttet



Biodiversity

THE CHALLENGE

Biodiversity loss can result in significant reductions of resources provided by the earth's ecosystems, which contribute to economic prosperity and human development. We need healthy oceans, not only to drive sustainable salmon farming, but also to support flourishing societies and buoyant national economies. We acknowledge that our activities potentially could impact biodiversity as a result of sea lice, medicinal treatments, fish escapes, organic loading/nutrient release and the sourcing of feed ingredients. For this reason, we strive to keep any negative impact to an absolute minimum.

OUR EFFORTS

In 2020, we once again paid due regard to critical, highly sensitive environmental areas, special areas of conservation (SAC) and/or special protected areas (SPA) in the vicinity of our seawater sites.

Some of our sites are located close to protected areas or highly sensitive areas of biodiversity. For example, in Norway, we operate one site in a National Preservation-fjord for Atlantic salmon and two sites in a landscape conservation area. We follow closely the results from our benthic surveys to ensure these sites have a minimum negative impact.

In Scotland, we operate five sites located in Special Areas of Conservation (SAC), 11 sites in areas classified as both a SAC and a Marine Protected Areas (MPA) and one site located within a Marine Protected Area (MPA). The majority of the sites have been in operation prior to the date of designation reflecting the minimal impact that farming operations have had, and continue to have on the conservation objectives of these designations. In order to safeguard Protected Areas there is a robust environmental assessment process that applies to the licensing of new activities and such activities will only be licensed by regulatory authorities if it can be demonstrated there is no significant risk to the status of these areas.

In Canada West, none of our sites operate near official High Conservation Value Areas (HCVA) or Federal Marine Protected Areas. However, five marine sites border the Broughton Archipelago Provincial Marine Park. In the Port Hardy area, one site borders a marine park and another site borders a provincial conservancy. In 2010, at The Conference of the Parties to the Convention on Biological Diversity (CBD), Canada committed to Target 11, "to improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity". To meet the objective, Canada must protect by 2020 at least 10% of coastal and marine areas, especially areas of particular importance for biodiversity and unique ecosystems. This initiative/process has commenced and Mowi Canada West is engaged. At this time, candidate MPAs have been tabled for discussion with selected stakeholders but have not been disclosed to the public.

In Canada East, none of our sites are located close to protected areas or highly sensitive areas with respect to biodiversity. In

addition, none of our sites operates near official HCVA or federal Marine Protected Areas.

In Chile, we operate three sites located in the Priority Conservation Area Isla Kent-Quitalco. These sites have all permits to operate in these areas and all operations are regulated by law, therefore additional actions are not necessary because all sites have environmental impact assessments to make sure all site activities are within national regulations.

In Ireland, six of our marine sites are located within special areas of conservation. These sites have several habitats listed in Annex I of the EU Habitats Directive, such as reefs, large shallow inlets, bays, tidal mudflats and sand flats. A further two marine sites are located within five kilometres of SPAs designated under the EU Birds Directive. For all of our marine sites including these protected sites, we undertake annual monitoring of the seabed, resulting in a comprehensive database of seabed animals under and adjacent to our sites. This, coupled with careful feed management and site following, will continue to ensure that our production does not negatively affect such areas.

RESULTS

All our farming operations are certified according to standards that take account of biodiversity. These standards, such as Global GAP, BAP and ASC, include criteria to minimise environmental impact and preserve biodiversity. In addition, our responsible sourcing policy for feed ingredients is key to ensuring that both the marine and non-marine raw materials used in our fish feeds do not compromise biodiversity. Both our own feed plants and external feed suppliers must comply with this policy (see sustainable feed section).

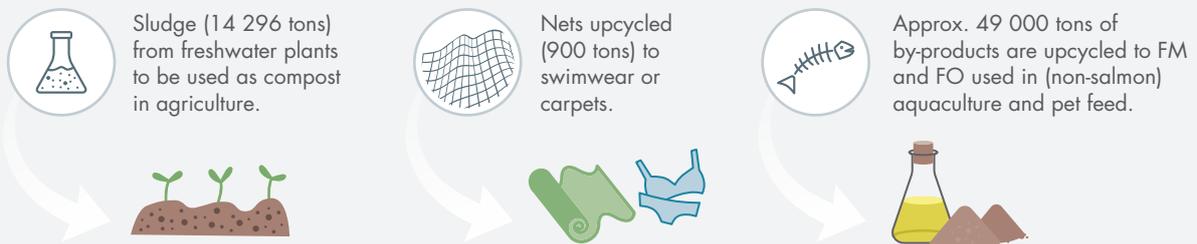
Circular economy and waste

We also recognise that to protect our natural capital, we need to adopt a circular economy perspective and derive the most value from resources during their lifetime. For Mowi, circularity is a priority in rethinking how we handle our waste and seeing it's potential beyond our use.

Reducing waste where possible and optimising waste streams are both important for securing a responsible waste management. This was high on our agenda in 2020, where > 80% of the non-hazardous waste generated by our processing plants is already recycled, reused or recovered as energy. In 2020, educational campaigns were run in Chile to promote good recycling practices and focus was strong in Ireland on implementing in-house sorting of waste before collection. We also introduced several new initiatives for improving recycling and reuse of plastics, these are described under plastic management. In addition to plastic waste, we have adopted circular economy practices in other parts of our business such as in our freshwater production where waste is collected and further reused. In Europe, our hatcheries and the sea-based semi-closed post-smolt farm at Vindsvik (Norway), have systems in place for effluent treatment. Particulate organic matter, rich in carbon and phosphorus can be removed from the discharge, dewatered, dried and recycled as fuel for biogas or used as soil fertilizer. This waste is used by local companies to limit the transport distance.

Circular economy and waste

For Mowi, circularity is a priority in rethinking how we handle our waste. In addition to plastic waste, we have adopted circular economy practices in other parts of our business such as in our freshwater production where waste is collected and further reused and in our processing plants where by-products are upcycled by Mowi Nutrition.



Collecting particulate organic matter from the effluent of land based facilities is important to secure a good environment in our fjords, and also to make a contribution to the green economy linking the aquaculture to recycling renewable resources. In 2020, we reused a total of 1 235 tonnes of solid sludge and 13 061 tonnes of wet sludge as composting or fuel for biogas production. In Chile, sludge is disposed of according to national regulations and an ongoing pilot project is investigating the possibility of using sludge as fertilizer in agricultural soils that were damaged by fire in the past.

Working towards a more efficient global circular economy is key to Mowi, including not wasting the by-products that result from our processing activities. See the section on Introducing the Fourth R: Reduce, Reuse, Recycle – and Recapture (under Sustainable Feed) to learn more about how Mowi is upcycling its by products into fish meal and fish oil that can be further used in other applications, including other (non-salmon) aquaculture, and pet feed, amongst others.

Freshwater use

Similarly to what occurs in the wild, farmed-raised salmon spend the initial phase of production growing in freshwater. Although we do not farm in countries with freshwater scarcity we still focus our efforts and resources on freshwater efficiency at our freshwater farming units, feed and processing plants.

Our freshwater use policy guides our business units to key actions on freshwater use stewardship, we continue to invest to comply with local regulations and where possible improve water use efficiency through technological improvements. Several water saving initiatives were implemented at our processing plants in

2020. Mowi Poland installed time-scheduled closing of water flow at equipment, reduced water leakages and optimised cleaning strategies to improve water use efficiency. Hand washing stations were upgraded and water from hand washing is now reused for flushing toilets. Our plants in Dallas and Miami installed closed-loop cooling systems at packaging machines to replace running water and in Ostend both closed cooling systems and optical sensors connected to valves resulted in water savings. In Chile a system for collecting rainwater was built at plant Chacabuco, the water is treated and used for cleaning and cooling. In total our water saving initiatives in 2020 resulted in 90 259 m³ of saved freshwater.

In 2020, direct freshwater use at Mowi's freshwater production units (RAS and flow-through), feed plants and primary and secondary processing plants around the world summed up to 386 245 165 m³, from which 99.03% was used for our smolt production in flow-through systems and recirculating aquaculture systems, 0.87% at our processing plants and 0.1% at our feed plants. We operate a total of 16 RAS systems to product smolt and post-smolts around the world with a % of recirculation varying from 95 to 99.9% in our most modern and recent units. 83.7% of the freshwater was withdrawn from surface water, 10.5% from third party sources such as municipal water networks and 5.8% from ground water sources. In 2020, on average for Mowi Group, 0.7 m³ of freshwater was used per kg fish produced. Wastewater from our operations is discharged according to regulatory requirements and legislation.

Our work towards a responsible freshwater use also extends to our vegetable raw material suppliers. In 2020, we run a water risk assessment using the water risk index. For those rated as medium and high risk we have developed a Mowi's water risk



assessment survey to further understanding the risk profile and the actions being taken by our suppliers on aspects related to water infrastructure, sustainable withdrawal, sustainable water supply, buffer zones and the protection of water bodies from pollution by agriculture activity.

Freshwater source	Water consumption (1 000 m ³)
Surface water	323 233
Third party water*	40 747
Ground water	22 265

*Municipal water suppliers and municipal wastewater treatment plants, public or private utilities, and other organisations involved in the provision, transport, treatment, disposal, or use of water and effluent.

Benthic Impact

In 2020, we continued to run mandatory national surveys to measure the potential impact of organic loading from our farming operations on the seabed.

Results show that, on average, 93% (90% in 2019) of our sea sites surveyed in 2020 have a minimal impact on faunal communities and/or sediment chemistry near to the fish pens. In Norway region North as well as Canada East 100% of our sites were classified as very good or good. When the impact on the seabed is considered unsatisfactory (one site in the Faroes, five in Scotland, two in Chile, two in Canada West, one in Ireland, two in Norway), we take corrective action. This may include stopping or reducing production, repositioning the pens and/or increasing the fallow period, i.e. the time between production cycles, to allow the seabed time to recover from organic loading.

The ability to determine where our impacts may occur within the environment has always been critical to our industry and a key tool in assessing the environmental sustainability of our farming locations is the use of environmental modelling. Modelling is used in the first instance to demonstrate that proposed fish farming locations are likely to comply with minimum environmental standards relating to the spatial extent and intensity of any impacts. Reliable models such as the NewDepomod are crucial in ensuring accurate environmental assessment of our sites. In Scotland a new framework for surveying was implemented by the Scottish Environmental Protection Agency (SEPA). The new regime introduced more accurate and robust assessment of the environmental impact of our sites in 2020 which also improved compliance for sites where previous model accuracy has been low. We expect that new technologies for improved monitoring will become available in the near future, such as eDNA metabarcoding. In Norway, Scotland and Canada we continue to work on validating this technology to enable near real-time monitoring of seabed health.

Wildlife interactions

There is a rich wildlife around our farms, including marine mammals and birds. From time to time we experience that predators attack and try to break into in our pens. To protect our salmon and prevent escape incidents we have implemented different approved preventative measures. Our primary objective is to prevent attacks

Mowi policy on freshwater use

Freshwater is considered a renewable resource, however in some areas of the world the freshwater use can exceed the ability of natural processes to replace it, resulting in water scarcity. Such situations can negatively impact both society and business.

Mowi's freshwater use

The majority of freshwater use in our business is used to produce the initial life stages of Atlantic salmon. Such production is done in countries and areas with no water scarcity. The World Resource Institute water risk map classifies all our farming regions as in low risk areas, both from a water stress and water depletion perspective (WIR Aquaduct, 2020).

Mowi's target on freshwater use

Our target is improvement of freshwater use efficiency at processing plants. Mowi focus on increasing freshwater use efficiency at our processing plants without compromising the need of using water to maintain high hygienic standards. Through our policy we ensure we are all aware of and understand the importance of sustainable freshwater stewardship and our target.

How we act to implement our policy

- Develop water efficiency plans at our processing plants
- Stimulate innovative solutions for water reduction or reuse
- Share solutions and initiatives between business units
- Report on freshwater use at our plants
- Ensure our operations do not compromise the right of local communities to access water
- Treat wastewater effectively following as a minimum national Regulations
- Assess the water risk of our vegetable feed raw materials
- Support our employees to understand this policy

WRI, Aquaduct, 2020. Aquaduct Water Risk Atlas 2020. Retrieved from: <https://www.wri.org/aqueduct>

by using passive control methods, such as anti-predator nets. In rare cases, when attacks are too aggressive and persistent, undesired killing may be the only option. This is only ever carried out as a last resort and in accordance with relevant local regulations.

Table: Total number of interactions divided by the total number of active sites in 2020.

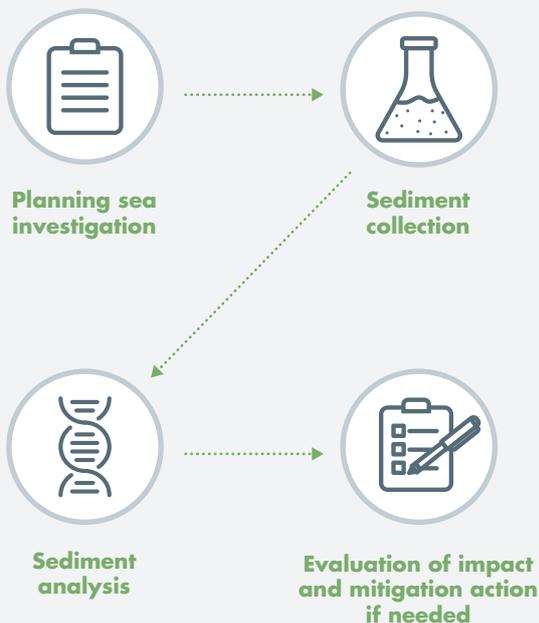
	Birds		Marine mammals	
	Accidental mortalities	Intentional mortalities	Accidental mortalities	Intentional mortalities
Norway	0.4	0.0	0.0	0.0
Ireland	0.2	0.0	0.0	0.0
Faroe Island	1.3	0.0	0.0	0.0
Scotland	0.0	0.0	0.0	0.5
Chile	0.0	0.0	0.0	0.0
Canada	0.4	0.0	0.0	0.0
GROUP	0.3	0.0	0.0	0.1

Biodiversity-related projects

In 2020 we ran a total of 18 projects aimed at understanding and minimising our potential impact on biodiversity.

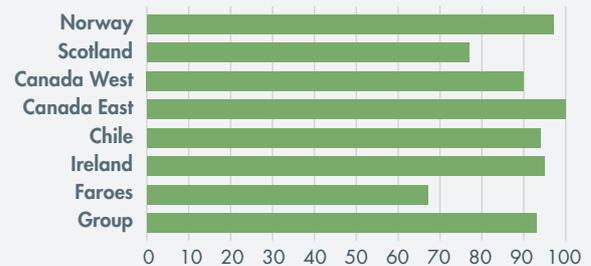
In Norway, we continued our collaboration with Marin Overvåkning Hordaland and Rogaland in region South, aiming to monitor potential effects of fish farming operations on nutrient levels and macroalgae in these two counties. In Norway North, we continued our support in a study of migration patterns of wild trout and salmon smolts. Also in region North we participated in a project aiming to strengthen local conservation of salmonid waterways in the county of Nordland. Mowi Mid continued to contribute in ongoing research on the reproductive success of wild Atlantic cod as well as a project investigating sealice infestation and dispersal. Mowi Faroes participated in a project together with other fish farmers, the Faroese Environmental Agency and the Faroese Aquaculture research station to develop a new biodiversity index and classification system of macrofauna. In Chile, we continued to be part of an ongoing project to help creating an assessment and monitoring program to assess the risk of establishment of Atlantic salmon in Chile. Mowi Ireland initiated a project to research the genetic and population ecology of wild wrasse in Irish embayments, the resulting data will be used in development of a sustainable fisheries management plan.

How do we measure impact of organic loading in the seabed?



% of sites with minimum impact

According to national seabed quality standard



In Norway, seabed quality standards are defined by the Fisheries Directorate. In the figure above, data from Norway and the Faroes refer to sites classified as 1 or 2 in MOM-B surveys. (MOM, short for 'Matfiskanlegg Overvåking Modellering', is a Norwegian fish-farm monitoring and modelling scheme.). The MOM-B surveys are performed regularly by third-party companies under and in the closest vicinity of the net pens, and are based on indicators such as pH and redox, sensory parameters, and presence and/or absence of macrofauna. The performance of these indicators against predefined thresholds categorises the farming location into different environmental conditions: 1. Low, 2. Medium, 3. High-organic loading and 4. Organic overloading. In Ireland, national compliance is based on positive redox potential. In Scotland, classification is based on SEPA's criteria for seabed quality standards. In Chile, classification is based on Sernapesca's criteria for seabed quality. In Canada West, seabed quality standards are defined by the Department of Fisheries and Oceans Aquaculture Activities Regulation. Compliance is based on sediment free sulphides at soft bottom sites and the presence/absence of Beggiaetia sp. and Opportunistic Polychaete Complex (OPC) at hard bottom sites. In Canada East, standards are defined by the Aquaculture Activities Regulations (AAR) and the Provincial - Annual Environmental Monitoring Program, based on the sulphide concentrations, presence/absence of Beggiaetia sp. and Opportunistic Polychaete Complex (OPC) at hard bottom sites. Weighted average was used to calculate the group's result.



Preserving biodiversity 18 projects



5 projects on benthic monitoring

Norway, Faroes, Canada and Scotland



13 projects on interaction with wild populations

Norway, Ireland, Canada, Chile and Scotland

and Marine Scotland Science. Mowi Scotland is also involved in a multi-trophic growing project which will combine salmon and shellfish farming in close proximity. The project is a collaboration with an academic research project led by The University of Stirling and aims to examine ways to improve the productivity and environmental sustainability of marine aquaculture practices. Mowi Scotland remained actively involved during 2020 in supporting two long term multi-partner projects with a goal to restore self-sustaining wild Atlantic salmon populations to the upper River Garry and Loch Arkaig. Our Scottish operations also supported local monitoring of juvenile salmon populations in river Tournaig and Loch Sguod.

In Scotland, as a result of our escape incident at Carradale Farm we have initiated an introgression study across 110 rivers in the closest Fishery Trust areas to the Carradale Site. Baseline genetic sampling will be undertaken in these rivers during 2020 and material analysed and stored. The same locations will be sampled in 2021/2022 for fry and smolts to ascertain if any of the genetic material from the Carradale fish is evident in the new wild year class fish. The study hopes to establish if introgression does indeed transpire following the escape and ascertain the extent to which this has occurred.

PRIORITIES GOING FORWARD

We will continue to focus on projects aimed at protecting our natural capital. Areas such as the reduction of benthic impact through improved monitoring tools, better understanding of farmed/wild salmon interaction, and waste (including plastic) management and recycling will be a priority. In 2021, we aim to extend our reporting on waste to include more information on waste disposal methods.

Sustainable Feed

THE CHALLENGE

Feed is a key component in ensuring the best possible fish health and performance. In any life cycle assessment (LCA)* of salmon farming, feed also makes the largest contribution to its environmental footprint. To remain at the forefront of environmental responsibility, we prioritise the sourcing of sustainable feed ingredients, and strive to utilise feed as efficiently as possible at our fish farms.

* Life Cycle Assessment (LCA) determines the environmental impacts of products, processes or services, through production, usage, and disposal.

OUR EFFORTS

Sourcing sustainable feed ingredients is crucial if we are to remain a front-runner with regard to environmental responsibility. Our policy for sustainable feed ingredients applies to all feed purchased externally, as well as the feed we produce ourselves.

Our feed plant at Valsneset, Norway, is Global GAP certified, and produced 389 750 tonnes of feed in 2020. Mowi Feed supplied salmon feed to all our seawater farms in Norway in 2020, with only limited amounts sourced from other suppliers. Our new feed plant in Kyleakin, Scotland are ramping up production and produced 150 576 tonnes in 2020. Mowi are now Self-sufficient with Feed in Europe, this is a significant achievement.

In 2020, the sourcing of our marine and vegetable raw materials was 100% compliant with our sourcing policy (84.3% in 2019). 100% of our marine raw materials were either MSC, MarineTrust Standard (former IFFO-RS) certified or part of fisheries improvement projects aimed at achieving the MarineTrust certification. 100% of our soy originated from deforestation-free areas, non-GM (not genetically modified) and was Proterra certified.

All ingredients, marine as well as non-marine in origin, which are used in the production of our feeds, are fully traceable (for marine raw materials, please see the illustration on the following pages). None of our raw materials originate from illegal, unregulated and unreported (IUU) catches, or from fish species classified as endangered on the International Union for the Conservation of Nature (IUCN) red list. We aim at having all our marine raw materials sourced from suppliers who adhere to responsible fishery management practices.

Through research collaboration with scientists from institutes and universities, as well as with industrial partners, we identify and source alternative ingredients - including responsibly produced plant proteins and oils - that provide the necessary nutrients for state-of-the-art salmon feed. As a result, we have significantly reduced our use of fishmeal and fish oil in feeds, while maintaining growth performance, fish health and product quality.

Soy purchased from Brazil was 100% ProTerra certified and originates from the states of Parana, Matto Grosso, Minas Gerais and Goiás. The ProTerra Standard is based on ten principles, focusing on biodiversity conservation, environmental management

and effective environmental services, the protection of Amazon, Cerrado and Chaco biomes, the protection of community rights and the promotion of working and agricultural best practices especially related to sustainable land use and reducing the application of pesticides. Land areas converted after 2008, be it by human intervention or natural causes, are not eligible for certification under ProTerra under any circumstances.

In 2020, Mowi continued to work together with our Soy Protein Concentrate (SPC) suppliers, ProTerra and the other feed companies within the Aquaculture Dialogue on sustainable soy sourcing from Brazil. This dialogue aims to further develop sustainable sourcing from Brazil by achieving more transparency through traceability tools. In 2020, all Mowi's SPC suppliers from Brazil have committed to implement a 100 % deforestation- and conversion-free soybean value chain with 2020 as their cut-off date. No soy grown on land deforested after this deadline will be traded. This bold and historic move sets a new benchmark for global sustainable supply chains. Together with the sustainability standard owner ProTerra and WWF Brazil, the soy suppliers have agreed on a robust monitoring, reporting and verification (MRV) system to implement and enforce their commitment to zero deforestation.

In 2020, Traceability Certificates of Compliance (TCCs) were issued to provide further documentation of origin (down to municipality level). In addition to increased traceability, a study on the carbon footprint of Brazilian soy from ProTerra certified sources was initiated.

RESULTS

1.18 kg of feed used to produce 1 kg salmon

The feed conversion rate (FCR) is a ratio that describes the amount of feed used to produce a certain amount of salmon. It is often defined as kg feed consumed/kg biomass gained. The lower the FCR, the more efficient our salmon are at converting the energy in the feed. Biological feed conversion ratio expresses the amount of feed used to produce 1 kg of salmon. On a global level in 2020, we used 1.18 kg of fish feed to grow 1 kg of salmon.

Reduced dependency on wild fish for salmon farming

In 2020, particular attention was paid to expanding the raw materials basket for fish feed production. It is well recognised that the industry has moved on from the initial dependence on fishmeal and fish oil through the inclusion of other types of protein- and lipid raw materials. A better understanding of Atlantic salmon nutrient requirements through the various stages of the fish's life cycle has allowed for the inclusion of a range of novel raw materials in our salmon feed. We support and closely follow the ongoing development and testing of novel raw materials. This is the case for oils rich in Omega-3, as well as novel protein sources from sustainable production. We continue our efforts to increase the use of fish trimmings to produce fishmeal and fish oil, in both our integrated feed production and externally sourced feed. The 2020 results for feed sustainability indicators enhanced the positive trend reported the recent years. This is partly due to increased use of low fish meal diets in some of our main producing areas, combined with higher proportions of marine ingredients originating from trimmings.

Salmon is the most sustainable farmed animal protein alternative

				
Protein retention	28%	37%	21%	13%
Feed conversion ratio ("FCR")	1.3	1.9	3.9	8.0
Edible meat per 100 kg feed (kg CO ₂ / kg edible meat)	56 kg	39 kg	19 kg	7 kg
Carbon footprint	7.9 kg	6.2 kg	12.2 kg	39.0 kg
Water consumption (litre / kg edible meat)	2 000*	4 300	6 000	15 400

(*) The figure reflects total water footprint for farmed salmonid fillets in Scotland, in relation to weight and content of calories, protein and fat
Source: Mowi Industry Handbook (<https://corporate.azureedge.net/corporate/wp-content/uploads/2019/06/Salmon-Industry-Handbook-2019.pdf>)



In 2020, 20 and 19% of fish meal and fish oil respectively, used by Mowi Feed, originated from trimmings. In 2020, Mowi Farming used 0.68 kg of wild caught fish to produce 1 kg of farm-raised salmon - comparatively in 2019 we used 0.66 kg. We sourced a high proportion of marine ingredients from the northern hemisphere in 2020, much in line with the situation in 2019. The value of FIFO of 0.68 is further reduced to 0.57 if one takes into account the recapture marine raw materials, i.e. the fact that the salmon by-products after processing are used to produce fish meal and oil used for other aquaculture (non-salmon species and pet food (see section "Introducing the fourth R").

PRIORITIES GOING FORWARD

We strive to balance the need to produce healthy meals for human consumption with our goal to be an environmentally responsible producer. We do this by sourcing sustainable feed ingredients and utilising the feed resources optimally at our farms. The biology of salmon as an effective protein converter is one of the salmon industry's key success factors. Since we own our own strain of salmon, "Mowi", we believe that it is possible to work with our breeding and genetics group to create a fish capable of even better feed utilisation, growth performance and nutrient value. Our focus moving forward is to optimise feeding procedures and practices to make sure we make the best possible use of the resources available.

In terms of raw material development, we strive towards independence from specific raw material sources be they of marine origin or those derived from commodities including wheat, soya, corn, peas or beans etc. This will secure our cost competitiveness in the face of fluctuations in commodity markets and give us the power to catalyse change in the supply chain through our ability to switch between sustainable, responsible, solutions when circumstances dictate it. In seeking to expand our spectrum of available raw materials, we continue our efforts by validating promising candidates including those derived as by- or co-products from other feed, food and even non-food industries. Within this scope, we include products derived from insects, alcohol fermentation, CO₂ capture and forestry.

We will continue working with our SPC suppliers from Brazil as part of the aquaculture dialogue on sustainable soy sourcing from Brazil.



Introducing the Fourth R: Reduce, Reuse, Recycle – and Recapture

The concept of Reduce, Reuse and Recycle is a practical guide for the responsible use of planetary resources. When it comes to marine resource management, an additional 'R' can also make an important contribution – that of 'Recaptured' fishmeal (FM) and fish oil (FO).

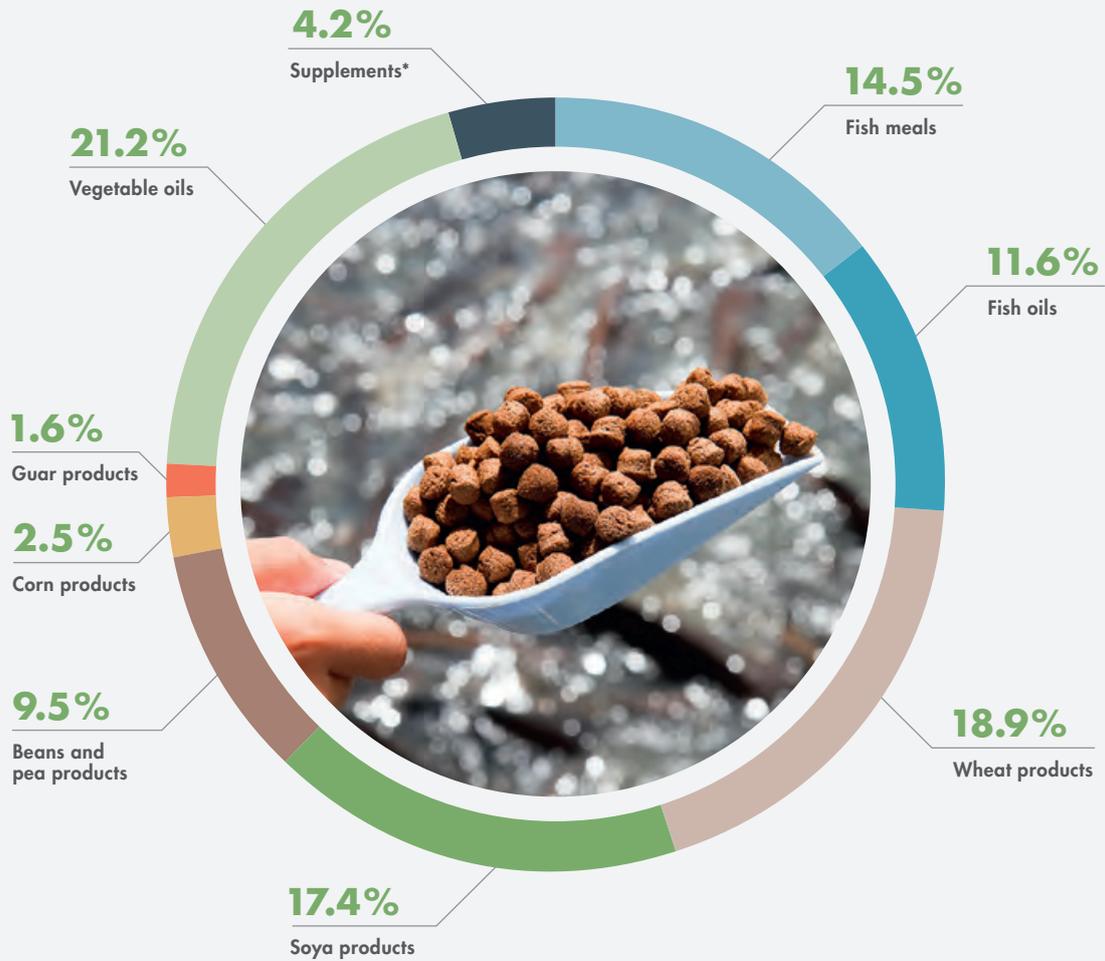
Mowi Nutrition has recently been able to implement this fourth R by producing FM and FO from our farmed salmon by-products and trimmings, which is subsequently made available to other applications through global markets. This efficiency helps reduce our environmental footprint and helps align us with #12 of the Sustainable Development Goals: to "Ensure sustainable consumption and production patterns". With 25–30% of global food production currently being wasted, this is a target that all food sectors must strive to meet, united in a shared goal of "doing more and better with less".

A common metric for measuring the responsible use of FM/FO in aquaculture is the Fish In-Fish Out (FIFO) ratio, which compares wild fish inputs with farmed fish outputs. Although the concept is simple at heart, it is more complex in practice, but it is a useful way to begin to account for FM/FO resource efficiency.

Since the FIFO concept first arose in the 2000s, technological improvements have been realised across the entire FM/FO value-chain. The recapture of FM/FO from farmed fish takes this process a step further; we call this the RecaptureFIFO (rFIFO), a metric that more accurately reflects the 'net' use of FM/FO. In 2020, Mowi recaptured ~14,000 tonnes of FO from our Norwegian operations, which had initially used ~34,000 tonnes; together with recaptured FM this results in an rFIFO of 0.54. By implementing the fourth R across the group, our aim is to keep giving back into the global fund of marine ingredients – and to continue "doing more and better with less".

Salmon feed What's in it?

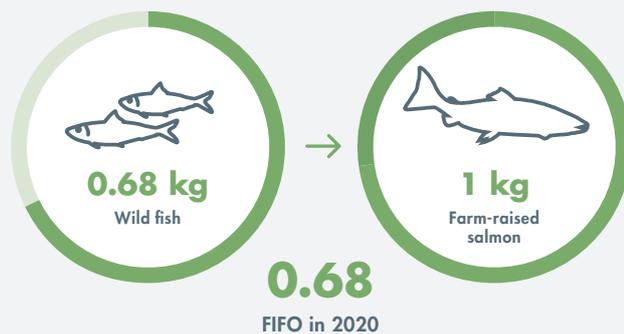
We tailor our feeds to match the changing requirements of the fish through their life-cycle



* Where supplements represents vitamins, minerals amino acids and yeast derivatives

Does our salmon production deplete scarce marine resources?

Fish in-fish out (FIFO) provides the amount of kg of wild fish (excluding trimmings) it takes to produce one kg of salmon. The species used in fish meal and fish oil production are from reduction fisheries and trimmings not used for human consumption. In 2020 **0.68 kg** of low consumer preference wild fish (like anchovy and sardina) produced one kg of Mowi farm-raised salmon. If we take into account the fish meal and fish oil that is produced from the salmon by-products during processing, the rFIFO (recaptured FIFO, see section Introducing the fourth R) is **0.57** for Mowi Group.



Where do our marine raw materials come from and are they from responsible and sustainable fisheries?

Fish meal	Species	Country of origin / FAO Fishing Area	Volume (tonnes)	% of meal purchased
Fish meal, NE Atlantic	Blue whiting, capelin, Atlantic herring, North Sea herring, Norwegian spring spawning herring, sprat, pout, sandeel and trimmings from mackerel, capelin and herring	Faroe Islands, Iceland, Norway, Denmark, Scotland, Ireland / 27, Atlantic Northeast	74 877	95.6%
Fish meal, Peru/Chile	Anchovy	Peru / 87, Pacific Southeast	1 547	2.0%
Fish meal, USA, menhaden	Gulf menhaden	USA / 31, Atlantic Western Central	1 909	2.4%
Total fish meal (tonnes)			78 333	100%

Fish oil	Species	Country of origin / FAO Fishing Area	Volume (tonnes)	% oil purchased
Fish oil, Peru	Anchovy, Auricanian herring, Jack mackerel and Mackerel Pacific chub	Peru / 87, Pacific Southeast	18 617	29.8%
Fish oil, South Africa	South African anchovy, Whole Round Eye herring and trimmings from Pilchard	South Africa / 47, Atlantic Southeast	1 381	2.2%
Fish oil, Eastern Atlantic	Sardine	Mauritania / 34, Atlantic Eastern Central	5 100	8.2%
Fish oil, East Pacific	Pacific Anchoveta	Panama / 77, Eastern Central Pacific	2 987	4.8%
Fish oil, USA, menhaden	Gulf menhaden	USA / 31, Atlantic Western Central	16 460	26.4%
Fish oil, NE Atlantic	Blue whiting, capelin, North Sea herring, Baltic herring, Norway pout, sprats and trimmings from mackerel, cod and herring	Iceland, Norway, Denmark, Ireland / 27, Atlantic Northeast	17 891	28.7%
Total fish oil (t)			62 436	100%

Our policy on sourcing sustainable raw feed materials



Traceability

All ingredients used in salmon feed shall have a traceability system in place.



Marine raw materials

Our marine raw materials processed from whole fish will be sourced from suppliers who adhere to responsible fishery management practices and that are certified as sustainable (MSC, Marine Trust standard or similar) or part of Fisheries Improvement Projects (FIPs). Marine raw materials shall not origin from IUU catch or IUCN red listed fish species classified as endangered.



Vegetable raw materials

We support efforts to increase purchases of sustainably sourced vegetable raw materials. The soy used in our feed is 100% deforestation-free.



Modern slavery

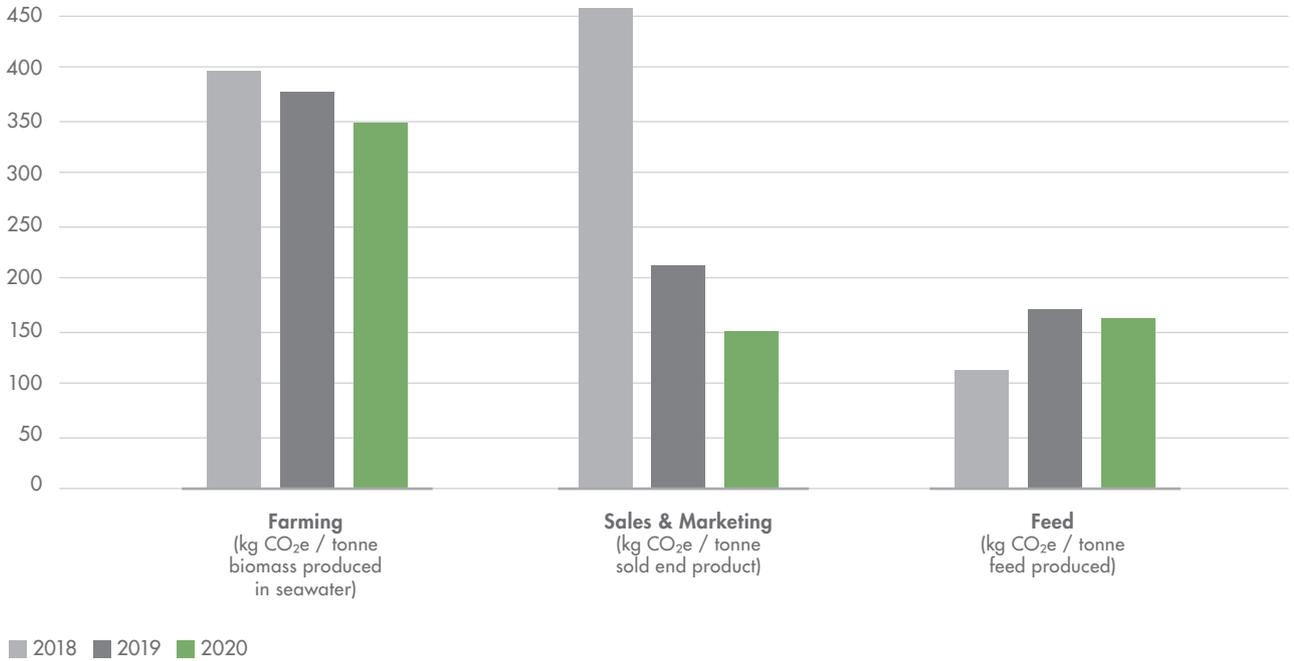
Mowi has a zero-tolerance approach to modern slavery and human trafficking. Feed raw material suppliers shall have in place due diligence controls to prevent modern slavery from occurring in their own operations and supply chains.



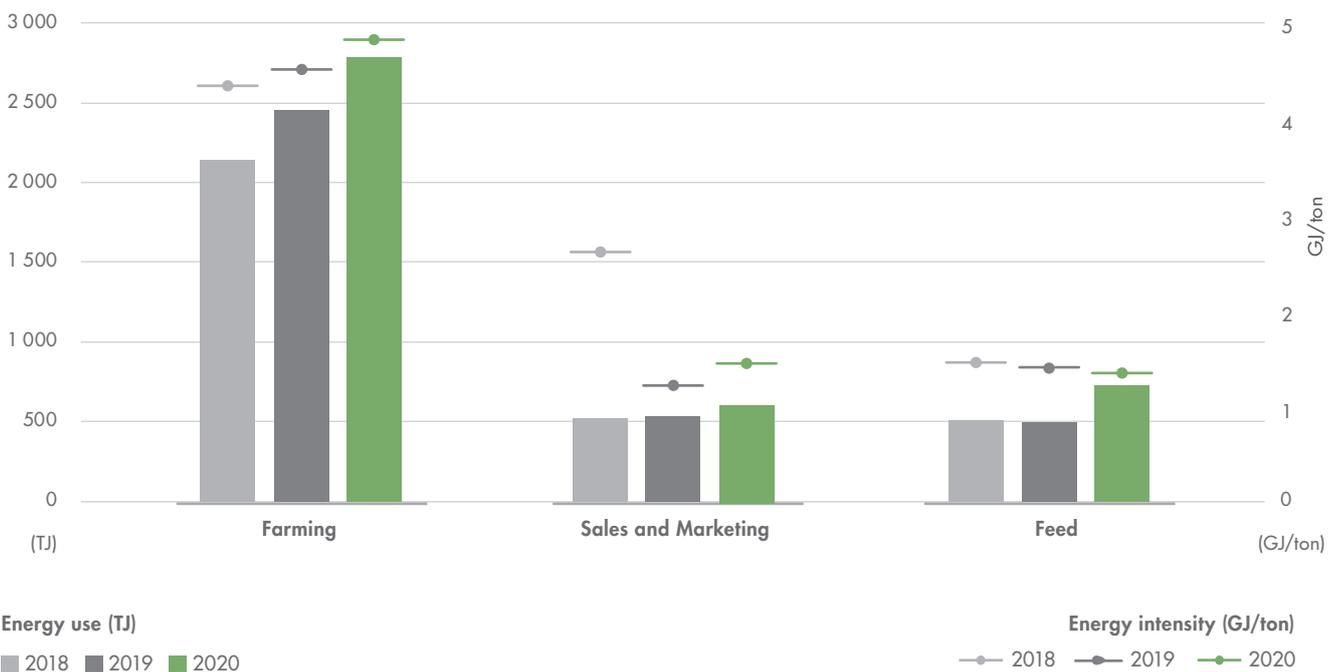
Certification

As a minimum, feed suppliers should be GLOBAL GAP certified by an accredited certification body (CB).

Intensity of GHG emissions (scope 1 and 2) per business area

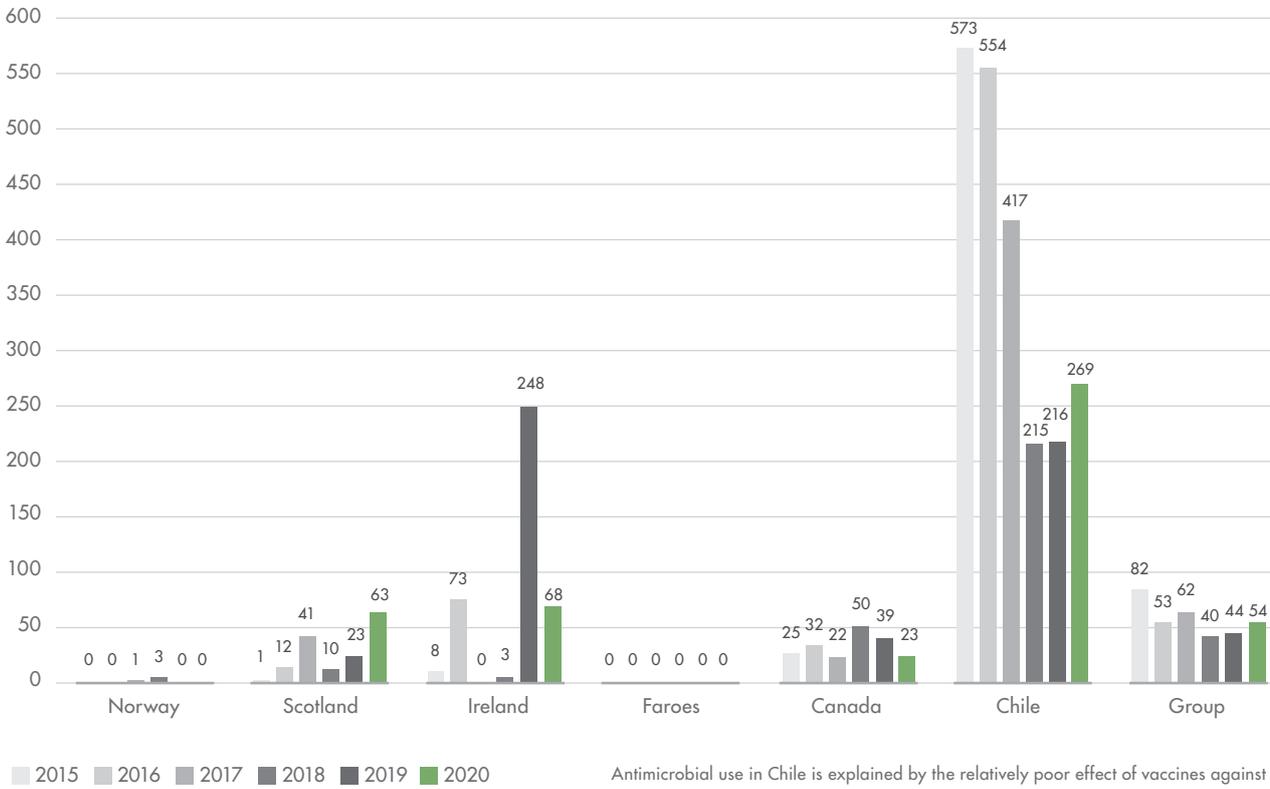


Energy use per business area

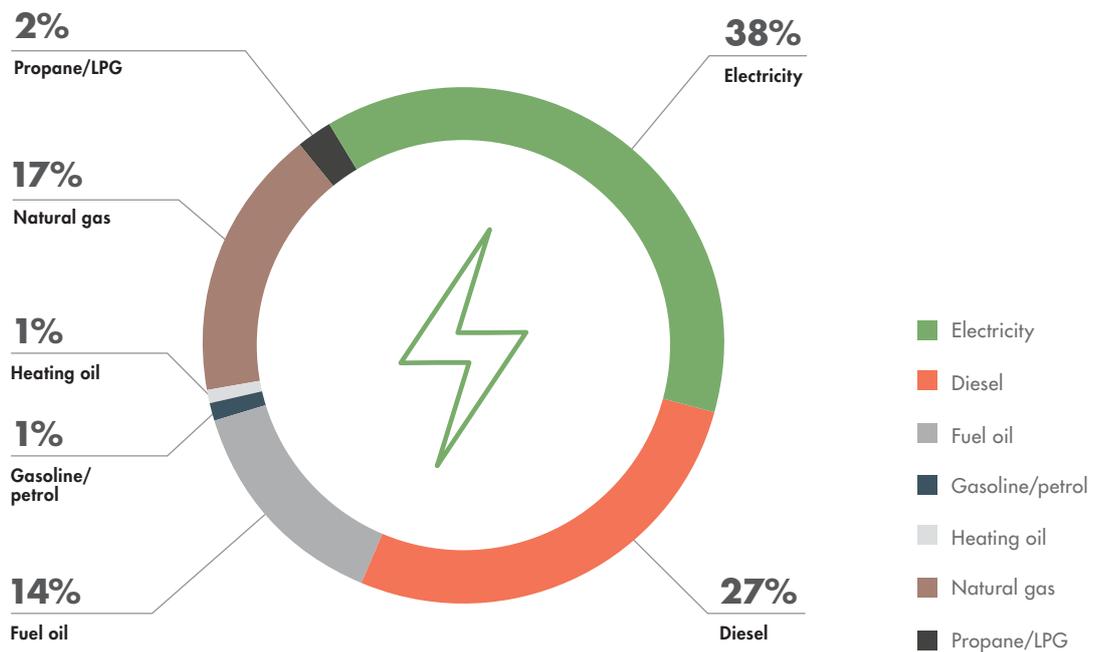


Antimicrobial use

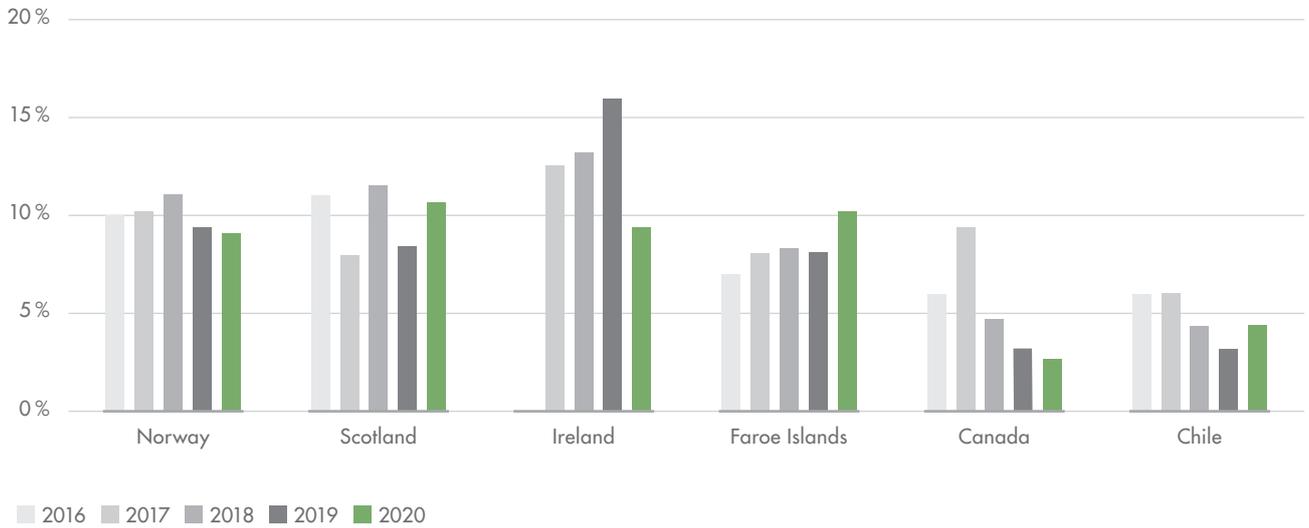
Active substance (gram) per tonne biomass produced



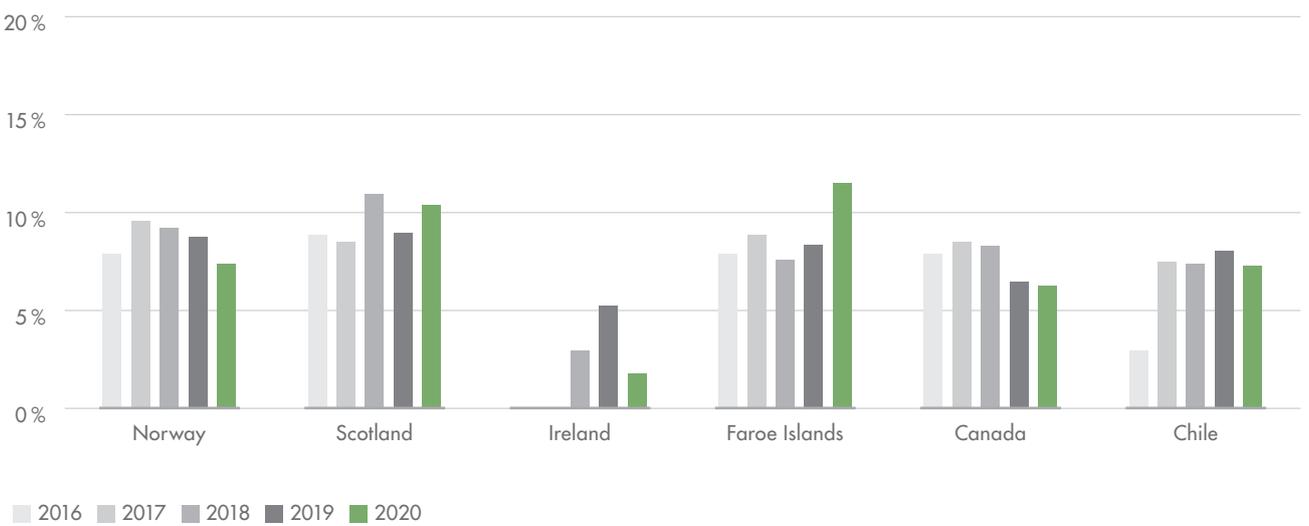
Total energy use 2020



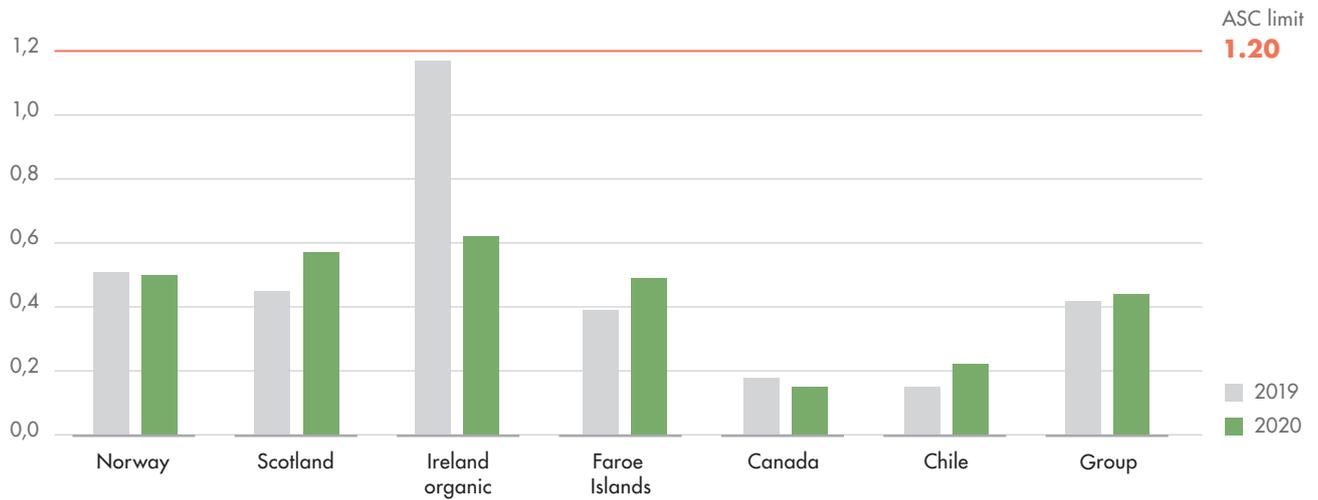
Fish meal inclusion in % per tonne feed used
(Weighted average ex trimmings)



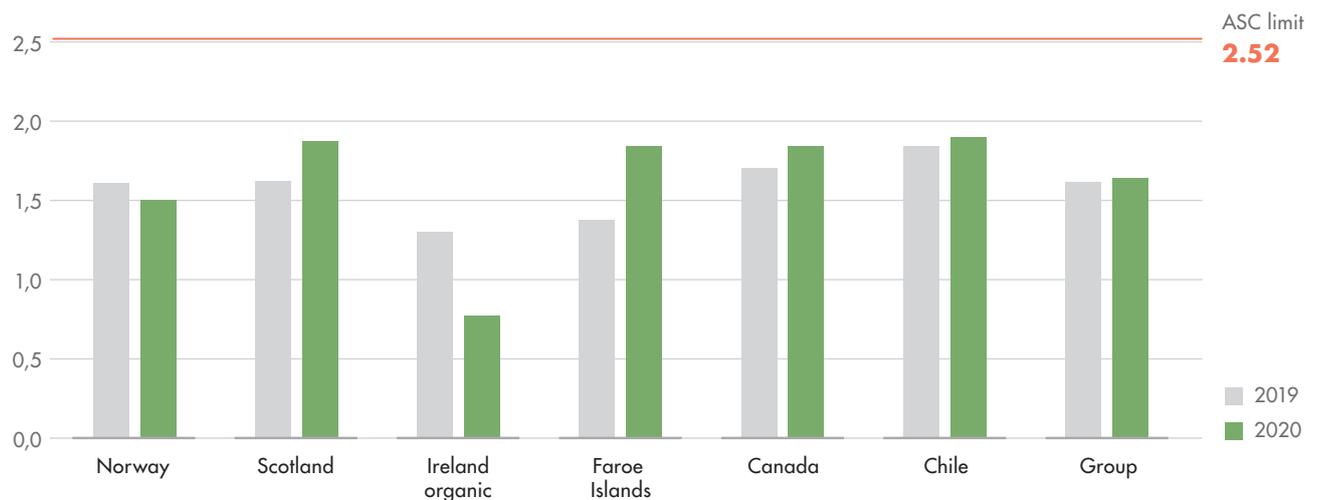
Fish oil inclusion in % per tonne feed used
(Weighted average ex trimmings)



Forage fish dependency ratio - meal (Ex trimmings)



Forage fish dependency ratio - oil (Ex trimmings)



Sustainability

The world needs more food from the ocean

Our goal, as part of our mission to lead the Blue Revolution, is to sustainably produce more food from the ocean to feed a growing world population.

We believe that producing more food from the ocean is an integral part of dealing with major challenges faced by humanity, such as food security and climate change. Salmon is farmed with a low carbon footprint, space for farming in the ocean is plentiful, and as far as animal protein goes - it's about as healthy as it gets. By producing food at a sustainable scale, we have every opportunity to position the aquaculture industry in the driver's seat to tackle global challenges - this is at the very core of our vision of Leading the Blue Revolution.

In 2020, as countries all over the world were forced to introduce tough measures to control the spread of COVID-19, the issues of a stable food supply chain and the environment were thrust into the spotlight.

Mowi staff, along with other companies involved in food production, were designated as key workers so that the food supply chain continued uninterrupted during the pandemic. With changes to our daily working lives and the subsequent reduction of travel, especially by air, wildlife was seen to flourish and noticeable changes in air quality were observed.

If anything, this further strengthened our resolve to push forward with our vision to develop a sustainable ocean economy and we were proud to support two significant initiatives in 2020.

Ocean Action Agenda

The High Level Panel for Sustainable Ocean Economy (Ocean Panel) published a new Ocean Action Agenda which identified how countries around the world can accelerate, scale and finance ocean action.

Mowi is part of the Advisory Network of the Ocean Panel which comprises of more than 125 private sector, non-governmental organisations and intergovernmental organisations across 35 countries.

Our Chief Sustainability and Technology Officer, Catarina Martins, contributed to the development of the Ocean Action Agenda and is passionate about its goals:

"It is clear that the ocean can provide more abundant and diverse food than it currently does, thereby playing a bigger role in the global food system. I am both passionate about meeting this global need and about taking a responsible and sustainable approach across our entire global operations to increase production in order to deliver this."

"Mowi has a significant global presence and strive to be a front runner on environmental stewardship and hope our innovation will make a positive impact in the world."

Catarina Martins,
Chief Sustainability and
Technology Officer, Mowi

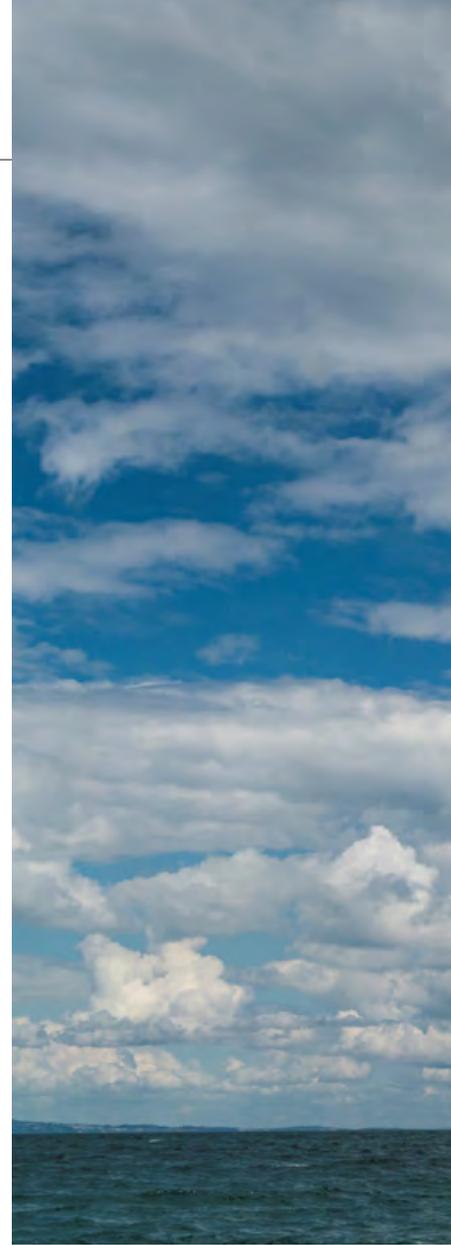




Photo: Statsraad Lehmkuhl / Richard Sibley

Mowi supports the food production targets set by the Ocean Action Agenda for 2030, especially that of growing aquaculture sustainably to meet global needs. The work to put in place policies and management frameworks to minimise the environmental impacts of aquaculture, including inefficiencies in the feed supply chain, and enable the acceleration of fed and non-fed aquaculture production that fits local environmental, governance and economic priorities – a stated measure in the Ocean Action Agenda - is already well underway.

Catarina continues: “2020 saw us make huge strides towards sustainability. More than 100 of our sea sites are now certified by the Aquaculture Stewardship Council (ASC) and we successfully worked with the soy industry in Brazil to achieve a commitment that all their soy is part of a clean supply chain, 100% deforestation and conversion free. There is more to do but our desire to develop a sustainable ocean economy has never been stronger.”

One Ocean Expedition

We are extremely proud to sponsor the One Ocean Expedition. During this decade, declared the ‘Decade of Ocean Science for Sustainable Development’ by the United Nations (UN), the Statsraad Lehmkuhl, Norway’s largest and oldest square-rigged sailing ship, will sail over 55 000 nautical miles and visit 36 ports worldwide.

The One Ocean Expedition will raise awareness and share knowledge about the crucial role of the ocean in sustainable

development. It will unite young people, scientists and international leaders in building new knowledge about the ocean. The aim is to gain new insights through education, science and technology, and to share this knowledge around the world.

The Statsraad Lehmkuhl will serve as both a sail training ship and a state-of-the-art research vessel.

Using advanced equipment, students and scientists will conduct research and monitor the sea throughout the voyage. Specialised study programmes, focusing on sustainability and young leadership, will be held onboard.

Speaking about the One Ocean Expedition, Catarina explains: “This expedition is a perfect fit with Mowi in so many ways. We have a significant global presence and strive to be a front runner on environmental stewardship and hope our innovation will make a positive impact in the world. This global expedition, which will engage people all over the world, especially young people, will seek to create a better understanding of our ocean, the potential of this natural resource and, crucially, the need to maintain and protect our ocean for future generations to come.”

The One Ocean Expedition will contribute to fulfilling the following UN Sustainable Development Goals:

- Life below water
- Partnership for the goals
- Climate action
- Quality education



Nutrition

Finding value in all parts of the value chain

We have long embraced the concept of circularity at Mowi, understanding the importance of keeping materials at the highest possible value along the value chain and identifying new markets for waste products.

With 25–30% of global food production currently being wasted, all food sectors must strive to do more and better with less.

It is over 25 years since we first started to produce salmon oil in Norway and since 2009 we have also been making salmon meal from our by-products. In 2020, Mowi recaptured ~14 000 tonnes of fish oil from our Norwegian operations, which had initially used ~34 000 tonnes.

With the predominant use for salmon oil and salmon meal destined for fish feed and pet food, we are using the inherent nutritional value from our salmon to enhance the nutrition of other species throughout their lifecycle, be it other fish, piglets or domestic pets. 2021 looks set to be a key milestone for Mowi Nutrition and our ability to upcycle our salmon by-products thanks to a new plant in Poland which will be operational before the end of the year.

The new plant in Goleniow will have the capacity to process six tonnes of raw material an hour. Not only will it take all of our by-products from our processing facilities in Poland, but it will also be able to process waste from our sites in Belgium and France or even from other companies like in Norway. As with our blueprint from our long-standing successful operations in Norway, the raw materials will be kept fresh until being processed at the plant in Poland.

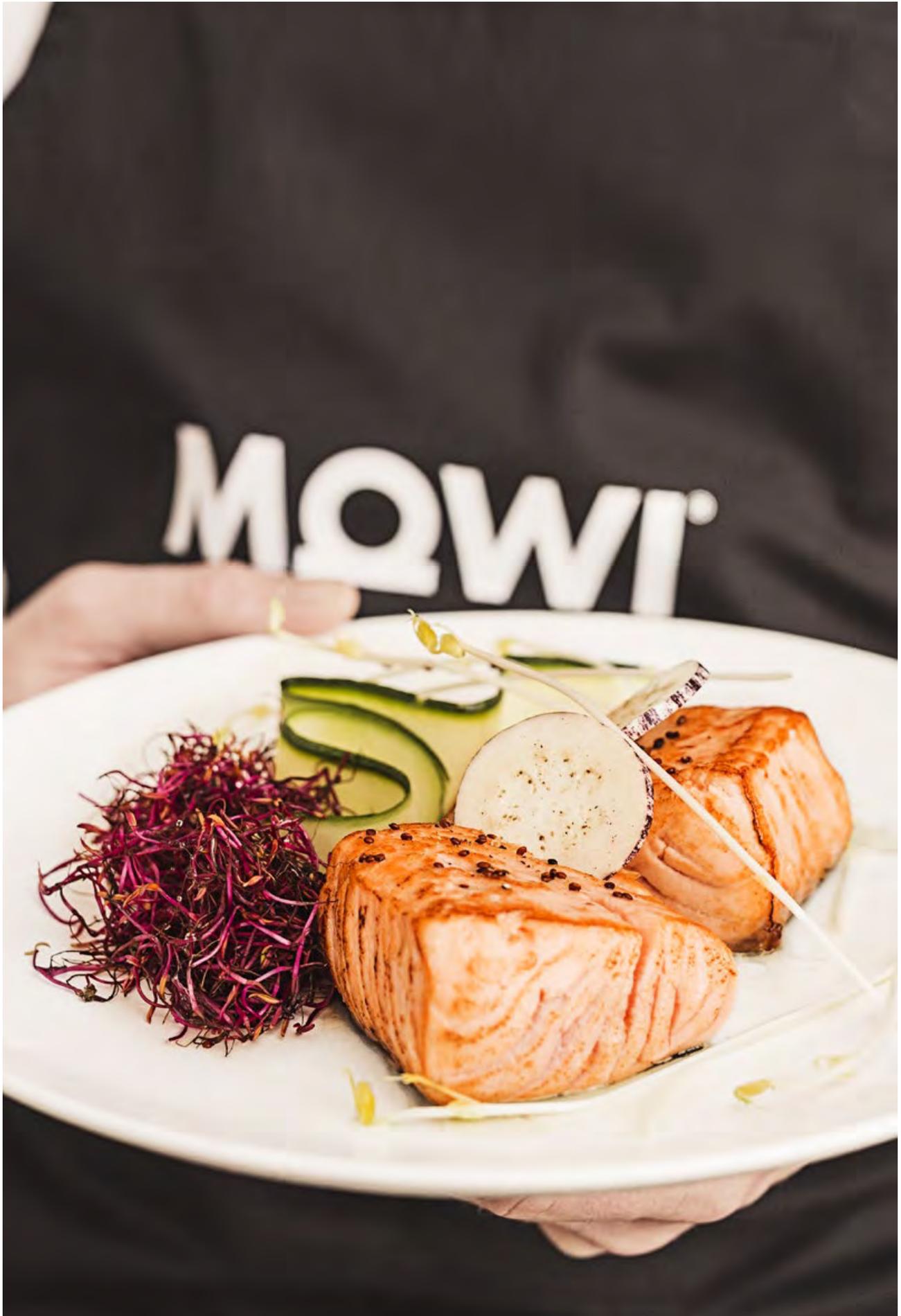
This additional capacity will be a significant step in our sustainability action plan to lead the Blue Revolution. This efficiency will help to reduce our environmental footprint even further, aligned to the United Nations' Sustainability Development Goal (SDG) to "Ensure sustainable consumption and production patterns".

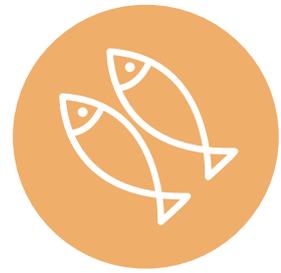
rFIFO

Our progress in circularity and being able to reuse the by-products from our business has also allowed us to redefine the Fish In-Fish Out (FIFO) ratio which is used to compare wild fish inputs with farmed fish outputs. Thus, we now have a RecaptureFIFO or rFIFO metric that also takes into account the reuse of fish oil and fish meal.

By implementing the fourth R across the group, our aim is to keep giving back into the global fund of marine ingredients and to continue to do more and better with less.





**PRODUCT**

Tasty and healthy
seafood providing
customer value

Our goal is to deliver top-quality salmon and inspire a healthy and climate-friendly lifestyle.

Healthy and delicious seafood

Branding and product innovation

Mowi has a variety of brands all over the world and in 2020 we continued the roll-out of our global brand MOWI in France and the US. In 2021 we will continue to roll-out the MOWI brand in new markets starting with the UK.

Health benefits of salmon

Mowi salmon is a rich source of the Omega-3 fatty acids which support your cognitive development and function and also help prevent cardiovascular diseases. The long-chain fatty acids in salmon are essential for our health and to ensure cells function well. The health benefits of eating seafood are re-emphasised by health authorities and scientists around the world.

Enhanced food safety monitoring

The results of our rigorous testing program to screen our products for environmental contaminants, pathogen bacteria and medicine residues in 2020 show that our salmon is both safe and healthy.

PRODUCT

Material value drivers	Ambitions
Branding and product innovation	Value added sales growth
Ensure food safety and quality	No recalls related to food safety. Superior quality > 92%.
Product certification and verification	All farms 100 % GSSI certified, and processing plants certified to standards recognised by the Global Food Safety Initiative (GFSI)
Healthy seafood	Omega-3 content >1g per 100 g product

Branding and product innovation

THE OPPORTUNITY

As the world around us is changing, and with the big impact of Covid-19 in 2020, the consumer needs and behaviours are changing with it. During the pandemic, food service business has taken a huge hit, as people have not been able to go to restaurants. On the other hand, all retailers saw online salmon sales grow the last year, with salmon over-performing online relative to wider grocery¹. The pandemic has pushed UK retail e-commerce past 30% of total retail sales in 2020, compared to just 21,8% in 2019². Mowi products are present in e-commerce channels in many markets among which the US, China, France and Poland. E-commerce is a key component in today's business, and another opportunity to provide more consumers with healthy food in a convenient way. Therefore, reaching consumers through digital channels has been and continues to be a focus for us. We have been continuously developing our digital channels, which are one of the most important tools for communication directly with the consumer. Together with e-commerce, these platforms are increasing the engagement in and knowledge about salmon and Mowi.

Also when making food choices, people's concerns go beyond their own health and are getting more and more intertwined with the health of our planet. According to a survey published by the Aquaculture Stewardship Council in January 2020, two thirds of seafood consumers call for "radical or significant" change to feed a growing population³. As consumers, we want to buy products and support companies providing something good for ourselves, our families and the planet. We see a growing demand for responsibly produced food, which appears to be driving shopping habits, with close to two thirds (62 %) of consumers saying they want to shop at a place with lots of responsibly produced seafood.

Our planet faces many climate and biodiversity challenges, and salmon farming overcomes many of the key barriers related to increased food production. Salmon farming has lower CO₂



Mowi 1st place ranking in the Collier FAIRR Index

emissions compared to pork and beef, uses less fresh water and land than other animal production and salmon has a lower feed conversion ratio. This makes salmon farming future-proof food production: an excellent way to produce healthy and climate-friendly protein. We are proud to say that this was yet again recognised in 2020 by the Collier FAIRR Protein Producer Index, where two out of the top three animal protein producers in the world are from the salmon aquaculture industry. Just as in 2019, Mowi topped the ranking of this world's first comprehensive assessment of the largest global animal protein companies on critical environmental, social and governance issues⁴. This is a testament to the unique benefits of producing food in the sea and to our continuous sustainability efforts.

Salmon is rich in heart-healthy omega-3 fatty acids, and is a rich source of valuable protein while being relatively low in saturated fatty acids. The FDA in the US lists it as best choice seafood, and recommends 2 to 3 servings a week⁵. EFSA in Europe recommends one to two portions of "fatty fish" per week⁶, and many other national food safety and health authorities recommend getting your "once a week" portion of fatty fish such as salmon,

¹ Kantar Worldpanel 12 we 12th July 2020

² <https://www.emarketer.com/content/pandemic-pushes-uk-retail-e-commerce-past-30-of-total-retail-sales-2020>

³ <https://www.asc-aqua.org/news/latest-news/two-thirds-of-seafood-consumers-call-for-radical-or-significant-change-to-feed-growing-population/>

⁴ <https://www.fairr.org/index/>

⁵ <https://www.fda.gov/media/102331/download>.

⁶ <https://www.efsa.europa.eu/en/news/efsa-provides-advice-safety-and-nutritional-contribution-wild-and-farmed-fish>

MOWI
W SYLWESTROWYM NASTROJU
SPRAWDŹ, GDZIE KUPIĆ MOWI

WYPRÓBUJ PRZEPYSZNE, PRZEKĄSKOWE PRZEPISY Z ŁOSOSIEM **MOWI**

KOLACJA
Krakersy z nasion z wędzonym łososiem MOWI, z zielonym
180 MIN GOTOWANIE | 4-6 PORCJE

KOLACJA
Krakersy z nasion z wędzonym łososiem MOWI, z zielonym
180 MIN GOTOWANIE | 4-6 PORCJE

KOLACJA
Łosoś w tempurze
30 MIN GOTOWANIE | 2 PORCJE

Recipes on the Polish MOWI brand page - mowisalmon.pl

making it an almost universal recommendation. This also fits with consumers' own wishes where we see that 71,8%⁷ of consumers intend to eat more seafood in the future. There are large variations in the seafood consumption per capita around the world: we see that countries with large local fisheries and a tradition for eating seafood have normally a relatively higher seafood consumption per capita. This provides an opportunity for farmed salmon to provide steady year-round supplies to markets which in the past had less access to seafood.

As a fully integrated food production company, from egg to plate, we are in a unique position to leverage the insights we have in one part of our value chain to any other part of our value chain. With an increased focus on the consumer and gaining consumer knowledge, we put this insight to use to create products which are even better for our consumers, our customers, and our planet.

OUR EFFORTS

In data from the Norwegian Seafood Council we clearly see that in many of our main markets in Europe, the US and Asia, salmon is amongst the preferred seafood species⁸.

Salmon is widely recognised by consumers as a tasty and versatile product. In Europe and beyond, we have been a driving force in developing new salmon products and salmon consumption occasions⁹. Although our main product remains fresh whole salmon, we have over the years developed an increasing range of more convenient product types, designed to fulfil a variety of local consumer needs. We have product development teams strategically located in several markets in Europe, Asia and the US. These are all highly qualified and experienced food professionals, developing new products every year with a focus on customer and consumer needs. Based on trends in the markets and evolving consumer habits, we develop tasty, convenient products ranging from fresh cuts to coated, smoked and speciality products and all the way to ready meals and on-the-go products. Our factories have a wide range of production technologies which enables us to deliver delicious, convenient and easy-to-use consumer solutions.

We continue to drive new consumption occasions and new ways to use salmon. Integrating our product in the local cuisine is important to drive frequency and the overall salmon consumption, especially in those markets where salmon is not part of the "native" food repertoire. We will continue our focus on innovation

⁷ <https://insight.seafood.no/SASVisualAnalytics/?reportUri=%2Freports%2F30e6c36e-7e33-488e-8332-3e56ba1804bd§ionIndex=0&reportViewOnly=true&reportContextBar=false&sas-welcome=false>

⁸ <https://insight.seafood.no/SASVisualAnalytics/?reportUri=%2Freports%2F30e6c36e-7e33-488e-8332-3e56ba1804bd§ionIndex=0&reportViewOnly=true&reportContextBar=false&sas-welcome=false>

⁹ <https://seafood.no/markedsinnsikt/fiskespiseringen/omdommets-betydning-for-sjomatkonstumen/>

and introducing new products which have the potential to become local staple products. We work closely with our experienced retail partners to identify and seize opportunities in the respective markets together with them. This is especially true for the most important salmon seasons such as Christmas and Easter.

In 2020, our own MOWI brand - launched in Poland in 2019 - expanded to two new markets: France and the US. You can learn more about our MOWI brand in the story on branding. Our brand traceability tool continues to be an important feature for the brand as transparency is a top priority at Mowi to reassure consumers that the product they are buying is what it says it is. The tool is fully digitised and easily available via QR codes on every MOWI product. The traceability tool provides unique insights about the MOWI salmon you purchased. This allows the consumer to learn more details about every step of the value chain. We are constantly advancing our tools in order to provide consumers and customers with more relevant information and offers.

Europe

Europe is our largest market for salmon. With the spread of Covid-19 in 2020 we have had to find ways to adapt to a challenging market environment. However, we see substantial opportunities for growth in this sizeable market with large national variations in size and maturity. Focusing on our strong retail relationships and driving category growth through joint efforts with retailers and strong own brands, we see opportunities in all the markets we are present in.

Our efforts in European retail and food service

With processing plants located around Europe, we are able to provide great tasting, fresh and healthy products to all parts of the continent in a matter of hours. Our facilities also work closely together to make this happen, and we benefit from our scale to provide products to most European markets. Being present in the local markets will continue to be a priority for the company.

Our processing plants have been working full-speed during the pandemic to deliver on the changes in consumption patterns related to Covid-19. We have seen an increase in retail demand of impressive 20%. During lockdown consumers cooked more at home than ever before. Pre-packed fish and seafood offered convenience both to consumers and retailers in these exceptional times.

Our food service business has been hit hard by Covid-19, and we have seen a significant reduction in volumes sold to this channel. However, we continue to develop our product portfolio for the

food service market, and to meet the needs of the customers in these challenging times.

The United States of America

The US is the world's largest import market for seafood, and it is the fourth largest seafood market in the world with slightly more than 7 million metric tonnes being consumed, equal to an annual consumption of approximately 22kg per person¹⁰. Comparing that to a more mature market like France where the per capita consumption is 34kg per year, the opportunity of this populous continent becomes clear. With our logistics network and processing facilities in key hubs around the US, we are able to reach all areas of the US within days. We have expanded rapidly in the US and continue to do so.

Our efforts in the US

In 2020, Mowi Consumer Products - leveraged our production capabilities in Europe to launch a full frozen range at selected retail partners to reinvigorate the frozen seafood category. The product range includes a frozen fish line under the Marine Harvest label and a kids fish line, marketed under the Captain Omega label. The Marine Harvest frozen indulgence line was designed for consumers to enjoy delicious and convenient seafood. It received positive reviews from customers with a promising start in three US retailers. To expand the frozen product range, the new product line "Captain Omega" earned the acceptance of younger kids and parents and hit the US market in 2020 in three major US retailers. The awareness of the new frozen line continues to grow thanks to influencers actively promoting the products. With new customers already lined up to carry this program, this product line is set to continue growing in 2021.

Ducktrap remains one of our strongest and best known US brands. It is preferred and recognised for its unique taste and high-quality products. Still using traditional smoking techniques with a blend of local woods helps give Ducktrap smoked products their distinctive flavour. Currently, smoked salmon does not have the same position in the US as smoked salmon has in Europe. So we believe there is great potential in developing this category further in the US, both with our retail partners and through our strong brands such as Ducktrap. With the recent expansion of our Ducktrap facility, we are well positioned to grow the market for smoked salmon in the US.

Along with the new challenges we are facing as a society, people's diets will continue to change from day to day as we search for more sustainable and healthier options. Based on our 'Leading

Check out the video we made for our MOWI brand to showcase all the ways you can eat our delicious MOWI salmon.



Marine Harvest by Mowi salmon on Instagram.



¹⁰ <https://seafood.no/markedsinnsikt/fiskemarked/fiskemarked-h2019/usa-host-2019/>

the Blue Revolution' strategy, Mowi Chile launched a new range of four SKUs with fresh salmon fillet products under the label Marine Harvest by Mowi. Currently, Marine Harvest by Mowi products are offered in the major supermarket chains of Colombia, Peru, Brazil, and Chile, and have been well-received among their customers. We have bolstered our social media to attract potential customers, introduce them to our products and inspire them to cook with our delicious salmon.

Asia

Asia represents many diverse market opportunities; that is why we have set up operations in several Asian countries to accommodate the specific market needs. We have built a product portfolio which appeals to local preferences and every day we work with customers to unlock the vast potential in Asia.

Our efforts in Asia

We continuously work to stay on top of market trends in Asia. Healthy living is a key focus in Taiwan and it is key to offer products which make it easy for people to eat well and healthy. In 2019 we launched two new SKUs (Stock Keeping Units) under our Supreme Salmon brand in Taiwan and in 2020 we listed another one which is an expansion into the ready-to-eat market for our Supreme Salmon brand in Taiwan. This was done in cooperation with the largest convenience store in Taiwan, which has more than 5,000 outlets in the country. This will provide Supreme Salmon the widest penetration and brand awareness in Taiwan. Another SKU is scheduled to be launched in Q2-2021.

The year 2020 has been challenging for all of us. Mowi Japan decided to make the most of the situation we were in. With

in-store food sampling being difficult due to Covid-19, the team found new ways to promote its products throughout spring and summer. A 'Salmon day' promotion was therefore created, held on the 30th of each month, and a Salmon day song and dance were devised to help strengthen the appeal of the activity. The song and dance were designed to be easy and catchy to encourage as many people as possible to get involved.

PRIORITIES GOING FORWARD

Continuing the healthy development of our worldwide operations with a focus on our B2B sales will be at the core of our business. Collaboration with strategic retail partners to further grow the seafood category and increase penetration and frequency remains firm. Additionally, we will continue to work in channels other than retail, such as food service, to find and seize attractive business opportunities.

In 2020, we continued the roll-out of our MOWI brand in France and the US. Our ambition is to be recognised as the innovation leader in the salmon category and even in the broader seafood categories. We work closely with external experts on innovation projects for both product and technology.

Although Covid-19 had quite an impact on our activities in 2020, the NPD, R&D and Innovation teams of Sales & Marketing have been very actively working on innovation projects. We have launched about 300 new product projects at our plants. Our NPD, Innovation and R&D community is now connected, sharing and leveraging knowledge and working together on several projects globally.



MOWI Brand

Progress and success



The MOWI brand in the US

As the largest consumer market in the world and the fourth largest seafood market in the world the opportunity for the MOWI brand in the US is significant.

Consumer insights in the US showed that consumers have a higher willingness to pay for food eaten on special occasions. We therefore created two different ranges for

e-commerce, 'MOWI Gourmet' and 'MOWI Essential'.

'MOWI Essential' was created for daily meals, delivering excellent quality Atlantic salmon of Canadian, Chilean and Norwegian origin at an easily accessible price point. 'MOWI Gourmet' is exclusively Norwegian salmon and is targeted at special occasions when consumers are

looking for premium restaurant quality food at home. In total, we launched eight SKUs (Stock Keeping Units) fresh, never frozen cuts which were supplemented by four SKUs of smoked "MOWI Gourmet" in Q4.

The brand was unveiled in digital media, using influencer partnerships on social media and a big focus on YouTube.



"Even though we introduced the MOWI brand in the US in the middle of the Covid-19 pandemic, it exceeded all expectations. The decision to launch in one of the largest online retailers in the US proved to be a very good decision, considering the situation. We were able not only to launch the brand, but also to expand the range in a short time frame. The US is a large market and we are confident that the MOWI brand has a bright future within the North American seafood category."

Joe Fidalgo, Managing Director Consumer Products USA



Successful launch at Amazon Fresh

Introducing a new brand when the world is facing a pandemic confronted the team with a number of challenges. However, with online retail growing significantly during the pandemic, our launch of MOWI exclusively in e-commerce made sense.

MOWI's bestselling item has proved popular on Amazon Fresh, reaching the number

two bestseller position in the grocery category and consumer reviews have also been positive. Overall, our marketing efforts brought a significant number of new shoppers to the online seafood category each month. 'Salmon' also became the top keyword search in the fresh seafood category in the online groceries retail space.

In 2021, Mowi Consumer Products Americas aims to expand MOWI into traditional retail space so that consumers will see it on the shelves of stores up and down the country, thus reaching out to a broader spectrum of US seafood consumers.

Scan the QR code to see our MOWI Gourmet commercial



Scan the QR code to see our commercial for MOWI in the US



Safe Seafood

THE CHALLENGE

Consuming farm-raised salmon is both safe and healthy. This assertion is supported by food safety authorities across the world, and proved through our comprehensive monitoring program. Our approach at Mowi is to be transparent and share information which demonstrates to our customers and consumers that our farm-raised salmon is safe and healthy.

OUR EFFORTS

The safety of our consumers is our top priority. In connection with the production of farm-raised salmon, food safety hazards fall into three main categories: environmental contaminants; pathogen bacteria; and medicine use/residue.

Environmental contaminants in our feed and fish are kept far below the safe limits (MRLs) set by the food safety authorities around the world. Through our ONEMowi Operational Excellence Program we secure a harmonised monitoring program for undesirable substances in the Mowi group. In this program we include heavy metals, pesticides, GMOs, mycotoxins and dioxins/dioxin-like PCBs. In recent years, a comprehensive monitoring program related to microplastics has been implemented. This so we understand what impact microplastic can have for our value chain.

Pathogen bacteria are kept under control to prevent contamination in our products, both to ensure the safety of our own ready-to-eat and ready-to-heat products and to ensure that fish sold to commercial customers for further processing is risk-free. *Listeria monocytogenes* is one of the potential food-borne pathogens in fish products which are consumed without prior heat treatment. Due to increased consumption of raw salmon in products such as sushi, it has become even more important to fully control the risk of *Listeria* contamination. Through a new and updated version of our own Hygiene Manual, we enforce a common, group-wide hygiene standard. On top of that a best practice *Listeria* Manual was created in 2020. The recommendations found in that manual are based on our own experience, R&D work either internally, or in cooperation with external research institutions, and published scientific articles. This manual highlights what activities and technical solutions can be applicable for each step in the entire value chain from sea to finished product.

Our approach to medicine use and medicine residue is very strict and is designed with an emphasis on disease prevention and fish welfare. Fish, like other animals and humans, may become ill and require intervention. Our fish health professionals use medicines only when other measures are not sufficient, or when fish welfare may be compromised. Any prescription is signed by a certified veterinarian or fish health professional, and the approval process is strictly controlled by the relevant authorities.



2020 RESULTS

Every day we work hard to ensure that our products are safe seafood. Our *Listeria* results for 2020 prove that Mowi has a food safety culture in-house that few other seafood producers can compare with. This is something we can state due to the fact that our secondary processing units also buy raw material from other

seafood producers. But even so, we can still improve. In 2020, Mowi had eight food safety incidents with only one resulting in recall and three in withdrawal. No market bans did occur. The table below gives detailed information about each of the food safety incidents.

When	Incident	Business unit	What happened	Corrective actions carried out	Recall required	Market bans
Feb.	Other contamination	Chile	National Fisheries Service (Sernapesca) notified Mowi Chile that tetracycline was detected in produced product.	Result from treatment traceability and resampling proved that the fish had never been treated with tetracycline and the contaminant was not detected in any of the resampling samples.	No	No
Mar.	Other contamination	Faroe Islands	Notified by Russian Authorities that oxytetracycline had been detected above Russian legal limits.	The compound detected by Russian Authorities is not used by Mowi Faroes.	No	No
April	<i>Listeria</i> ¹⁾	Western Europe	<i>Listeria</i> ¹⁾ levels in a batch of marinated salmon above acceptable levels.	Dismantling and cleaning of production equipment, cleaning production area, and increased microbiological sampling.	Yes	No
June	Other contamination	Scotland	Water contamination.	Water supplier admitted a tank had been cleaned and some sediments disturbed. Mowi Scotland switched to alternative water supplier.	No	No
Sept.	Other contamination	Mowi Fish Feed	Contamination of organic fish feed by synthetic antioxidant which is not permitted in EU organic production.	Feed traced and marine ingredient lots identified.	No	No
Sept.	<i>Listeria</i> ¹⁾	Western Europe	<i>Listeria</i> ¹⁾ level in a batch of sushi above acceptable levels.	Increased microbiology sampling of raw material, semi-finished products and finished products.	No ²⁾	No
Dec.	Wrong labelling	Central Europe	Lack of 'use by' date on consumer product.	Improved training of workers and new label control inspection.	No ²⁾	No
Dec.	Wrong labelling	Central Europe	Wrong 'use by' date labelled on consumer product.	Improved training of workers.	No ²⁾	No

1) *Monocytogenes*

2) Withdrawal

PRIORITIES GOING FORWARD

Maintaining the trust of customers and consumers is a non-negotiable priority for our company. We will continue our comprehensive program to monitor the feed raw materials, feed used in our farming operations and our salmon, to ensure that the level of environmental contaminants is far below the safe limits set by food safety authorities. At the same time, we will work to keep pathogen bacteria under control so that consumers eating our farm-raised salmon products can remain confident that they are safe. Through openness and transparency, we aim to provide evidence-based facts about our products which will help customers and consumers make informed choices.

In 2018, the European Food Safety Authority, EFSA, published a new risk assessment where it recommends changing the tolerable weekly intake (TWI) for the sum of dioxins and dioxin-like PCBs in foodstuff from today's 14pg per kilogram bodyweight a week to 2pg per kilogram bodyweight a week. We expect that EU will reduce the maximum limits of dioxins and dioxin-like PCBs in feed and food, as a consequence of the reduced TWI. Mowi follows the ongoing regulative process closely, and we expected a first

draft of the new regulation to be published in 2020; however, this is delayed, so a new final regulatory update is expected to be launched in 2021–22. For farm-raised salmon, the main source of dioxins and dioxin-like PCBs is fish oil. Even though farm-raised salmon meets levels well below the European maximum limit of 6,5pg TEQ/g for dioxins and dioxin-like PCBs, Mowi initiated cleaning the fish oils sourced from the Northern Hemisphere as ingredient for our salmon feed to further remove persistent organic pollutants (POPs).

In addition to our comprehensive monitoring program are we continuing our roll-out of Infor's M3 Graphical Lot Tracker (GLT). GLT will replace all local solutions our units have today and ensure we get a common traceability approach in the company. GLT is now 100% implemented in our feed division, 100% of our farming units are using it and 57% of our secondary processing units. In 2022 GLT will be fully implemented, and Mowi will be the only salmon producer in the world that - in-house - has a common traceability approach and tool throughout the entire value chain from breeding and feeding until the final product.

Quality Seafood

THE CHALLENGE AND THE OPPORTUNITY

Every day, we produce high-quality farm-raised salmon and value-added products. High quality is ensured through procedures, training, and the sharing of best practices across the Group. In addition, we are constantly improving our monitoring programs and quality assurance systems, and implementing technology that helps us deliver high-quality products across the world.

OUR EFFORTS

Every day, we maintain the trust of our customers by offering them products and services that match their expectations. When we are unable to meet these expectations, we welcome feedback to help us continuously improve. That information helps us to direct our resources to areas where additional attention is needed.

Our global Operational Excellence Program, ONEMowi, helps us to operate in a consistent way throughout the Group. All our operations must comply with a minimum set of third-party verified certification schemes addressing food safety, environmental responsibility, social responsibility and fish welfare. Chain of Custody certifications must be achieved, as required by GLOBALG.A.P., GAA/BAP, ASC and MSC.

2020 RESULTS

A company like Mowi has different platforms to be in contact with our customers and stakeholders. Platforms that help us to continuously improve our performance. Important performance indicators are feedback from the market in terms of quality and food safety claims and the superior quality share of our salmon. In 2020, 91% of our salmon was of superior quality, so we know our farm-raised salmon and value-added products are of excellent quality.



The superior quality share (i.e. the proportion of the salmon without damage or defects that provides a positive overall impression) has remained above 90% for the last six years. Approximately 7% of our fish were downgraded by Mowi's expert quality inspectors mainly due to spinal wounds, deformities and mature fish.

In 2020, we received a total of 12 195 quality and food safety claims, compared with 10 630 quality and food safety claims in 2019. Main reasons for this growth of quality and food safety claims are due to the global Covid-19 outbreak. That gave increased level of re-allocations and flight cancelled. Higher harvesting volume in 2020 had also an impact.

PRIORITIES GOING FORWARD

Although the quality of our products is already high, we know there is always room for improvement. Feedback from the market and internal KPIs help us to focus on the right tasks. We continually strive to attain high quality through our research and development efforts and our quality assurance systems and controls.

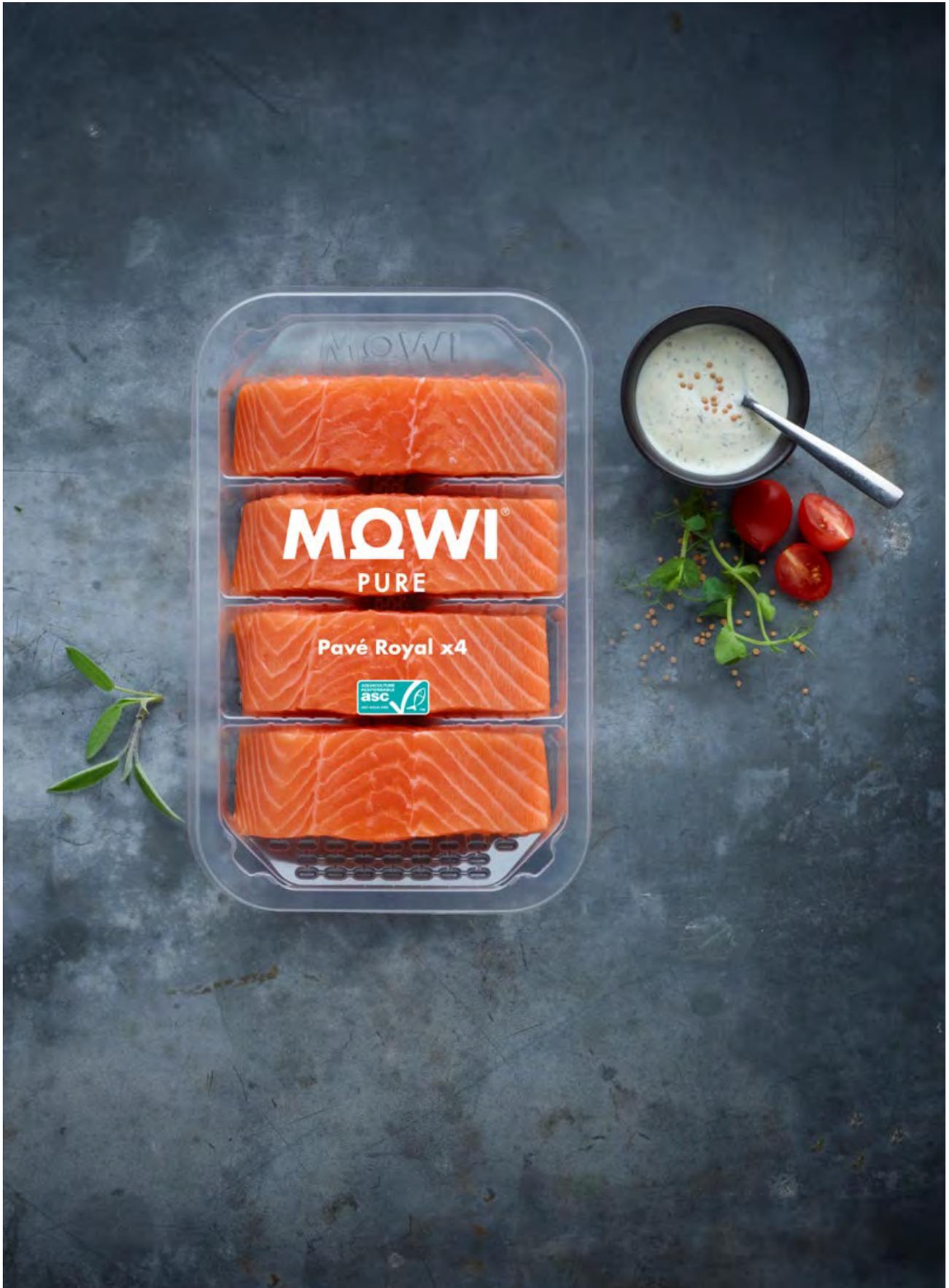
Together with the M3 roll-out are we now implementing a common claim process in the group. This software tool developed for us will help Mowi to respond faster and with greater accuracy to claims we receive from customers. So far 100% of our primary processing units and 17% of the secondary processing units have implemented it. In 2021 this implementation will get increased focus, so we will be able to gather more accurate and faster global data to help us focus on actions where needed in different regions to help us continuously improve our quality performance.

In 2020 a variety of projects and activities to gain a better understanding of what is needed to reduce the quality losses associated to texture, colour deviations and melanin have been kicked off. One of the on-going activities is to understand which factors have impact on the causes of quality issues and why we see a difference in performance between sea sites. This will help us to take corrective actions and reduce the quality losses.

AUDITS, REVIEWS AND CERTIFICATIONS

We have set minimum requirements for third-party certifications throughout the Group. The major new development in this area in recent years has been our decision to certify our farms to the Aquaculture Stewardship Council (ASC) salmon standard. Work towards this objective will continue in 2021.

All Mowi processing plants should have a Global Food Safety Initiative (GFSI) recognised standard. All our processing plants have this in place. Also 81 % of the seafood suppliers to our factories were certified to a Global Food Safety Initiative (GFSI) recognised standard in 2020. Mowi's target is that all our seafood suppliers shall have a GFSI recognised certification.



CERTIFICATION TABLE

MOWI FEED

BUSINESS UNIT	Feed Mill	CERTIFICATION	CERTIFICATION	CERTIFICATION	CERTIFICATION
Mowi Feed	Bjugn - Norway	Global G.A.P			
	Kyleakin - Scotland	Global G.A.P	Soil Association Organic	Naturland and EU Organic	Label Rouge

Our feed raw materials are also certified according to our sourcing policy.

MOWI FARMING - BROODSTOCK & JUVENILES

BUSINESS UNIT	CERTIFICATION
Mowi Norway	Global G.A.P
Mowi Canada	GAA BAP
Mowi Chile	GAA BAP
Mowi Faroes	Global G.A.P
Mowi Scotland*	Global G.A.P
Mowi Ireland*	Global G.A.P

MOWI FARMING - SEAWATER

BUSINESS UNIT	CERTIFICATION	ASC
Mowi Norway	Global G.A.P	76
Mowi Canada	GAA BAP	26
Mowi Chile	GAA BAP	19
Mowi Faroes	Global G.A.P	1
Mowi Scotland*	Global G.A.P / VLOG	1
Mowi Ireland*	Global G.A.P	5

* See table below for a detailed overview of certifications in Mowi Ireland and Mowi Scotland.

MOWI FARMING - PRIMARY PROCESSING

BUSINESS UNIT	FACTORY	CERTIFICATION
Mowi Norway	Ryfisk, Reg South	Global G.A.P, ASC CoC
	Eggesbønes, Reg Mid	Global G.A.P, ASC CoC
	Ulvan, Reg Mid	Global G.A.P, ASC CoC
	Herøy, Reg Nord	Global G.A.P, ASC CoC
	Jøkelfjord, Reg Nord	Global G.A.P, ASC CoC
Mowi Canada	Port Hardy, Canada West	GAA BAP, ASC CoC
	St. George, Canada East	GAA BAP
Mowi Chile	Chacabuco	GAA BAP, ASC CoC
	Caicaen	GAA BAP, ASC CoC
Mowi Faroes	Strendur	Global G.A.P, ASC CoC
Mowi Scotland*	Forth William	Global G.A.P / VLOG, ASC CoC
Mowi Ireland*	Rinmore	Global G.A.P, ASC CoC

Mowi Norway is FSSC 22 000 certified.

BUSINESS UNIT	ACTIVITY	CERTIFICATION
Ireland	Broodstock and juveniles	ISO 9001, ISO 14001, OHSAS 18001, ISO 45001, GlobalG.A.P, Naturland Organic, BioSuisse Organic, EU Organic Aquaculture, Freedom Food, Irish Certified Quality Salmon Organic, Origin Green
	Seawater	ISO 9001, ISO 14001, OHSAS 18001, ISO 45001, GlobalG.A.P, Naturland Organic, BioSuisse Organic, EU Organic Aquaculture, Irish Certified Quality Salmon Organic, Origin Green. ASC
	Primary processing	ISO 9001, ISO 14001, OHSAS 18001, ISO45001, BRC, Naturland Organic, BioSuisse Organic, MSC CoC, ASC CoC, EU Organic Aquaculture, Irish Certified Quality Salmon, Origin Green
Scotland	Juveniles	Label Rouge, GlobalG.A.P, ISO 9001, ISO14001, COGP, RSPCA assured, Royal Warrant Holders
	Seawater	Label Rouge, ASC, GlobalG.A.P, ISO 9001, ISO 14001, PGI, COGP, RSPCA assured, Royal Warrant Holders
	Primary processing	Label Rouge, BRC, GlobalG.A.P, ISO 9001, ISO 14001, PGI, COGP, RSPCA assured, Royal Warrant Holders, Soil Association Organic, ASC CoC

MOWI SALES AND MARKETING - SECONDARY PROCESSING AMERICAS

REGION	FACTORY	CERTIFICATION
Americas	Ducktrap, Maine	GAA BAP, ASC CoC, MSC, Kosher, SQF
	Dallas, Texas	Global G.A.P, GAA BAP, ASC CoC, MSC, SQF
	Miami, Florida	Global G.A.P, GAA BAP, ASC CoC, MSC, SQF
	Surrey, Canada	GAA BAP, ASC CoC, MSC

MOWI SALES AND MARKETING - SECONDARY PROCESSING ASIA

REGION	FACTORY	CERTIFICATION
Asia	Narita, Japan	SQF
	Kansai, Japan	SQF
	Incheon, Sør Korea	SQF
	Zhongli, Taiwan	SQF, FSC 22000
	Amanda Foods, Vietnam	BRC, IFS, SC(China Authority), HACCP, ISO 22000
	Shanghai, China	SA 8000

MOWI SALES AND MARKETING - SECONDARY PROCESSING EUROPE

REGION	FACTORY	CERTIFICATION	ASC/ MSC	EU Organic Aquaculture	IFS	RSPCA
Central & Eastern Europe	Duniowo, Poland	Global G.A.P, VLOG / GAA BAP, Kosher, BRC, RSPO	✓	✓	✓	
	Lebork, Poland	Global G.A.P, VLOG, RSPO	✓		✓	
	Harsum, Germany	Global G.A.P, VLOG	✓	✓	✓	
	Istanbul, Turkey	BRC, ISO 9001				
United Kingdom	Rosyth, Scotland *	Global G.A.P, Soil Association Organic	✓	✓		✓
Western Europe	Lemmer, Netherlands	Global G.A.P, BRC, RSPO	✓		✓	
	Brugge/Oostende, Belgium	Global G.A.P, WCDO, SMETA 4_Pillars, RSPO	✓	✓	✓	
	Dunkerque, France	Global G.A.P	✓	✓	✓	✓
	Boulogne, France	Global G.A.P, BioSuisse Organic, Lable Rouge	✓	✓	✓	✓
	Kritzen, France		✓	✓	✓	✓
	Zaragosa, Spain	Global G.A.P	✓	✓	✓	

Mowi has a total of 28 sales offices around the world. In general our sales offices are not separate legal entities so their certification mirrors the certification of Mowi Farming and Mowi Secondary processing.



Healthy Seafood

THE OPPORTUNITY

Nutrient-dense foods such as salmon play an important role in meeting our individual dietary requirements without excess energy intake. The nutrients in salmon support optimal health and help to reduce the risk of a range of diseases and disorders. Our salmon is an excellent source of high-quality protein, vitamins and minerals (including potassium, selenium and vitamin B12), but it is the content of the long-chain Omega-3 fatty acids EPA and DHA that receives the most attention, and rightly so. Consumption of these essential Omega-3 fatty acids is associated with:

- *Helping maintain a healthy heart by lowering blood pressure and triglycerides, and reducing the risk of sudden death, heart attack and stroke*^{1, 2, 3)}
- *Reducing the risk of coronary heart disease*^{3, 4)}
- *Supporting brain function and development in infants*⁵⁾
- *Possibly preventing psychiatric diseases, particularly cognitive decline in the elderly*⁶⁾
- *Possibly preventing inflammation and reducing the risk of arthritis*^{6, 7)}

Other health benefits derive from the protein and amino acid content of salmon. Protein is essential for the structure, function, and regulation of human tissues and organs. Proteins are composed of amino acids; salmon is a 'complete protein': it contains all nine essential amino acids which the human body needs to get from food, as it cannot synthesise these itself.

Health authorities around the world advise people to include at least one portion of oily fish per week into their diets because of the associated health benefits. Along with plant-based foods, such as vegetables, fruit, legumes, whole grains, and nuts, fish is categorised as an 'emphasised food' in a planetary healthy diet by the EAT Lancet commission⁸⁾. The EAT-Lancet Commission convened 37 leading scientists from 16 countries in various disciplines including human health, agriculture, political sciences and environmental sustainability to develop global scientific targets for healthy diets and sustainable food production.

The most recent official dietary guidelines from the Danish government, issued in January 2021, entitled "The official Dietary Guidelines – good for health and climate"⁹⁾ show the way to food and drink that is healthy and at the same time climate-friendly. As is stated in the introduction to these new guidelines "Good

"Eating fish is an important source of Omega-3 fatty acids (EPA and DHA). These essential nutrients keep our heart and brain healthy. Our bodies don't produce Omega-3 fatty acids, so we must get them through the food we eat. Omega-3 fatty acids are found in every kind of fish, but are especially high in fatty fish like salmon."

Washington State Department of Health

meals with healthy and climate-friendly food can provide enjoyment, happiness and well-being, and good meals can play a significant role in our social life. The Danish Veterinary and Food Administration is behind the official Dietary Guidelines. They have been developed on the basis of research and advice from the DTU Food Institute and in dialogue with a wide range of stakeholders. Follow the official Dietary Guidelines - then you are doing something good for both your health and the climate." One of the guidelines is to eat more fish: the Danish government advises to eat 350g of fish a week, of which 200g fatty fish, e.g. herring, mackerel, salmon and trout, and to vary between different fish species.

In 2020, the US Department of Health and Human Services (HHS) and the US Department of Agriculture (USDA) published the latest five-yearly Dietary Guidelines for Americans (DGA) 2020-2025¹⁰⁾. Their recommendation is that all adult Americans – including pregnant and breastfeeding women – should eat 8-10 oz (227-283 gram) of seafood per week. Seafood choices higher in EPA and DHA and lower in methylmercury, such as salmon, are encouraged. Analysis of What We Eat in America, NHANES 2013-2016 shows that almost 90% of Americans consume less than the recommended quantity of fish and seafood.

In 2019, the US Food and Drug Administration and the US Environmental Protection Agency issued a further advice regarding fish and seafood consumption¹¹⁾. This advice is geared to helping women who are pregnant or may become pregnant – as well as breastfeeding mothers and parents of young children – make informed choices when it comes to fish that are healthy and safe to eat. One of the species considered as "best choice" by the FDA and EPA is salmon.

1) Weichselbaum E et al. Nutr Bull 2013;38(2):128–177.

2) Schwellenbach LJ et al. J Am Coll Nutr 2006;25(6):480–485.

3) Innes J.K and Calder P.C Int. J. Mol. Sci. 2020;21, 1362.

4) U.S. Food and Drug Administration. Summary of qualified health claims subject to enforcement discretion. 2014. Available at: <https://regulatorydoctor.us/wp-content/uploads/2014/09/Summary-of-Qualified-Health-Claims-Subject-to-Enforcement-Discretion.pdf>. Last accessed January 2020.

5) Hibbeln JR et al. Prostaglandins Leukot Essent Fatty Acids 2019;151:14–36.

6) Pusceddu M.M et al. International Journal of Neuropsychopharmacology 2016; 19(12): 1-23.

7) Akbar U et al. JCR: Journal of Clinical Rheumatology 2017 23;(6): 330-339.

8) EAT-Lancet Commission Summary Report. https://eatforum.org/content/uploads/2019/07/EAT-Lancet_Commission_Summary_Report.pdf

9) De officielle Kostråd – godt for sundhed og klima. https://altomkost.dk/fileadmin/user_upload/altomkost.dk/Billeder/Alt_om_kost/

10) De Officielle Kostraad_november_2020/ONLINE_Kostraad_pjece_2021.pdf

11) Dietary Guidelines for Americans. <https://www.dietaryguidelines.gov/>



A study from the University of Pennsylvania in the US, published in December 2017¹²⁾, supports the recommendation that people, and especially children, should increase their seafood intake. This study found that eating fish improves children's cognitive ability. A study carried out by researchers at the medical school found that frequent fish intake (at least 2–3 times per month) was associated with fewer sleep problems and higher IQ scores.

In 2016, NIFES (the National Institute of Nutrition and Seafood Research) in Norway presented the results of a project¹³⁾ proving that schoolchildren have better concentration and kindergarten children gain better learning abilities by eating more oily fish.

An article published by Harvard School of Public Health¹⁴⁾ reports that an analysis of 20 studies involving hundreds of thousands of participants indicates that eating approximately one to two 3-ounce servings (85 gram) of oily fish a week — salmon, herring, mackerel, anchovies, or sardines — **reduces the risk of dying from heart disease by 36 percent.** Eating oily fish also lowers blood pressure and heart rate, improves blood vessel function, and, at higher doses, lowers triglycerides and may ease inflammation. The strong and consistent evidence for benefits is such that the Dietary Guidelines for Americans, the American Heart Association, and others suggest that everyone should eat fish twice a week.

2020 RESULTS

Eating our farm-raised salmon, packed with protein, vitamins, and long-chain Omega-3 fatty acids, fits in a planetary healthy diet

and can lower your blood pressure and reduce the risk of a heart attack or stroke. Our salmon is an important source of EPA and DHA for many consumers around the world, with these essential nutrients supporting heart, brain and eye health.

Our salmon is also a rich source of vitamin D. Vitamin D helps your body absorb calcium, one of the main building blocks for strong bones and teeth. The human body needs vitamin D for other functions too: it is important for our cells, our muscles need it to move, and our nerves need it to carry messages between our brain and our body. Our immune system needs vitamin D to fight off invading bacteria and viruses. In addition, some research¹⁵⁾ shows that vitamin D can help prevent depression, dementia and cancer, as well as diabetic and cardiovascular diseases.

To guarantee our salmon is healthy, tasty and rich in essential nutrients, we track the raw materials used both in our own and third-party feed production. Results from our surveillance program in 2020 show that our salmon contains the expected levels of EPA and DHA (long-chain Omega-3 fatty acids) and vitamins (B12, E and D), as well as the minerals selenium and iodine.

PRIORITIES GOING FORWARD

As in previous years, we will continue to control the nutritional content of our salmon. We want to ensure that our salmon is both safe and an excellent way to contribute to both human and planetary health.

12) FDA and EPA. <https://www.fda.gov/food/consumers/advice-about-eating-fish>
<https://penntoday.upenn.edu/news/weekly-fish-consumption-linked-to-better-sleep-higher-iq>

13) Øyen J. m.fl: Fatty fish intake and cognitive function: FINS-KIDS, a randomized controlled trial in preschool children. <https://bmcmmedicine.biomedcentral.com/articles/10.1186/s12916-018-1020-z>

14) Harvard School of Public Health. <https://www.hsph.harvard.edu/nutritionsource/fish>

15) J Aging Gerontol. 2014 Dec; 2(2): 60–71. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4399494>

Health benefits of salmon

Our salmon is a high-quality product that has a taste and health profile that few other products can match. It is rich in Omega-3 fatty acids (EPA+DHA), vitamins (B12, E and D), and the minerals selenium and iodine. These are important nutrients for people of all ages.



Selenium
for cognitive
function



EPA & DHA and iodine
for neural development
and function



Protein
in a balanced
healthy diet



**EPA & DHA
and selenium**
for heart health



Selenium
for fertility in men
and women



Vitamin D
for bone
health

Mowi salmon (100 g)

Iodine

7% of RDI

Iodine plays a vital role in our metabolism and a deficiency can lead to reduced growth and mental decline. It's particularly vital for pregnant women to aid the growing baby's development.

EPA & DHA

480% of RDI

EPA and DHA are in cell membranes and help cells function properly. Marine Omega-3 prevent development of cardiovascular disease.

Selenium

33% of RDI

Selenium helps cognitive function and fertility for men and women. Lack of selenium leads to weakening of the heart muscles and increased risk of cardiovascular disease.

Protein

36% of RDI

Protein is a building block in muscles. At least nine amino acids are essential for humans, and all nine are present at balanced levels in our salmon.

Vitamin B12

270% of RDI

Helps red blood cells form and keeps the nervous system healthy. A lack of vitamin B12 can cause a form of anaemia.

Vitamin D

70% of RDI

Helps the body absorb calcium. Lack of vitamin D is associated with rickets in children and soft bones in adults.



Vitamin E

40% of RDI

Plays a role in our immune function and is an important anti-oxidant needed to protect cells.

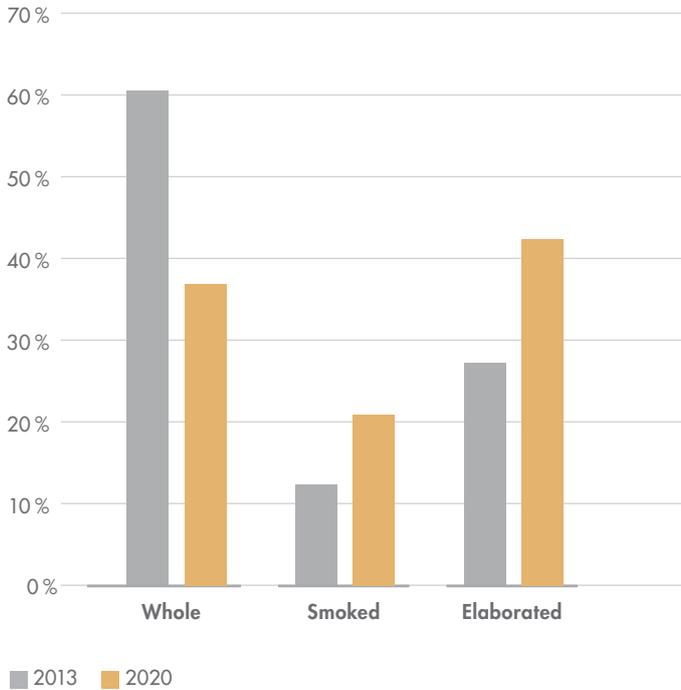
Total fat

17-27% of RDI

Salmon is rich in the very long chain fatty acids which are essential for our health and are needed to ensure cells function well.

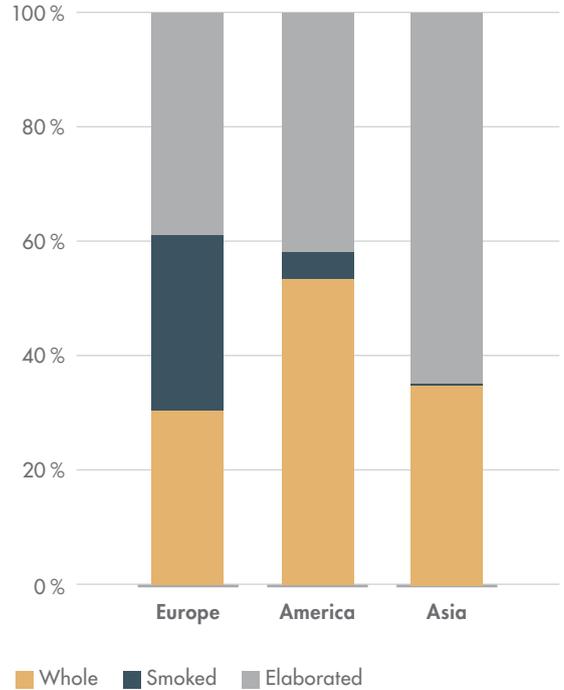
Development value added sales

Atlantic salmon



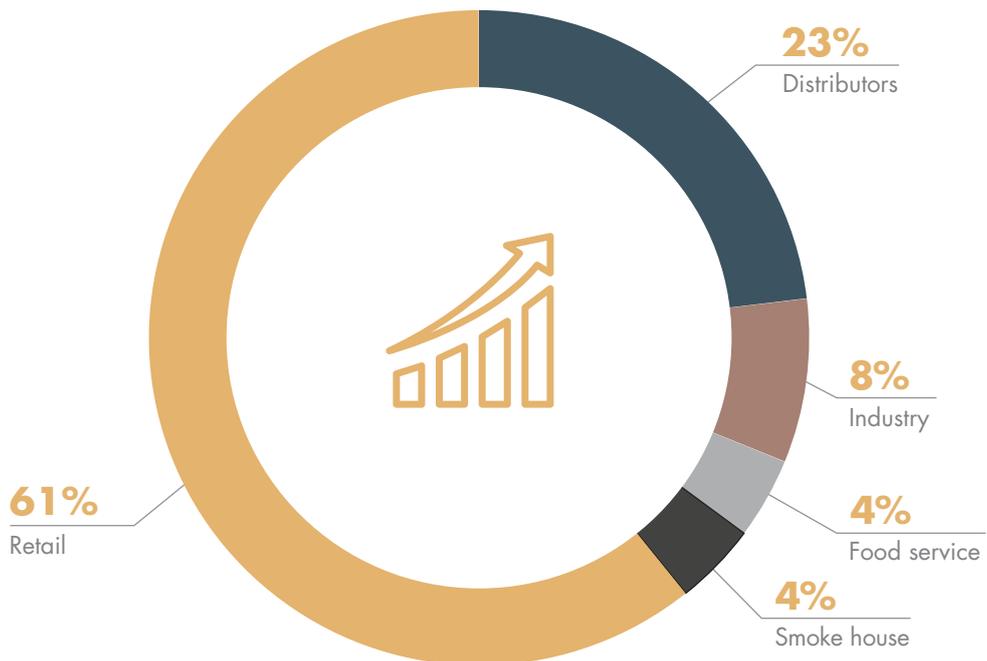
Value added product sales

Per region 2020

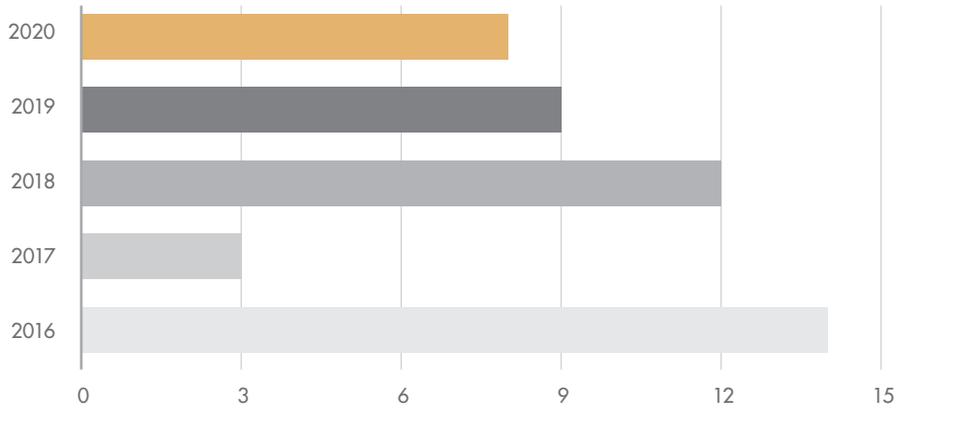


Value added product sales

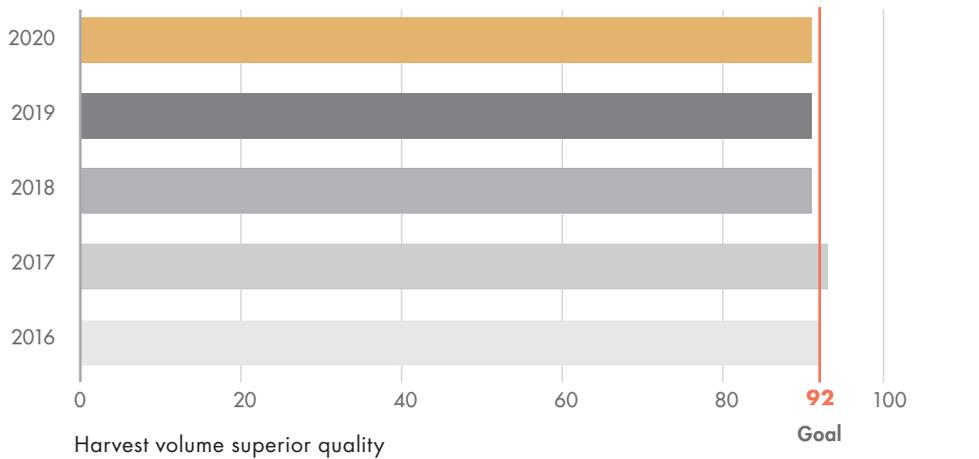
By market channel 2020



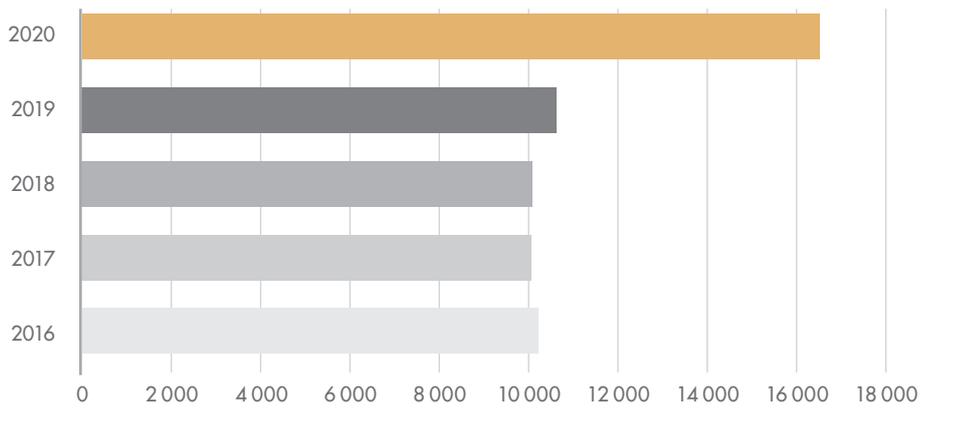
Number of food safety related incidents and claims



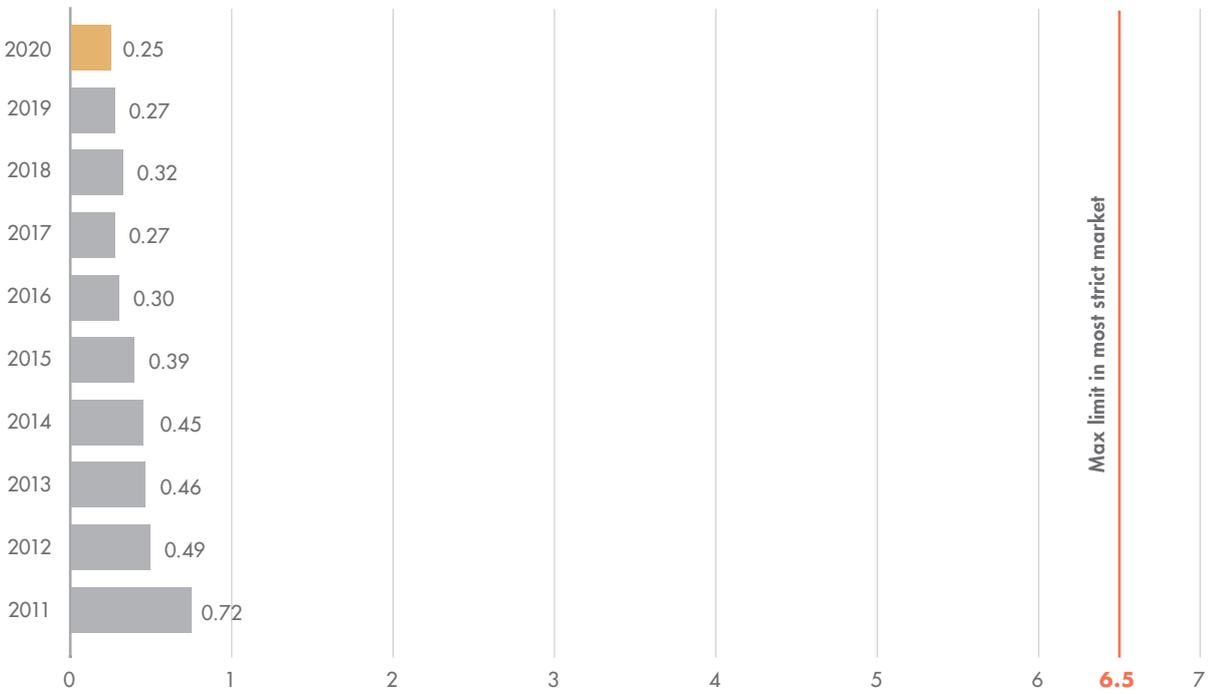
Quality of harvested salmon



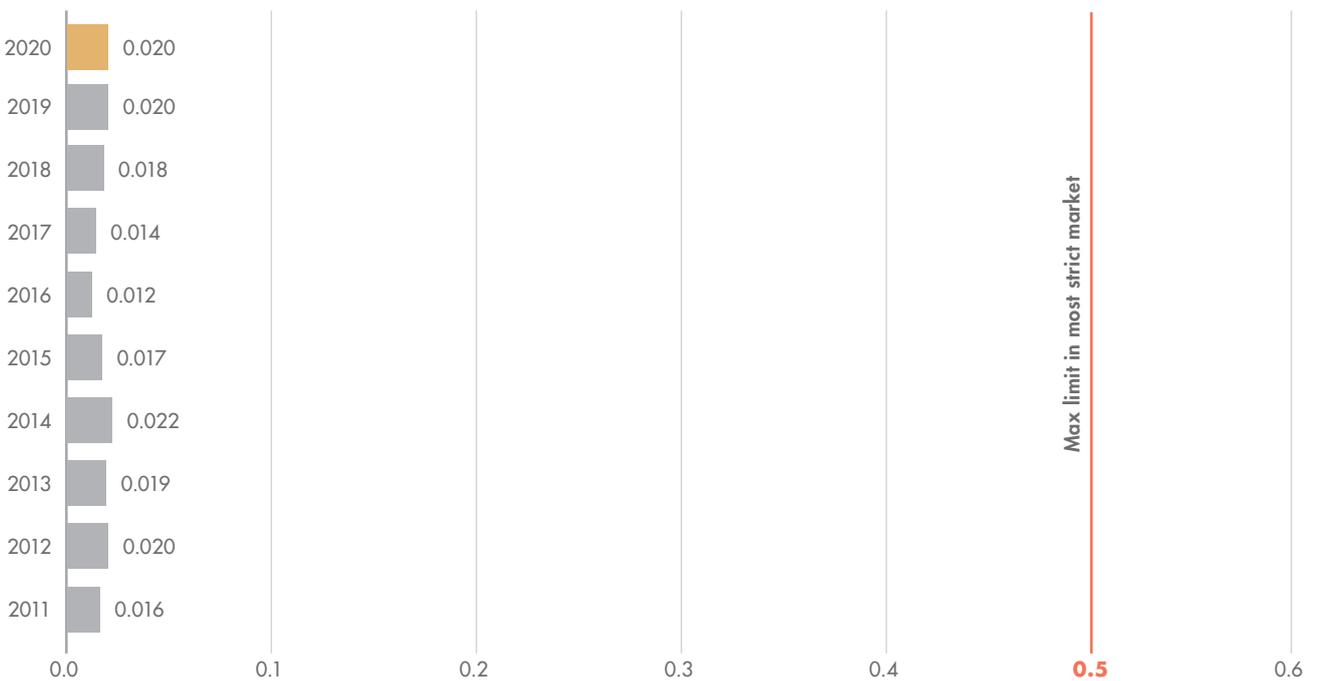
Number of quality claims



Level of dioxins and dioxin-like pcbs (pg-WHO-TEQ/g)



Level of mercury (mg/kg)



NUTRIENT GROUPS OF MOWI SALMON 2020

NUTRIENT GROUPS	NUTRIENT	VALUE MOWI SALMON		% OF RECOMMENDED DAILY INTAKE	VALUE WILD ATLANTIC SALMON ¹⁾	% OF RECOMMENDED DAILY INTAKE WILD SALMON	RECOMMENDED DAILY INTAKE (RDI) ²⁾	
Fat	Total fat	15.1	g/100 g	17-27 %	8 g/100 g	10-16%	55-90	g/d ⁴⁾
Omega-3 fatty acids	Total EPA + DHA	1.2	g/100 g	480 %	1.5 g/100 g	600%	0.25	g/d
Vitamins	Vitamin B12	5.4	ug/100 g	270 %	n/a	n/a	2	ug/d
	Vitamin D	7.0	ug/100 g	70 %	n/a	n/a	10	ug/d
	Vitamin E	3.6	mg/100 g	40 %	1.6mg/100 g	18%	9	mg/d
Minerals	Iodine	0.01	mg/100 g	7 %	0.03mg/100 g	20%	0.15	mg/d
	Selenium	0.02	mg/100 g	33 %	0.04mg/100 g	67%	0.06	mg/d
Protein	Protein	20.9	g/100 g	36 %	20.9 g/100 g	36%	58	g/d ³⁾

1) Source: National Institute of Nutrition and Seafood Research (NIFES) - nutritional value of 99 wild salmon

2) Nordic Nutrition Recommendations and EFSA.

3) Recommended daily intake of proteins for adults (70 kg) is 0.83 g protein/kg body weight/daily.

4) For an adult with a calorie requirement of 2000 kcal/day. It is recommended that fat accounts for 25-40% of daily energy intake.





PEOPLE

Safe and
meaningful jobs

With a presence in 25 countries, we know how diversity breeds success. We continue to build on our diverse attributes, working as one global team with focus on safety and pride in the workplace and in neighbouring communities.

Embracing diversity

Corporate culture

It is expected that we all embrace our key values: Passion, Change, Trust and Share. Our ONE Mowi operational excellence program helps to guide our actions based on our core values.

Ethical business conduct

13 (23) incidents were reported through our whistleblower channel in 2020.

Employee health and safety

Lost Time Incidents (LTI) per million hours worked fell from 4.3 in 2019 to 2.7 in 2020. The rate of absenteeism ended at 5.1% in 2020, compared with 4.7% in 2019. Our target is a absence rate below 4.0%.

Female leaders

In Mowi, 25.4% of our leaders are female, moving towards our target of 30% female leaders by 2025.

PEOPLE

Material value drivers	Ambitions
Mowi way	Live our vision, values and leadership principles every day
Excellence-driven organisation	Implement operational excellence program, ONE Mowi
Ethical business conduct	Compliance with our code of conduct across the group
Safe and meaningful work	Year-on-year reduction in LTIs per million hour worked Absence rate < 4% 30% female in leadership positions by 2025 50/50 employee gender ratio by 2025
Community engagement	Develop and support the local communities in which we operate

Providing meaningful jobs

OUR SUCCESS DEPENDS ON OUR PEOPLE

The people working for Mowi are critical to our success. Having the best mix of competences and behaviours across our business is a key enabler for continuous growth and development.

OUR EFFORTS

To be an attractive employer for current and future generations, our focus is on sharing our impact by providing healthy, tasty and sustainable food to a growing population. All employees in Mowi has an impact on the Blue Revolution. First, we focus on providing safe, meaningful and challenging jobs. Second, but no less important, we have cultivated working environments where every voice is welcome. We believe that by joining forces across functions and geographies, and by respecting and valuing what every individual brings to the table, we are set to produce the best salmon in the world.

We are continuing our efforts to integrate the principles of the United Nations Global Compact into our business, our culture and the way we work.



The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human and labour rights, the environment and anti-corruption. In this way, business, as a primary driver of globalisation, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. The ways in which Mowi contributes to the UN's Sustainable Development Goals can

be found under the Leading the Blue Revolution section and will be visualised throughout the People.

Fair employment

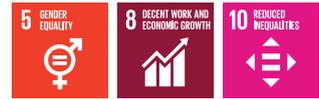
We are committed to fair employment practices. This commitment is embodied in our Code of Conduct, in our policies on Human Rights and Diversity & Inclusion, and in our values that guide us in our work every day. Our activities are conducted in such a way as to promote freely chosen employment and fair wages, without child labour, abuse, inhumane treatment or discrimination. We are proud that Mowi is ranked the most sustainable animal protein producer by The Coller FAIRR Protein Producer Index. Social indicators such as Human Rights, Fair Working Conditions, Safety & Turnover Data and Freedom of Association are among the key factors taken into account in compiling the rankings.

As a rule, Mowi offers full-time positions. Less than 2,5% of employees in Norway are employed on a part-time basis. These are typical specialist roles which by nature are not full-time.

Fair compensation

We continue to prioritise the safety of our employees, and believe in fair and transparent rewards. Of all our employees, 24% are





organised in unions or collective bargaining agreements and no employee is paid less than the official national minimum wage for the relevant location. By working together with labour unions, using our global job architecture system and employing transparent processes around pay and benefits, we ensure that we use objective criteria for compensation. Mowi will carry out a mapping of gender pay differences in 2021. Our analysis in 2018 showed no significant differences between compensation for men and women.

Freedom of association

The percentage of employees engaged in labour unions varies from country to country. But more importantly, Mowi recognises its employees' freedom of association, and their right to engage in collective bargaining. Employees are free from reprisals due to union membership and/or engagement. Mowi appreciates the cooperation of the labour unions, and we believe that together we will be able to lead the way forward.

Diversity and equality

In 2020 Mowi continued the roll-out of our global Diversity & Inclusion program, and by the end of the year Mowi had 25.4% female leaders while the overall gender ratio was 40.2 % female vs. 59,8 % male. This is testament to the way we work, our DNA, and the additional efforts pursued in 2020.

The D&I program encompasses three strategic areas: Seek Diversity, Create Inclusion and Drive Accountability. Diversity has many dimensions including, but not limited to, gender, competence, age, disability, part-time employment, pregnancy and different cultures and backgrounds. Through training, awareness sessions, and internal and external communication campaigns, Mowi has worked to increase the knowledge and understanding of D&I in 2020. Training in Equal Opportunities and Non-discrimination, and in Personal Biases is now a mandatory part of our onboarding.

All units globally have their own action plans and different activities are initiated locally, such as "Shift Happens" in Canada West, and trainings focused on biases in Western Europe.

During fall 2020 we ran a global digital female recruitment campaign on social media. The purpose of this campaign was to empower our female industry leaders and inspire women around the globe to consider aquaculture as a potential career choice in the future. The campaign resulted in more than 1 million impressions globally, with Facebook as the top SoMe leading more than 17.000 females to www.mowi/people, a growth of 34% compared with the previous period.

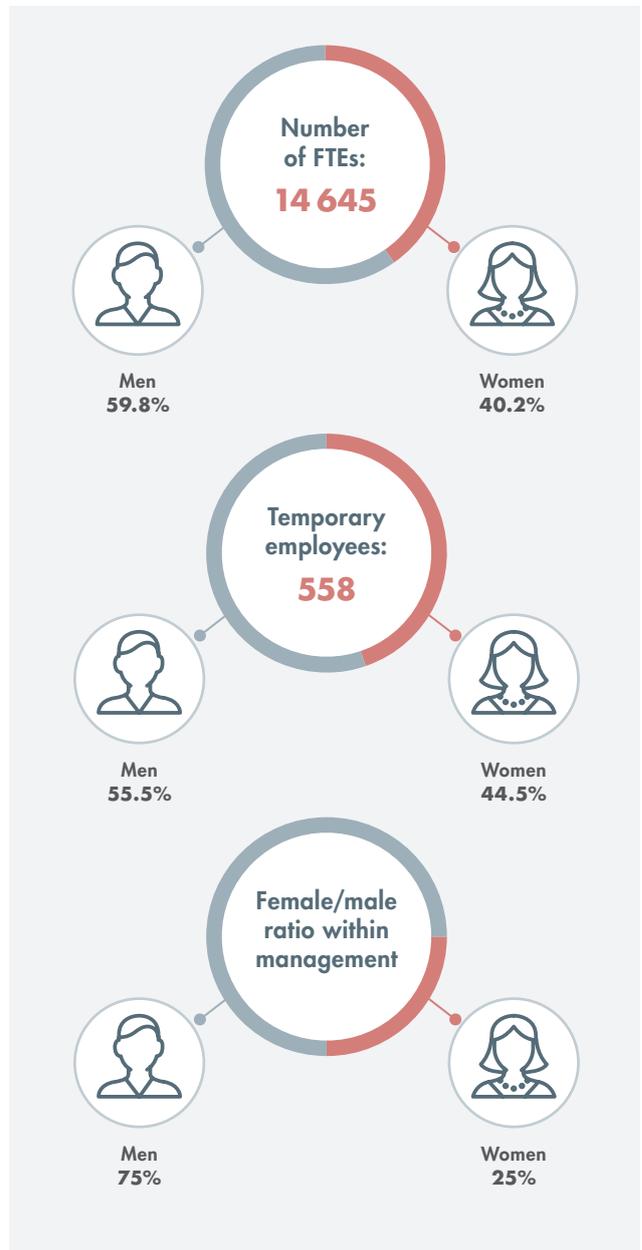
Mowi will continue to embed D&I elements in our daily operations and recruitment practices to ensure non-intentional discrimination is not taking place, and to increase the focus on improving our common knowledge and awareness, as well as closely tracking and assessing data and risks to drive further development.

People Development

As part of our efforts to be an attractive employer, build competence and share best practices, we emphasise continuous talent

development. Every employee owns their own development, but Mowi provides resources and rich opportunities for everyone who wants to take on new challenges.

Our training and development opportunities enable life-long careers in Mowi. These opportunities are given irrespective of age, gender or any other traits. There are different ways to learn, and our global learning management platform, Mowi Academy, forms the basis for our e-learning offering. "Go digital" is another key strategic enabler of making training available to employees globally, irrespective of function, location, age and gender. The target is for 30% of training to be digital by 2024. To realise this, Mowi entered a strategic partnership with a leading provider of digital training for the seafood industry in 2020. Several trainings



have been implemented in Norway already and implementation in more countries and across other functions will follow.

Over the past years, Mowi Western Europe has organised salmon training sessions in Bruges, in cooperation with Mowi's Global R&D and Technical department (GRDT). The purpose of these sessions is to offer colleagues the opportunity to refresh and enhance their knowledge of salmon farming. Due to the restrictions brought about by Covid-19 that have prevented us meeting in large groups, Mowi Western Europe digitalised these sessions and has made them available globally with great success.

Furthermore, we sponsor several courses and postgraduate programs, including the Seafood Trainee Program and the Executive MBA in Sustainable Innovation in Global Seafood. Locally our efforts include offering apprenticeships and internships to young employees through cooperation with local schools and universities.

We encourage global exchange programs and opportunities to learn through taking on assignments globally. We also include talents in our global and local leadership programs.

Personal Data and Privacy

During the years 2018 and 2019 the EU General Data Protection Regulation (GDPR) was implemented in the company, with the purpose of compliance as well as strengthening and unifying the privacy of both our employees and contractors. We conducted a global training course highlighting the new regulations together with policies and procedures for processing of personal data to ensure GDPR compliance.

2020 RESULTS

At the end of 2020, we had 14 645 (14 998) FTEs in 25 countries around the world. The number decreased by 353 during 2020. At the close of 2020, women accounted for 39.1% of our 11 684 permanent employees, a decrease of 1.7% from 2019. The ratio between genders for management positions in 2020 was 25.4% female and 74.6% male. Mowi will continue to focus on diversity, sustainable workforce development, fair employment and retaining talented employees. The Group had 558 temporary employees at the end of 2020 compared with 582 in 2019. Of these temporary employees, 44.5% were female, a decrease of 4.2%. Overall, the temporary workforce decreased from 3.9% to 3.8% of the total in 2020. See the table showing a breakdown of our workforce by type of employment, gender and region at the end of this section.

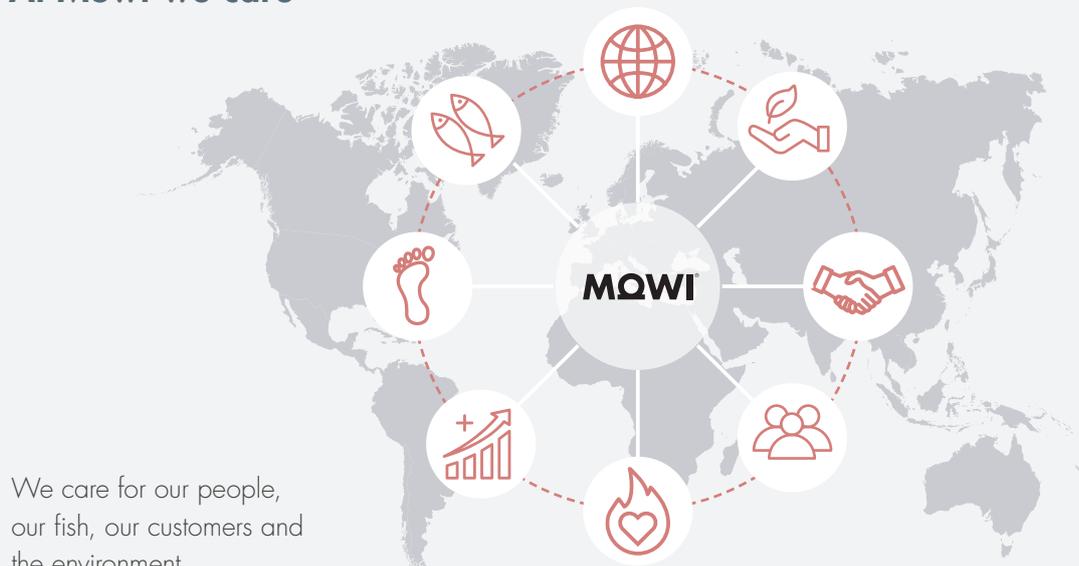
PRIORITIES GOING FORWARD

We will continue our efforts to keep our organisation competitive by attracting, recruiting and developing talented people, and engaging and retaining our employees.

Our focus on practising fair employment, diversity and gender balance in the workplace is an integral part of our operations, and we will continuously work to ensure a sustainable workforce going forward. In 2020, all Business Units set targets on diversity and inclusion. To secure the right skills and competences for the future, talent management and leadership is a key priority. Traineeships, the talent pipeline, succession planning, international mobility programs and the Mowi Academy are essential elements to continue building competence and sharing best practices.

The GDPR regulation is implemented, however safeguarding of our employees' personal data is a continuous effort.

At Mowi we care



We care for our people, our fish, our customers and the environment.



Leading a revolution

THE OPPORTUNITY

Leading a revolution requires passionate people, who share our common vision and values. We have a large workforce from a variety of backgrounds, and this requires a shared company culture to unite our organisation and inspire us to reach our common goals. An important element is our conviction that best practices should be applied everywhere. Our leaders must embrace change and dare to take the bold steps necessary to remain at the forefront of developments in the industry.

OUR EFFORTS

Our vision, "Leading the Blue Revolution", gives direction and outlines possibilities. Our values - Passion, Change, Trust and Share - inspire us to act in the right way and are key enablers for reaching our goals. Taking the lead is about setting a course and taking responsibility, and our leadership principles provide an important guide for our managers' behaviour. Success is achieved through teamwork and is dependent on all of us contributing, but it depends even more on our leaders. We strongly believe that our leaders must be cultural experts and our mobility program has been vital in building this competence. In this program we offer job exchange opportunities across our business units. To further strengthen our leaders, we have leadership programs targeted at different levels in our company, but all with the same agenda: leading and transforming the business the Mowi Way.

Building a common company culture that encourages cost-effective performance and mitigates risks by integrating our vision, values, leadership principles and Code of Conduct into our day-to-day work represents the Mowi Way. This is the means by which we will achieve our One Company goal.

Taking the lead also entails being a cost leader in our industry. Essential elements to achieve cost control and effectiveness are clear strategies and enhancing our strong performance culture as well as increased cooperation between our business units. In 2020 we launched a productivity program to prepare us better to meet current and future challenges in a proactive and responsible way. In the next four years we will embark on a rightsizing journey to ensure we have the right number of FTEs and the right competencies to meet a demanding market. We aim to adjust the organisation for future needs and opportunities, to reach our ambition to be the leading player.

2020 RESULTS

2020 has been a challenging year and we, like the rest of the world, have had to review the way we work to deliver our plans. In these unpredictable times, more has been demanded of our leaders, who have had to respond by drawing on all their experience while showing tremendous flexibility and adaptability.

Internal surveys have shown that our leaders have managed to adapt to the new situation of leading remotely. Change management as well as Crisis and preparedness leadership have become part of our everyday.

This focus has proven to be an advantage and has enabled our leaders to step up to the challenge. 2020 was a year where all our employees were tested on our core value, Change, and as an organisation we have succeeded in adapting to a new and demanding environment.

We have continued our efforts to integrate our vision, values and leadership principles into our day-to-day operations, and to globally implement and reinforce the Mowi Way. Our people processes and Mowi Academy training are built upon elements of our values and leadership principles.

In 2020, many of our planned physical learning initiatives were put on hold. This created a push towards, and facilitated faster progress towards one of our strategic goals: 'Go Digital', and much effort and focus was put into improving and expanding our internal learning centre, Mowi Academy.

We have initiated a cooperation with a leading actor in digital training for farming, where we have digitalised mandatory training and upskilling. We have also launched a new global, digital Executive leadership program together with a globally renowned academic institution.

An example of adapting to the new way of working and learning is an initiative to make a series of short video interviews with our Chief Sustainability Officer with the intention to reach out with information, sharing knowledge and create company insights.

PRIORITIES GOING FORWARD

Our ambition is to maintain and strengthen our culture, support employee development and drive group-wide best practices. We are continuing our initiatives in the areas of competence and leadership development, talent management and future workforce planning. We have re-organised and shaped our organisation to enable better global collaboration, inspire sharing of knowledge, best practice and transfer of skills across business units and countries. Further encouragement of international mobility will be important to strengthen our One Company initiative and we see that international assignments have proven to be a tremendous contributor to cross-location transparency and sharing.

A revolution does not happen by itself - the society, our stakeholders and the development of the industry calls for leaders with a global mindset that acknowledges the need for digital transformation and sustainability. Our framework on leadership development is an essential element for the future of Mowi, building a strong and unified culture, striving for leadership excellence and amplifying our leadership for transformation. The Executive Leadership Program which will be rolled out in 2021 will be an important part of building future leadership in Mowi.

Our aim is to shape leaders that will lead and transform the business - the Mowi way. Leaders in Mowi will also play a key role in driving diversity. One of the core priorities of our leaders will be to continue implementation of the productivity program as well as playing a key role in driving diversity and inclusion for us to benefit from the full potential of our workforce.

Ethical Business Conduct

THE CHALLENGE AND THE OPPORTUNITY

Mowi is made up of 14 645 FTEs in 25 different countries, with different backgrounds, nationalities, cultures and customs. Mowi is committed to high ethical standards in our business dealings worldwide, and we expect our employees to make our Code of Conduct a personal commitment. Abiding by the Code of Conduct is an important element in our ability to engender trust and is an integral part of the Mowi Way. We expect our suppliers to take on the same commitment to comply with the Code of Conduct.

OUR EFFORTS

Our Code of Conduct guides what we do and say each day, it provides direction and guidelines and clarifies where we draw the line. The Code of Conduct sets the standards of behaviour which we can expect from one another, and which external parties can expect from us. The complete Code of Conduct is available at mowi.com.

The Code of Conduct includes sections on whistleblowing, anti-fraud and anti-corruption, financial reporting as well as regulatory compliance. Our group-wide policies are discussed with local management teams as part of our risk management, internal control and governance processes. Our internal audit function includes a specific focus on fraudulent and unethical behaviour.

We believe that openness, transparency, and good communication promote a better culture. Our whistleblower channel facilitates the reporting of concerns about potential compliance issues, regarding both laws and regulations and our own Code of Conduct, covering the areas of environment, human and labour rights, equality and diversity, health and safety, business ethics and anti-corruption, conflict of interest, prevent discrimination and ensure professional behaviour. The whistleblower channel is managed by an independent third party, and all notifications are handled confidentially.

In the event of organisational changes in our operations, our company practice is to give notice as early as possible and cooperate in close partnership with the employee representatives in the organisation(s) affected.

2020 RESULTS

Mowi employees must undergo mandatory training on our Code of Conduct on an annual basis.

No instances of perpetrated or alleged fraud in our operations, nor any major breaches of our Code of Conduct were reported in 2020. We have conducted the annual online training and testing of our Code of Conduct.

In 2020 we strengthened the Code of Conduct with added content in Chapter 6 on the Mowi Community and Chapter 2 on Information and Business Data, reflecting our new digital reality as a consequence of Covid-19 and the need to emphasise clear rules

on respectful communication on digital platforms, and respect of privacy regarding recordings and wrongful access to digital communication and information.

During 2020 we continued integration of the EU General Data Protection Regulation (GDPR) into the company to ensure compliance and to enhance the protection of personal data of our employees and contractors. We have established a structured organisation for Privacy and a network of employees who work on, and are trained in, the protection of Personal Data in the Company.

On whistleblowing, 13 cases were reported through our whistleblower channel in 2020. The majority of the reported cases were made anonymously, through our external whistleblower channel.

In line with our whistleblower policy and procedure, all cases were logged, evaluated, risk assessed and investigated either centrally or locally depending on the subject matter of the notice and the person being reported upon, using information gathered from all relevant parties. The final step in this process is to report back to Corporate. All notices received at Group Level in 2020 have been followed up either centrally or locally in line with recommendations proposed in the relevant process or investigation. Examples of initiatives and actions taken as follow-up include leadership development, performance management training, re-implementation of global policy, a formal disciplinary process, internal communications, and strengthening of local policies.

Four of the reported incidents were related to discrimination in the form of harassment in the workplace, which were followed up and resolved internally. Three reported incidents were related to breach of internal policies, and seven reported incidents were related to possible breach of law or government policy on Covid-19, drug use, impartiality, reporting and external forgery. All cases are closed, but one notice from 2018 is kept open, where we are still in legal process. We received no whistleblowing reports from communities neighbouring our facilities in 2020. None of the whistleblowing reports was related to any breach of international Human Rights.

As part of our commitment on Human Rights, we launched and conducted a workshop-based training on Human Rights for key personnel. As part of an internal Human Rights risk assessment, the most material Human Rights issues for Mowi are considered to be 1) Local Community engagement, 2) Health & Safety, 3) Freedom & Equality, 4) Freedom of assembly and association, 5) Fair employment and fair pay, and 6) Ban on slavery, child labour, and forced labour.

We have implemented terms and conditions towards suppliers. This includes key obligations such as Quality Environmental Health & Safety (QEHS), anti-corruption and business ethics (Supplier Code of Conduct), minimum wage and working conditions, compliance with laws and regulations, and audit rights.

We have also updated our Global Procurement Policy. The policy is our guideline to make sure we have a transparent and consistent procurement process that supports our Code of Conduct,



Team building, Scotland HR team, prior to Covid-19.

Sustainability Strategy and other policies. The Procurement Policy is available at mowi.com.

In order to assess supplier risk consistently and pro-actively, a system for onboarding and risk management is implemented as a global application. The system and process is further described in Part 1, Leading the Blue Revolution.

We continuously work to enhance internal training and keep in close dialogue with our external suppliers to ensure compliance with our Code of Conduct, QEHS and business ethics. In 2020 we were fined in total 6 times related to different incidents, and paid the amount of EUR 382 000, up from EUR 207 000 in 2019. The fines in 2020 were mainly related to two escape incidents in 2019. Mowi's goal will always be zero fines and we continue to work daily to achieve this.

PRIORITIES GOING FORWARD

We will continue our efforts to ensure that our standards of behaviour comply with our Code of Conduct, and that all new employees commit to upholding its provisions. We will also continue with annual training on the Code of Conduct and encourage

the reporting of concerns internally or through our established external whistleblowing channel. The importance of ethical behaviour will continue to be communicated through our leadership development and internal communication, to ensure strong ethical principles are upheld by management and employees.

We will continue our efforts on securing Human Rights in our organisation and in our value chain and increase our focus on assessing and managing risks in Human Rights and conduct training.

Going forward we will integrate our global onboarding system for suppliers, with the aim to achieve a global standardised system for measuring and detecting risk consistently throughout Mowi. The system will strengthen the risk assessment carried out in our business units today, as well as improving our processes on supplier qualification, risk management and audits.

We will continue to work on making our global supplier portfolio smaller. Having a closer relationship with carefully selected top-tier suppliers will give us an edge both when it comes to control in the supply chain and in utilising our competitive advantages, and will further strengthen our position as the world's most sustainable protein provider.

Employee health and safety

OUR VISION

We aim to have zero workplace injuries. Health and safety is paramount in everything we do, we will never compromise on safety for any other business priority.

OUR EFFORTS

Experience shows that many incidents are caused by inattention. Our global safety program, BrainSafe, is a behaviour-based safety process designed to empower employees, hired staff and contractors to take control of their own safety. We believe the best results can be achieved through an integrated approach, encompassing all areas - person, environment, and practice - but with the most crucial element being the employees and their safety mindset. Safety must be the top priority in the minds of all our employees, as we all want to go home safely at the end of the day.



Poster for Mowi Safety Week 2020

During 2020 we introduced Safety Week as a new safety initiative. At Mowi we strongly believe in Behaviour Based Safety as a key element in optimising our safety culture. We also know that this is a continuous learning process. The Mowi Safety Week fits nicely in our mission to organise regular behaviour-based safety programs in order to raise people's awareness about their impact on their own safety in the workplace and on the safety of their colleagues. As a global campaign, all business units and employees were involved. Our employees could choose from a wide variety of events such as quizzes, competitions, specific trainings and smaller workshops, all of which were organised within the strict Covid-19 rules and with our employees as key stakeholders, the overriding aim being to make safety fun, interactive and meaningful.

In 2020 we launched a new global Health and Safety Policy. This policy establishes the global fundamentals for Health and Safety commitment, standards, and expectations in Mowi, strengthening our efforts to strive for zero accidents and promote an environment of continuous improvement. As part of the Health and Safety Policy we launched Mowi's new Life Saving Rules. The Mowi Life Saving Rules were developed to identify, assess and mitigate the potential for serious injuries or fatalities in our Business Units.

Mowi operates under a systematic approach to hazard and risk management, including hazard identification, analysis of the potential risk, and mitigation strategies under the hierarchy of controls starting with elimination, substitution, engineering controls, administrative controls, and personal protective equipment (PPE). Necessary elements to support this process include:

- Reporting of all hazards, dangerous work environments, near misses, incidents and accidents.
- Including all stakeholders in risk analysis including subject-matter experts, end-users, leadership, and safety personnel.
- Conducting regular audits and inspections.
- Effective root cause analysis for any incidents.
- Regular and recurring safety training.
- Implementing safety communication methods across functions, levels and business units with opportunities for feedback loops.
- Understanding of the employee's right to refuse unsafe work.

We measure our progress in the area of safety through the key indicators lost-time incidents (LTIs) per million hours worked, and the rate of absenteeism. LTIs are reported in three categories of seriousness - low, medium and high - and are reported both for our employees and for subcontractors. The main categories of injuries in our operations are cuts, pinches, impacts, compression, slips, trips and falls, counting for 84,5% of the total number of injuries.

Employees are encouraged to report on incidents within their organisation, but also have the option to report via the external and anonymous whistleblower channel.

All incidents are shared through the global health and safety network, for learning and to avoid similar incidents in the future.



We take preventive measures where possible to counteract these risks. Safety targets are included in the bonus agreements for all senior managers.

Corporate and local HR ensure that health and safety topics are included in formal agreements (working hours and shifts, for example). Health and safety topics are covered during Health and Safety network meetings where main representatives from trade unions participate. It is our responsibility as a company to follow up on the local regulations on preventive work regarding health and safety. All business units have established Safety Committees and agreements with external occupational health care. In addition, almost all sites in Mowi Norway have employee safety representatives.

In 2020 our efforts have particularly been focused on providing safe and secure working environments when facing the Covid-19 pandemic. Our processing plants quickly introduced measures such as plexiglass, more space between employees and alternative transportation to plants. We reduced the number of visitors to our freshwater and seawater farming sites, as well as our processing plants, and we also used technology in new ways and changed shift patterns so that fewer people would physically meet each other.

In connection with our Life Saving Rules, we have identified diving as a serious hazard in our farming operations. To ensure diver safety our divers must complete a diving project plan detailing the purpose of the dive, evidence of employer liability insurance, a hazard/risk assessment and the suitability of the equipment to be used. They must also be suitably qualified and experienced, provide diving certification, logbooks, medical certificates and first aid certificates. Due to the limited volumes of antimicrobials used in our farming operations and the type of antimicrobials used (which follows the World Health Organization guidelines, see Planet section) the risk for antimicrobial resistance for the workforce is negligible.

We share best practices through our global health and safety network, where meetings are held regularly to ensure a common understanding of key-figure reporting and to benchmark and follow up on key indicators.

“The Global Safety Week was a true example of what our One Mowi Vision stands for. The event was challenged in its earliest stage by the complexities of Covid-19, but we managed to create a corona-proof, unique learning experience that triggered our employees to join. People were really enthusiastic about this playful event, and it was amazing to see how much creativity there is amongst the BUs. There were drawing competitions for kids, healthy breakfasts, and new solutions for safety risks that were implemented. People have really appreciated this new and interactive way of focusing on health and safety.”

Jeroen Adam
HSE Manager, Mowi Belgium

Mowi Life Saving Rules

Driving Follow safe driving rules. BU: A,B,C,D,E,F	Energy Isolation Verify isolation and zero energy before work begins. BU: A,B,C,D,E	Hot Work Control flammables and ignition sources. BU: A,B,C,D,E
Line of Fire Keep yourself and others out of the line of fire. BU: A,B,C,D,E,F	Safe Mechanical Lifting Plan lifting operations and control the area. BU: A,B,C,D,E	Work Authorisation Work with a valid permit when required. BU: A,B,C,D,E
Working at Height Protect yourself against a fall when working at height. BU: A,B,C,D,E	Chemicals Protect you from direct contact with chemicals. BU: A,B,C,D,E	Release of Hazardous Gases Verify detection installation and install First Responders Plan. BU: A,B,C,D,E
No Substance Misuse Never work under the negative influence of drugs or alcohol. BU: A,B,C,D,E,F	Confined Space Obtain authorization before entering a confined space. BU: A,B,C,D,E	Slips, Trips, Falls Keep your workplace clean, install cleaning procedures and wear proper PPE. BU: A,B,C,D,E,F
Moving Machine Parts Control presence of protective covers (with safety switches) and emergency buttons. Obtain authorization before disabling safety controls. BU: A,B,C,D,E	Cut Wear proper protective gloves when working with sharp equipment, verify available work-space and work only with machines if moving parts are covered. BU: A,B,C,D,E,F	Rollover Dangers Certification and training required for all mobile equipment. Must use seat belts. Mobile equipment must have ROPS. BU: A,B,C,E
Working above Water Lifejackets must be correctly used as per manufacture instructions and intention. Always wear lifejackets in accordance to local Mowi requirements and legislation. BU: A,B,C	Boat/Vessel/Ship Safe mooring procedures to prevent impact and crush related risks and hazards while people enter or exit vessel. BU: A,B,C	Diving Diving must be accompanied by crews that are certified, have valid medical certificate, valid equipment certified, risk assessment and dive safety plan. BU: A,B,C

Business Units: Feed (A), Farming (B), Primary Processing (C), Logistics (D), Secondary Processing (E) and Administration (F)

MOWI

2020 RESULTS

The majority of our employees and hired staff have attended training in our global safety program, BrainSafe, which is a mandatory part of our onboarding. In Norway, 600 persons conducted the digital Brainsafe training through Mowi Academy in 2020. Long-term injuries (LTIs) measured per million hours worked came to 2.7 for the Group in 2020, compared with 4.3 in 2019. It is not easy to measure to what extent BrainSafe has affected LTIs and the rate of absenteeism, but it has led to a more proactive approach, higher safety awareness and correct reporting of incidents and injuries. We are convinced that BrainSafe has, and will continue to have, a positive effect on our key indicators and safety performance.

We reported 56 LTIs for our own employees and 19 LTIs for our hired staff in 2020, a total of 75 LTIs, compared with 118 LTIs in 2019. In the three-year period from 2017 to end 2020, Mowi managed to reduce the number of LTIs by 50%, and we aim to continue our good progress and positive trend going forward. The LTIs were categorised as Low (50), Medium (14) and High (11),



where “high” is regarded as an “Extremely dangerous situation/ occurrence” that has the potential to cause “serious injury to personnel or could potentially have led to serious injury”. Within the High category, six occurred with our own employees and five with our hired employees. Further, out of the 11 High category LTIs, 10 of them happened in our Sales & Marketing division and 1 in our Farming division. The incidents resulting in high-consequence injuries were caused by compressions and impacts.

For subcontractors we recorded 15 incidents, up by four from last year. The main causes of injuries were pinches, compressions, cuts and impacts which together accounted for 45% of injuries. The next largest causes of injuries were slips, trips and falls which together accounted for 39% of injuries, while others accounted for 16%.

The majority of the lost-time injuries occurred in our Sales & Marketing division, with 64 LTIs or 85% of the total. The incidents occurred mostly in our processing plants, with a few rare office incidents. The Sales & Marketing units with the highest incident rate were Poland with 22 incidents, France with 20 incidents, Belgium with six incidents, Americas with five incidents, and Raw Materials & Trade with four incidents. Spain had three incidents, and Netherlands and Asia had two each. The Farming Division had 11 LTI’s, accounting for 15% of the total. The incidents happened at farming sites as well as in the processing plants. Norway had the highest number of incidents with four LTIs, Canada had three incidents, Faroe Islands had two, and Chile and Ireland had one each. Our Feed division has not had any LTIs for five years.

We sadly had two fatalities in our operation in 2020. One employee fatality occurred in our Mowi Scotland Farming unit in February 2020. The second fatality occurred in Chile, involving an individual working for an external contractor, also in February 2020. The fatality rate for own employees in 2020 was 0.0073.

Our rate of absenteeism has slowly but surely decreased over the past years, from 5.7% in 2016 to 5.1% in 2020. This represents

a positive trend, except for a small increase in 2020 mainly explained by Covid-19, and we are approaching our 4% goal. The rate of absenteeism is higher in value-added processing operations than in farming and feed, which is largely attributable to ergonomic issues and stress. The Business Units with the highest absence rate are Poland with an accumulated absence rate of 9,2%, and Belgium, France, Spain and Netherlands with an accumulated absence rate of 6,1%. All other Business Units are below group absence median and on or below the Group target.

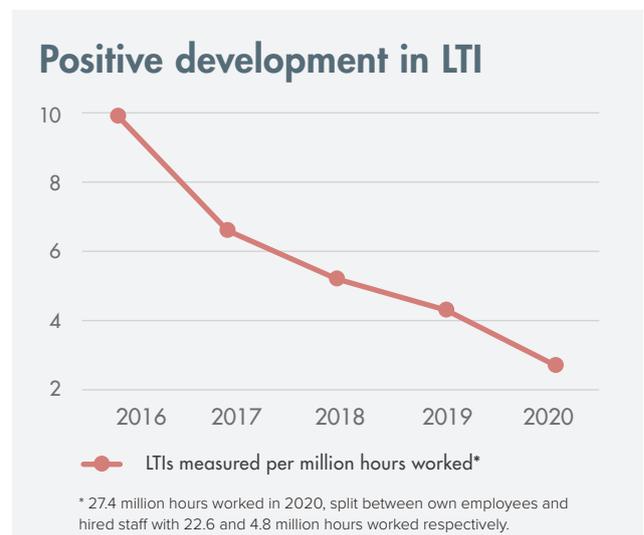
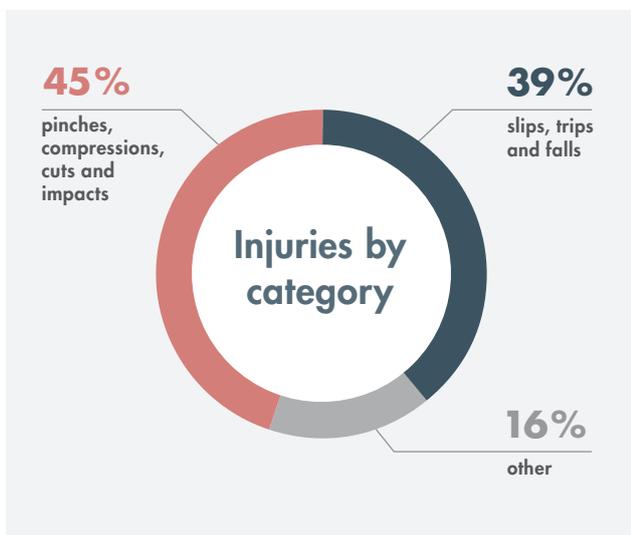
The global turnover rate for 2020 was 12,25%. The majority of the turnover was among employees with a seniority of 3 years or less in the company.

PRIORITIES GOING FORWARD

We will continue our efforts to build a strong health and safety culture, with BrainSafe as an integral part of the way we operate. The requirement for all new employees and hired staff to attend BrainSafe training sessions as well as providing training to selected contractors and suppliers will remain in the future. BrainSafe materials are made available to all employees, and refresher courses and workshops will continue to be held to reinforce and sustain the lessons learned during initial training. The Global Safety Week initiative is planned to continue as an annual event.

Our ambition to achieve a rate of absenteeism of below 4% remains unchanged, as does the target of zero LTIs. We believe that our global and systematic approach to safety will contribute to a safer workplace and will reduce LTIs and absenteeism going forward.

In 2021, Mowi plans to conduct an Employee Engagement Survey that will give us important insights on people’s engagement, well-being and working environment, as well as gauging the impact Covid-19 has had on our people and the local workplace.



Commitment to local communities

THE OPPORTUNITY

Wherever Mowi operates we are dependent on maintaining good relationships with the local communities in which we all live and work. By offering support to important community projects and programs, in addition to providing valuable employment opportunities, we hope to make a positive impact and help our communities thrive.

OUR EFFORTS

While formal commitments, like certification standards, require us to engage with local communities about our business operations, we are also keen to ensure social responsibility, ethical behaviour and sustainability which are at the heart of our corporate culture.

We aim to maintain good relations and a positive coexistence with the local communities in which we operate. We are committed to contributing to their development by supporting local schools, and sports, as well as environmental and cultural initiatives. By offering young people employment opportunities and allowing them to give back to their local communities, we aim to contribute to the development of society as a whole. We encourage proactive efforts to engage locally to help prevent any negative impacts on surrounding communities as a result of our operations.

During the pandemic we have seen a shift in our sponsoring initiatives, towards aid and efforts to support people and organisations in handling the Covid-19 pandemic.

Mowi Canada West's aquaculture operations are located within the traditional territories of different First Nations. Having productive relationships with the First Nations in the territories where we operate is an critically important part of our business. We firmly believe in the right of a Nation to meaningfully participate in decisions that affect their territory and to make decisions in their interests. Our success depends on working together with our First Nations Partners and co-developing business. As



Staff at Mowi Canada East cleaning the local beach.

Community engagement in 2020



467
events
(farming only)



2 184 700
direct support to
local communities
(EUR)

Topics discussed

- > ASC
- > First Nations relations
- > Education
- > Wild fish interactions
- > New site/
site expansion
- > Beach cleaning
- > Regulations
- > Aquaculture

Who is involved?

- > Communities
- > Schools
- > Regulators/Authorities
- > First Nations
- > Local Sport clubs
- > Local associations
- > Music groups
- > Museums
- > Wild fisheries groups
- > Tourism/cultural institutions
- > Politicians
- > Environmental agencies

we learn and grow, we are adapting our mutually beneficial agreements through increased engagement, focused on the interests of the Nations in whose territories we operate. About one-fifth of Mowi Canada West's workforce is of Indigenous heritage, as are many service providers.

EXAMPLES OF SUPPORT IN 2020

In Norway, the Mowi Fund provides financial support to volunteer organisation's and activities within sports and culture, with particular focus aimed at young people, who are strong contributors to the vibrancy of our local communities. This year we have entered into a sponsorship of the One Ocean sustainability project whose aim is to unit people to build and exchange new knowledge to create and maintain a sustainable ocean.

In Poland our employees together with a biker group supported a collection of school supplies and clothes for an orphanage in Ustka. Our factory in Duninowo provided a salmon picnic for the children at the orphanage at the event at which the gifts were handed over. Mowi Poland has also supported local hospitals in the purchase of equipment necessary to fight the coronavirus. The purchased medical equipment was sent to local hospitals because local communities are important to us. Our offices and factories in Poland employ thousands of people who everyday demonstrate their sense of responsibility and conscientiousness. The efforts of



Sales from the Mowi Salmon Wagon in Scotland benefits the local communities.

all staff to continue to come to work throughout the pandemic and safely meet the demand for food has enabled Mowi to make this much needed financial donation to local hospitals.

Mowi Scotland partners with FareShare, the UK’s national network of charitable food distributors, to ensure that a daily supply of fresh salmon continues to reach those in need. Packs of various fresh salmon products, are picked up daily from Rosyth and distributed by FareShare to drop off points in surrounding areas. In 2019 we donated 1,600 kilograms of salmon products to charitable food outlets via FareShare, providing about 10,000 meals.

Mowi Canada West team served salmon lunches for the staff of the Campbell River Hospital. The food was cooked in our Food truck parked outside the hospital, where lunch boxes were created while maintaining physical distancing.

In Chile, Mowi donated various medical protection equipment, food boxes and sanitisers, and supported in the recruitment of a medical assistant to help neighbouring communities, including the community of Aysén and Puerto Chacabuco, to get through the Covid-19 pandemic.

Western Europe on several occasions donated salmon to health-oriented charities and food banks, that serve and distribute food to people in need. Small gift vouchers for children and elderly were also donated to the clients of the food banks, in connection with holidays. In Lemmer, the local youth of the "Friesland province" have been given the opportunity to do internships at Mowi Lemmer, allowing them to finish their education with a diploma.

PRIORITIES GOING FORWARD

In the areas in which we operate, we will continue our efforts to support local projects, both financially and socially, as well as continuing to develop our relations with local communities. We have established a more systematic approach to collecting data on our community engagement, and plan to develop this approach further in 2021. We expect our main supporting activities in 2021 to be once again more directed towards aid and efforts to support people and organisations in handling the Covid-19 pandemic, which will continue to affect many local communities in the year to come.



Mowi sponsors kindergartens with reflective clothing for safe outdoor walks.



Feeding fish at Monday Rock, Mowi Canada West

NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES		2020				2019			
		Permanent	Temp	3rd party	Total	Permanent	Temp	3rd party	Total
Fish Feed	Male	124	4	6	134	130	2	7	139
	Female	32	3	—	35	31	2	—	33
Farming Norway	Male	1 430	31	130	1 591	1 437	13	70	1 520
	Female	419	6	58	483	410	5	28	443
Farming Scotland	Male	649	20	6	675	672	18	12	702
	Female	110	5	—	115	103	5	2	110
Farming Canada	Male	688	7	—	695	768	16	—	784
	Female	175	1	—	176	198	5	—	203
Farming Chile	Male	659	10	198	867	668	59	212	939
	Female	228	4	48	280	243	28	73	344
Farming Ireland	Male	137	66	—	203	142	73	—	215
	Female	21	24	—	45	24	25	—	49
Farming Faroe Islands	Male	48	2	—	50	48	2	—	50
	Female	26	1	—	27	26	1	—	27
Farming	Male	3 611	136	334	4 081	3 735	181	294	4 209
	Female	979	41	106	1 126	1 004	69	103	1 177
Consumer Products	Male	3 230	153	984	4 367	3 262	126	1 102	4 490
	Female	3 474	198	966	4 639	3 477	187	1 021	4 685
Markets	Male	121	17	—	138	112	11	1	124
	Female	65	6	1	72	65	4	—	69
Sales & Marketing	Male	3 351	170	984	4 505	3 374	137	1 103	4 614
	Female	3 539	204	967	4 711	3 542	191	1 021	4 754
Corporate/other	Male	29	—	6	35	40	—	5	45
	Female	19	—	—	19	25	—	2	27
Mowi Group	Male	7 115	310	1 330	8 755	7 279	320	1 408	9 007
	Female	4 569	248	1 073	5 890	4 602	262	1 126	5 990
Mowi Group	Total	11 684	558	2 403	14 645	11 881	582	2 535	14 998

The percentage of self-employed workers is not significant. Data are registered as part of our monthly reporting process and closely monitored by management. Sales & Marketing has the high season before the Christmas sale and Eastern sale, specially chilled operations. Our Farming and Feed operations have a more stable work season.

KEY HEALTH AND SAFETY INDICATORS

Key indicators	2020	2019	2018	2017	2016	2015
LTI per million hours worked (own employees)*	2.7	4.3	4.8	6.6	9.9	11.4
LTI own employees	75	118	134	155	247	280
LTI subcontractors	15	11	9	9	21	25
Absentee rate in % of total hours worked (own employees)	5.1%	4.7%	5.0%	5.2%	5.7%	4.8%
Fatalities (own employees)	1	1	—	—	1	—

* Permanent, temporary and 3rd party

LTI grading	High (extremely dangerous situations/occurrences)	Medium (moderately dangerous situations/occurrences)	Low (situations/occurrences that are not dangerous)	Total
2020	11	14	50	75
2019	15	37	66	118
2018	14	29	91	134



Indre Oppedal, Norway

SUPPORT TO LOCAL COMMUNITIES

Direct support to local communities (EUR thousand)	2020	2019
Norway	510.9	599.6
Canada	347.3	200.2
Scotland	446.5	228.3
Chile	527.2	300.2
USA	24.5	13.6
Ireland	42.3	34.1
Central Europe	171.0	27.0
Western Europe	115.0	67.0
Total support to local communities	2 184.7	1 470.0

The list covers the main countries or regions in which we operate. The figures include contributions to charities, various community projects and social programs.

Corporate taxes paid (EUR thousand)	2020	2019
Norway	97 538.5	114 984.1
Canada	-940.8	1 623.8
Scotland	14 742.2	16 943.2
The Faroe Islands	633.9	1 747.5
Japan	260.6	2 368.1
Belgium	3 006.0	3 959.0
Ireland	2 444.0	2 271.0
Germany	4 544.1	2 465.2
Czech	1 556.9	387.0
Singapore	683.9	754.9
France	198.0	-2 244.0
Spain	181.0	—
Netherlands	453.0	889.0
Italy	786.0	205.5
South Korea	179.1	659.4
USA	11 000.6	5 264.7
Taiwan	—	36.5
Vietnam	25.4	184.9
Sweden	—	55.3
China	5.6	—
Poland	984.1	3 650.8
Chile	-14.0	38.4
Total corporate taxes paid	138 268.1	156 244.2

The list excludes countries where we are not in a tax position due to historic losses. The figures include tax paid, withholding tax and tax refunds.

Covid-19

Rising to the challenge of the coronavirus pandemic

2020 was a year without precedent. As we witnessed the devastating impact of Covid-19 all over the world, we also witnessed the strength of human spirit to fight the virus and keep society going.

This was especially true here at Mowi where every member of staff went above and beyond to continue operations and guarantee the supply of nutritious food.

As a global business with operations all over the world, we felt the impact of Covid-19 right from the start.

In January, our team in China was the first in Mowi to adapt to remote working and to introduce enhanced health and safety procedures at our processing facilities. By March, this was being replicated across Europe.

Despite the challenges, our staff adapted to this new normal and continued to come to work to ensure an uninterrupted food supply. Remarkably, absenteeism remained low at 5.1% and LTIs at the record low level of 2.7 per million hours worked. The sense of community was never stronger and across the world our teams did everything they could to support their communities, from financial and food donations to giving up time and resources.

Here are just some highlights that really illustrate the One Mowi spirit.

Chile

In Chile, we made our laboratory and resources available to the public health authorities. Our technicians analysed up to 1,000 samples of Covid-19 per day. This was a significant step towards easing the pressure on the public health system as well as gaining a better understanding of the virus and its spread.

To ensure that our staff could get to work safely we also hired a cruise ship to reduce the risk of infection by avoiding time spent in ports and therefore contact with other people. This was in addition to other measures including the extension of work shifts to 21x21 days, a compulsory PCR test before sailing and completion of a health questionnaire before each shift.

Fernando Villarroel, Managing Director at Mowi Chile, said:



“The health and safety of our people is the most important thing for our company, and it is essential that the team can travel safely to their jobs in comfort, with all the social distance and security measures in place.”



Team at the Mowi lab in Puerto Montt, Chile, running covid test.



In Scotland, we donated salmon to ensure that the most vulnerable had nutritious food to eat and to show our appreciation to healthcare workers.

Packs of fresh salmon products, including cold smoked, hot smoked and marinated, were distributed by FareShare, the UK’s national network of charitable food distributors, to drop off points in Scotland, getting food onto the plates of those who needed it most.

Mowi Scotland also teamed up with the Isle of Skye Smokehouse to provide smoked salmon to staff at two hospitals and residents and staff of two care homes on the Isle of Skye.

We donated the salmon which was then smoked to provide meals for residents in the care homes as well as staff lunches at the hospital or for doctors and nurses to take home after their shift.

Canada West

In Canada West, we adapted our approach to the well-established Mowi BBQ Trailer. Usually, charities, sports teams and other groups can apply for Mowi to bring the BBQ to events to support their fundraising efforts. Mowi provides the BBQ Trailer, trained chefs, the salmon, and everything else that is needed. This means that all the money raised from the sale of the salmon burgers and salads goes directly to the community organisation.

Instead, during the pandemic when swathes of community events had to be cancelled, we mobilised the BBQ Trailer to spread a bit of happiness.

We delivered lunch to senior citizens in the community, and we took the trailer to the local hospital to feed 400 healthcare workers.

Central Europe

As the biggest division within Mowi, adapting to the challenges presented by the coronavirus pandemic required the biggest logistical operation that management and staff in Central Europe (CE) had ever faced.

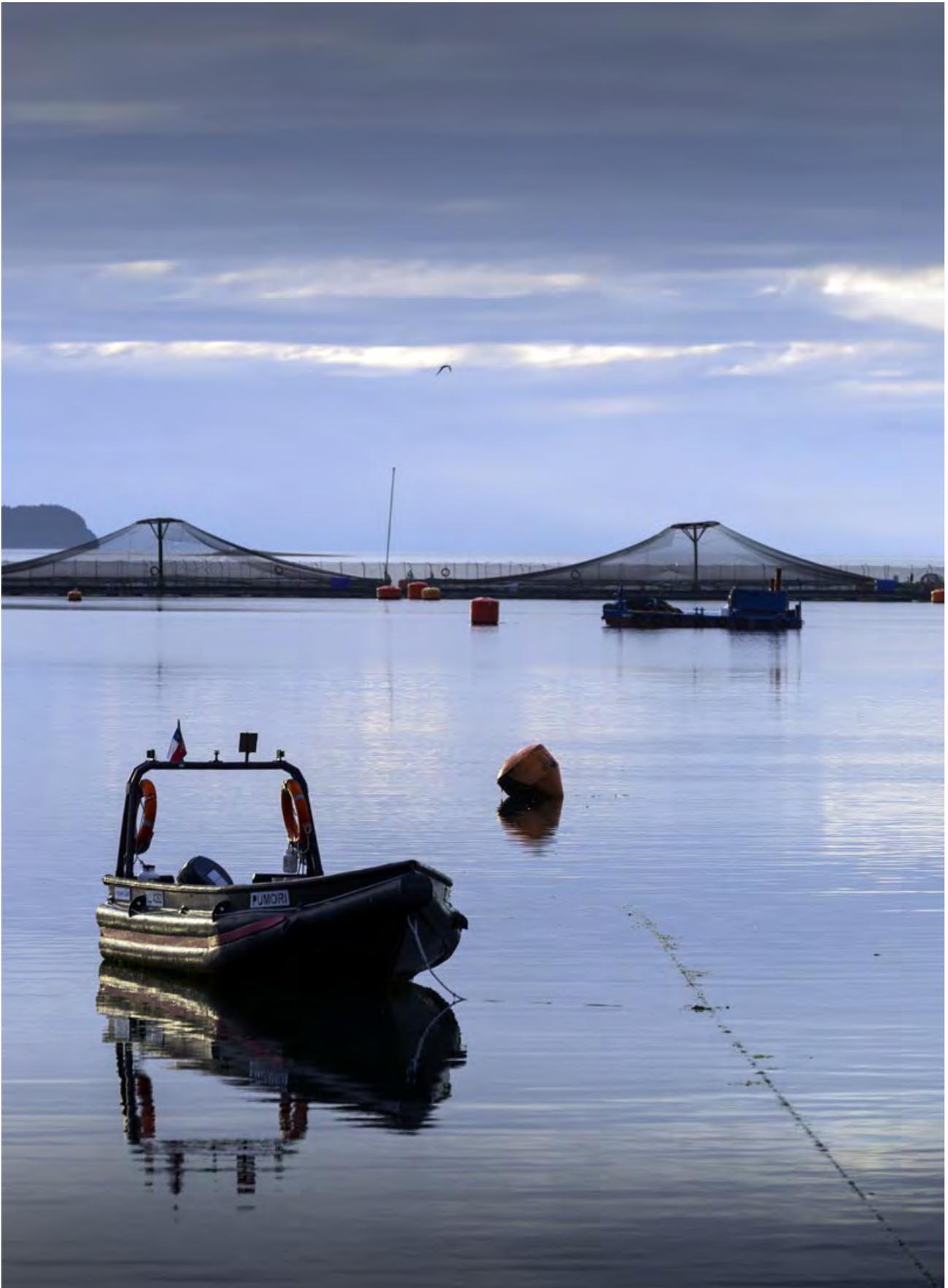
Operating across five countries, communicating in five languages to 4,500 people and under circumstances where countries were in lockdown with schools closed and transport cancelled, the entire workforce showed unbelievable resilience.

In addition to the necessary enhanced hygiene, cleaning, temperature checks and home-working procedures, extraordinary measures were taken to keep the company running.

Perhaps the most significant measure was the decision to divide the factory in Ustka into four separate hygiene zones. All employees were required to work only in their zone, and nobody could move between zones. Each zone also had dedicated buses for employees. An additional 40 buses were hired to get staff safely to work in their designated zone.

In Poland, a significant proportion of families make up our workforce. Teams were adjusted so that around 150 workers could work from the same dedicated zone as their family in an effort to minimise the spread of infection.

By implementing safety measures quickly and efficiently in all of our sites, we were able to keep our employees safe and ensure the ongoing supply of healthy food when it was most needed.



The Group management team



Ivan Vindheim (1971)

Chief Executive Officer

Mr. Vindheim was appointed CEO in 2019. Prior to this he held the position as CFO.

Number of shares held at year end: 7 413

Number of options allotted at year end: 460 746

Mr. Vindheim has experience from various executive positions in seafood and other industries. He was CFO of Mowi for seven years before taking on the position of CEO.

Mr. Vindheim holds an MSc in Business and an MBA from the Norwegian School of Economics. He is also a State Authorized Public Accountant and Certified European Financial Analyst.



Kristian Ellingsen (1980)

Chief Financial Officer

Mr. Ellingsen was appointed CFO in 2019. Prior to this he held the position of Group Accounting Director.

Number of shares held at year end: 753

Number of options allotted at year end: 55 000

Mr. Ellingsen has experience from various positions within the finance area:

- › *Group Accounting Director at Mowi, 2015–2019*
- › *Director within auditing and advisory services at PwC, 2006–2015*

Mr. Ellingsen holds an MSc in Business from the Norwegian School of Economics and a BSc in informatics from the University of Bergen. He is also a State Authorized Public Accountant and a Certified Information Systems Auditor.



Catarina Martins (1977)

Chief Technology Officer and Chief Sustainability Officer

Ms. Martins was appointed Chief Sustainability Officer in April 2019. As of April 2020 Ms. Martins has also had responsibility for Mowi's Global R&D Department, as Chief Technology Officer.

Number of shares held at year end: 2 216

Number of options allotted at year end: 50 889

Ms. Martins has both a scientific and business background in the area of sustainability:

- › *Group Manager Environment and Sustainability, Mowi ASA, 2013–2019*
- › *Invited senior researcher and lecturer at the University of Veterinary Medicine in Vienna, Austria, 2012–2013*
- › *Project leader at the Centre for Marine Sciences (CCMAR), Portugal, 2011–2013*
- › *Senior researcher at Wageningen University, The Netherlands, 2005–2011*

Ms. Martins has a PhD in Aquaculture from Wageningen University (The Netherlands), an MBA in global seafood from the Norwegian School of Economics (Norway), and an MSc in Marine Biology from the University of Lisbon (Portugal). Additionally Ms. Martins has supplementary education on Corporate Sustainability from Harvard University (USA).



Øyvind Oaland (1970)

Chief Operating Officer Farming Norway

Mr. Oaland was appointed COO Farming Norway in April 2020. Prior to this he held the position of Mowi's Chief Technology Officer/Head of Global R&D.

Number of shares held at year end: 5 141

Number of options allotted at year end: 108 212

Mr. Oaland has held various positions within fish health, food safety and quality within Mowi and also holds various board positions in the industry:

- > *Chair of the Board of the Centre for Aquaculture Competence (CAC), since 2014*
- > *Board Member of the Norwegian Seafood Research Fund (FHF), since 2019*
- > *Member of the board of Directors at the Aquaculture Stewardship Council (ASC), since 2019*
- > *Chief Technology Officer at Mowi ASA, 2008–2020*
- > *Vice President Food Safety & Quality at Mowi ASA, 2005–2008*
- > *Fish Health and Quality Manager at Mowi Norway 2002–2005*
- > *Fish Health Manager at Mowi Norway, 2000–2002*

Mr. Oaland is an authorised veterinarian from the Norwegian School of Veterinary Science.



Ben Hadfield (1976)

Chief Operating Officer Farming Scotland, Ireland and the Faroes

In January 2020 Mr. Hadfield was appointed COO Farming Scotland and Ireland. The Faroes was added to Mr. Hadfield's area of responsibility in October 2020.

Number of shares held at year end: 7 623

Number of options allotted at year end: 385 746

Mr. Hadfield has considerable experience within farming:

- > *Managing Director of Mowi Scotland, 2016–December 2019.*
- > *COO of Mowi's Fish Feed Business Area, 2013–December 2019.*
- > *Technical Chair of the Scottish Salmon Producers' organisation, 2012–2013*
- > *Production Manager at Mowi Scotland, 2007–2013*
- > *Technical & HSEQ Manager at Mowi Scotland, 2004–2007*
- > *Environmental Manager at Mowi Scotland, 2000–2004*

Mr. Hadfield holds a BSc in Environmental Geoscience from the University of Sheffield and an MSc in Pollution Control and Environmental Management from the University of Manchester.



Fernando Villarroel (1974)

Chief Operating Officer Farming Americas

Mr Villarroel has served as COO Farming Americas since 2020, prior to that Mr. Villarroel was the Managing Director for Mowi Chile.

Number of shares held at year end: 465

Number of options allotted at year end: 183 836

Mr Villarroel has extensive experience in salmon farming and finances in Chile, Canada, Scotland and Norway.

- > *MD Cermaq Canada 2007–2017*
- > *Farming Business Controller Cermaq Group 2005–2007*
- > *CFO Mainstream Scotland 2004*
- > *Different financial roles in Mainstream Chile from 1998 to 2003*

He is a Financial Auditor with a degree on Management from the Universidad Austral de Chile.



Ola Brattvoll (1968)
*Chief Operating Officer
Sales & Marketing*

Mr. Brattvoll has served as the COO of Mowi's Sales & Marketing Business Area since 2010.

Number of shares held
at year end: 9 984

Number of options allotted
at year end: 385 746

Mr. Brattvoll has comprehensive experience within sales and marketing:

- › *Vice President at Hallvard Lerøy AS, 2010*
- › *Market Director at Hallvard Lerøy AS, 2008–2010*
- › *Market Director Japan at Hallvard Lerøy AS, 2006–2008*
- › *Head of the Norwegian Seafood Export Council's Tokyo office, 2002–2006*
- › *Market Manager at the Norwegian Seafood Export Council's head office, 1995–2002*

Mr. Brattvoll holds a degree in fisheries from the Norwegian College of Fishery Science, University of Tromsø.



Atle Kvist (1963)
Chief Operating Officer Feed

Since 2020 Mr. Kvist has served as COO for Mowi Feed. Prior to this he held the position as Managing Director for Mowi Feed.

Number of shares held
at year end: 296

Number of options allotted
at year end: 80 889

Mr. Kvist has experience from various executive positions and is an experienced feed executive:

- › *Managing Director Mowi Feed, 2019*
- › *Project Manager Cermaq Norway AS, setting up a greenfield salmon processing plant in Nordland, 2015–2019*
- › *Manager Director EWOS Norway AS, 2010–2015*
- › *Production Director EWOS Norway AS, 2008–2010*
- › *Production Director Hansa Borg Breweries AS, 2000–2007*
- › *Managing Director Stord International AS / Atlas-Stord Norway AS, 1996–1999*

Mr. Kvist holds a degree from South Dakota School of Mines & Technology.



Anne Lorgen Riise (1971)
Chief Human Resource Officer

Ms. Riise has served as the Chief Human Resource Officer since 2012.

Number of shares held
at year end: 1 111

Number of options allotted
at year end: 78 212

Ms. Riise has experience from various positions within law and human resources:

- › *VP HR Europe and General Counsel for Ceragon (Nera) Networks, 2007–2012*
- › *Lawyer at Lawfirm Alfheim & Hansen, 2004–2007*
- › *Advisor at the Norwegian Ministry of Foreign Affairs, 2000–2002*

Ms. Riise holds a master's degree in law (LLM) from the University of Bergen and Oxford Brookes University.



RESEARCH & DEVELOPMENT

Leading a revolution requires willingness and commitment to change. Things cannot simply stay the same. Marine Harvest changed to Mowi – from traditional farmer to modern food producer. We will continue to change, throughout our entire value chain, to see the Blue Revolution happen.

Willingness to change

Underwater cameras, computer vision and machine learning

In 2020 we tested a Smart Farming concept at 12 sea sites using novel underwater cameras combined with machine learning applications.

Validation of tubenets as preventive measures against sealice

A significant large scale test- and validation process was initiated in 2020 with main focus on documenting successful preventative measures to reduce challenges with sealice. Especially the investment in so-called “tubenets” (also called snorkel pens) in both Norway and Scotland on a total of 8 sites is promising.

Towards a data-driven future

We initiated a pilot project to harvest more insights and intelligence from our data throughout our integrated value chain. Establishing one common, modern, cloud-based, and integrated EPR system for the whole company will facilitate the development of a data science platform with artificial intelligence / machine learning capabilities.

World class genetics competence center

Completion of recruitment drive to build the Mowi Genetics team, which is now able to deliver innovation and on-time delivery of genetic evaluations to all our breeding programs globally, ensuring Mowi farming units will have access to the best genetics available in the industry.

Ambitions	Main focus within R&D and Technical
Optimise farming technologies	Develop and test new technologies that lead to more cost-effective farming
Increase survival in sea	Monitor diseases and loss factors. Identify risk-factors and develop best practices for prevention and mitigation
Control sea lice mainly by non-medicinal means	Develop non-medicinal methods and approaches for sea lice control
Eliminate limits on sustainable growth caused by the feed ingredients situation	Identify and implement safe and sustainable alternative feed ingredients
Maintain premium product quality and further reduce downgrading	Develop improved technological solutions for optimised processing, packaging and storage of our products
Maintain salmon's reputation, and further improve customer satisfaction	Secure and maintain good listeria control. Continue to ensure control of environmental contaminants in fish feed and end product

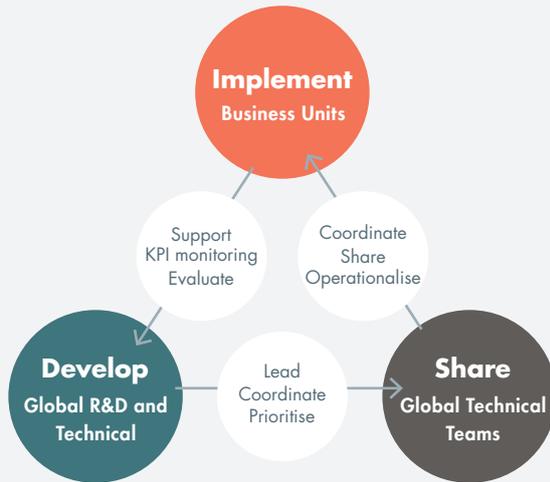
Our R&D and Innovation facilities



* co-ownership with Skretting and AKVA group
** in application/planning phase

Organisation

Research and Development in Mowi is organised in three levels in order to optimise knowledge sharing and drive continuous improvement.



BUSINESS UNITS

- Identify and exploit continuous improvement opportunities
- Implement best practices, R&D results, group policies, group requirements
- Analyse current situation in operations

GLOBAL TECHNICAL TEAMS (GTT)

- Ensure competency and knowledge sharing across all Business Units
- Represent the Business Unit in setting priorities and defining R&D needs
- Ensure implementation and communication of competence and results generated from the GTTs to own Business Unit

GLOBAL R&D AND TECHNICAL DEPARTMENT

- Develop best practices, group policies and minimum standards
- Support Business Units with technical know-how
- Lead and coordinate GTTs



"Operationalising knowledge continues to be core to Mowi's competitiveness advantage. Our innovation and technology hubs around the world position Mowi as a frontrunner on developing and testing technical solutions, automation and digitalisation in our journey towards Mowi 4.0."

Catarina Martins, CTO and CSO

At Mowi, we believe that producing more food from the ocean is an integral part of dealing with major challenges faced by humanity such as food security and climate change. Salmon is farmed with a low carbon footprint, space for farming in the ocean is plentiful, and as far as animal protein goes - it's about as healthy as it gets. By producing food at a sustainable scale, we have every opportunity to position the aquaculture industry in the driver seat to tackle global challenges - this is at the very core of our vision of Leading the Blue Revolution.

At Mowi, we do not simply farm and produce raw materials or a commodity, we produce healthy food in the most sustainable way and we use our unique value chain to expedite progress and

change through implementation of new technologies at a high pace. Investments in new knowledge and research remains high, and emerging new technologies are continuously being developed, tested and adapted into the Mowi value chain.

How we innovate

At Mowi, we innovate mainly to enable increased and improved production of sustainable, healthy and safe seafood. To fulfil our vision of Leading the Blue Revolution we aim to be industry leaders on R&D and technical innovation in each step of the value chain. This requires sustained financial commitment, a multitude of competencies and scientific expertise in several fields.

Since Mowi is a fully integrated food producer with our own breeding program and feed production as well as farming, processing and sales operations, our strategic key focus areas are multi-disciplinary and sets the foundation for innovation within all Mowi business units.

Mowi has developed world-leading R&D and technical capacities within Mowi Genetics and Mowi Feed. Our R&D efforts in these core parts of the value chain play an essential role in keeping Mowi at the forefront of the Blue Revolution. Carefully selecting the genetic properties of our salmon through cutting-edge methodologies like genomic selection, along with comprehensive nutritional and functional tailoring of our feeds, provides Mowi opportunities unlike other marine food producers.



Mowi has the single largest dedicated research and technical unit in the salmon aquaculture industry. Our Global R&D and Technical Department, consisting of 16 technical experts in the areas of marine biology, fish health, technology, data science, engineering, economy, nutrition and veterinary medicine, holds the main responsibility for planning, coordinating and leading global R&D efforts in Mowi. The department - working collaboratively with operational staff at all levels of the value chain - helps Mowi to achieve goals related to sustainable commercial growth, operational performance and company reputation within the fields of fish health and welfare, feed and fish performance, food safety and product quality, environment and sustainability, and farming and processing technology.

R&D expenditure in Mowi totalled EUR 36.4 million in 2020, compared with EUR 46.5 million in 2019. The reduction in spend is due to delays as a result of the Covid-19 pandemic. In addition, an annual fee of 0.3% of Mowi Norway's export value is paid to the Norwegian Seafood Research Fund (FHF).

A value chain perspective

Supplying around one-fifth of the world's farm-raised salmon, Mowi's global value chain maintains internal control of our own genetics, feed, farming operations, harvesting, processing, by-products utilisation and logistics. This provides opportunities that are difficult to match. With full internal transparency in the breeding program, feed raw materials and recipes, farming conditions in fresh and seawater, as well as harvesting and processing methods, implementing change can be done more effectively since impacts and results can be traced throughout the value chain. This gives Mowi an edge - and lets us innovate at a higher pace and with better precision.

Mowi's embrace of new digital technologies is a core R&D tool going forward to support the realisation of Smart Farming. Today, we can easily track any large advances through the value chain, however to follow minute and step-wise progress is challenging even with control of each step in the value-chain. This relates to a general lack of standardisation and high quality data of sufficient resolution. In 2020, Mowi has executed development and implementation projects to leverage machine learning techniques to gain new insights especially in our genetics department, in our seawater farming division and in our processing operations.

TOWARDS A DATA-DRIVEN FUTURE



"Mowi is taking advantage of new Information Technology to deliver business value and the realisation of Mowi 4.0. From Automatic Guided Vehicles (AGV) in warehouses to the implementation of blockchain technology across our value chain we are embracing a standardised, transparent and digital future."

Jørn Berg
Group IT director

Digitalisation is high on the agenda for Mowi. Information Technology is an important driver of productivity improvements in a number of different ways.

The ongoing implementation of Smart Farming technologies in Mowi Farming is expected to have a positive impact not only on productivity and costs, but also on fish welfare and sustainability. Farming Norway leads the way within "Mowi 4.0 Smart Farming" and by 2025 expects to have completed the roll-out of Smart Farming technologies in its largest farming unit. By means of advanced imaging technology and intelligent sensors, Mowi will perform real-time monitoring of biomass, digital lice counting, autonomous feeding and tracking of fish welfare. Remote operation centres will leverage on these technological advances. A wealth of data combined with machine learning and artificial intelligence will enable Mowi to grow fish much more efficiently

than today, and in an even more sustainable way. By constantly tracking fish behaviour and fish health, Mowi can be proactive instead of reactive when it comes to acting on biological issues. The organisation strongly believes Industry 4.0 technologies will offer much clearer scale advantages in the seawater phase than what is seen today. Industry 4.0 technologies are being applied in a variety of ways to automate and streamline our operations, for example through Automatic Guided Vehicles (AGV) in warehouses or Manufacturing Execution Systems (MES) connected to production equipment in our processing plants. We are cooperating more closely with selected customers through the implementation of blockchain technology and improved traceability tools. All these projects and initiatives demonstrate how Mowi is taking advantage of new Information Technology to deliver business value.

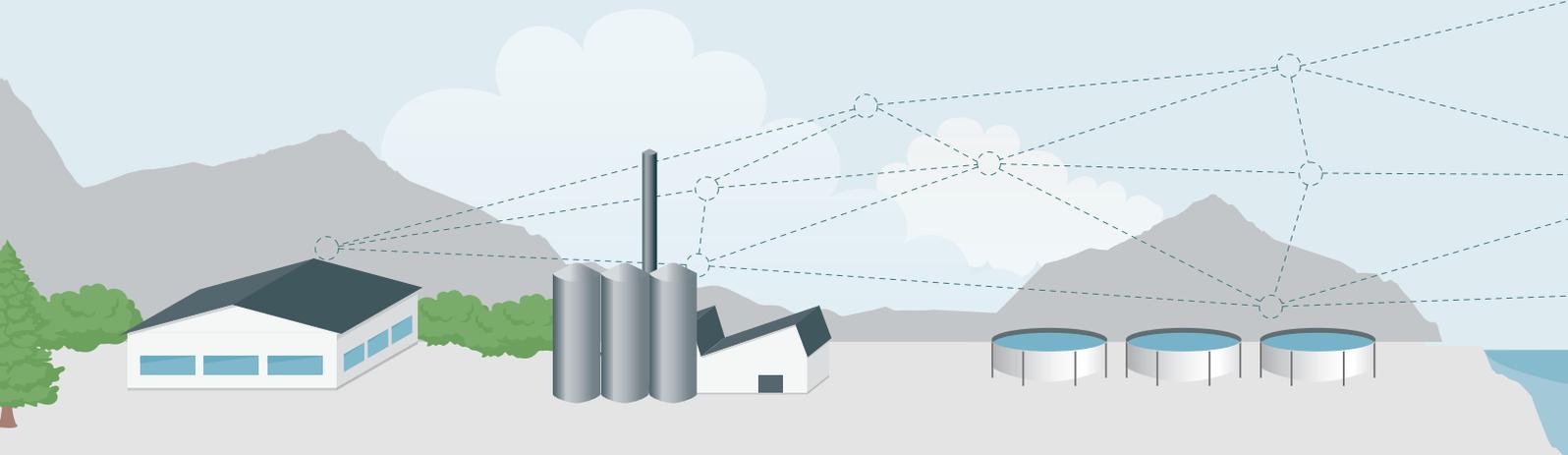
In 2020, we have initiated a pilot project to harvest more insights and intelligence from our data throughout our integrated value chain – from applications, sensors and various other internal and external data sources. Pooling our data in a state-of-the-art data cloud will help us develop a data science platform with artificial intelligence / machine learning capabilities that will help Mowi become more data-driven and make better, fact-based decisions in our operations.

As part of the "cloud first" strategy Mowi is moving the whole company to one single, modern, cloud-based ERP platform, which will give transparency, control, and provide valuable data throughout the complete value chain in one single system. This will help reduce complexity while also providing the business with the most current tools to operate efficiently and in a standardised way across the supply chain and finance areas.



From farm to fork

Innovating for the future



Breeding & genetics

Genomic selection for best genetics

- optimising genomic selection
- identification of genomic markers
- automation in DNA sampling in breeding work

Nutrition and genetic interaction

- relationship between nutrition and performance

Best genetics for enhanced fish robustness and product quality

- tackling fish diseases and lice challenges with improved genetics
- product quality characteristics included in breeding goals



Feed production

Maintain rawmaterial flexibility

- developing the raw-material basket and ensuring availability of cost effective, safe and sustainable raw materials

Ensure optimal nutrient composition

- improving our understanding of the nutrient requirements of Mowi salmon

Diets enhancing fish robustness and product quality

- developing functional ingredients and better meeting the nutritional needs of Mowi salmon
- feed development to fine-tune product quality attributes



Freshwater / smolt production

Constructing state of the art RAS facilities

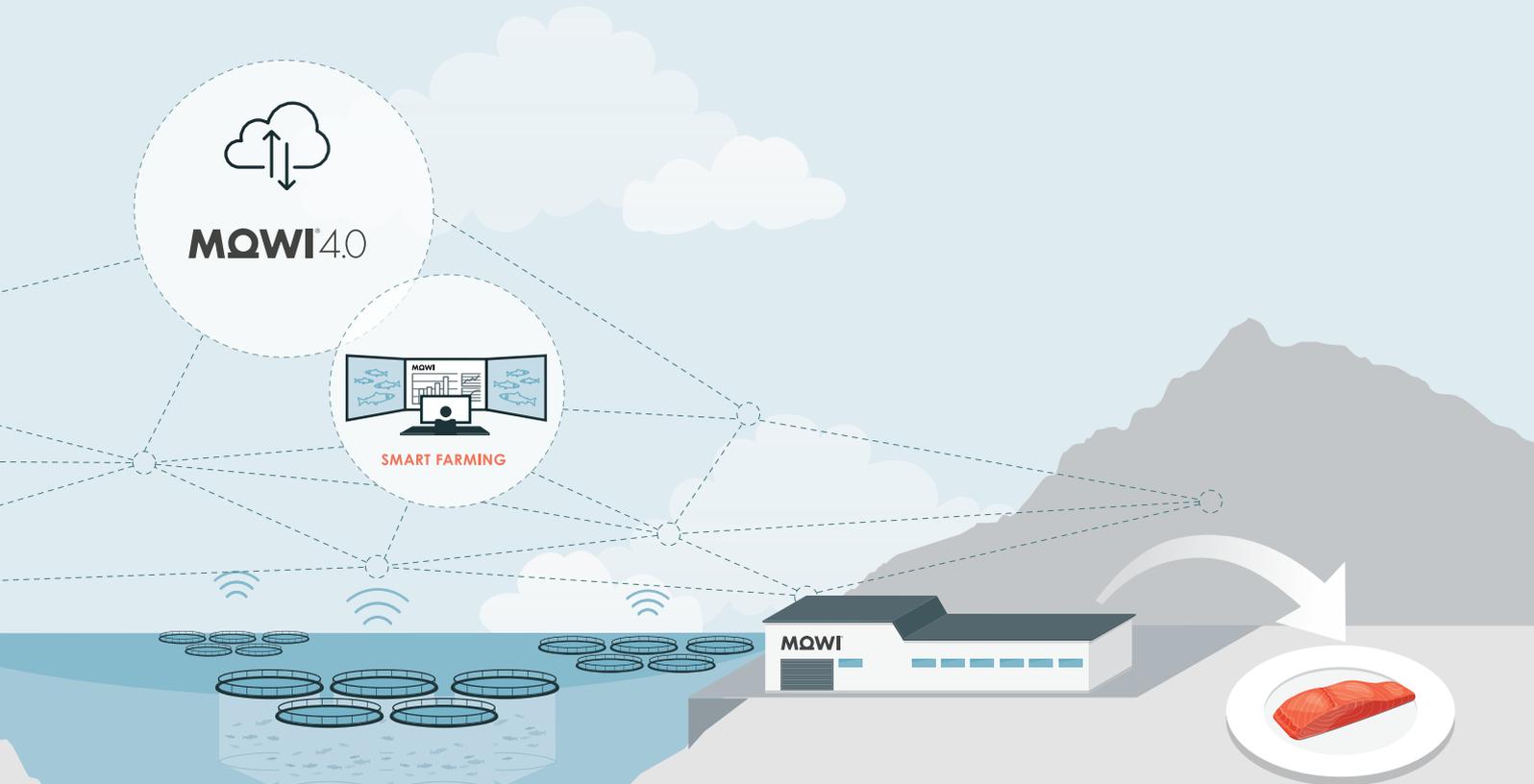
- development of bespoke Mowi optimal design for RAS systems

Exploring new smolt production technology platforms

- alternative production systems for post smolt production

Optimise smolt production

- evaluating production methods for best performance, robustness and welfare



Seawater production / on growing

Further reduce medicine use

- new and better vaccines
- optimised practices and biosecurity

Improve solutions for lice control (prevention and treatment)

- optimising current tools
- developing novel solutions, including passive control methods

Improve net-pen technology

- machine learning tools for automatic sea lice counting, biomass monitoring and autonomous feeding
- effective anti-fouling and net strategies

Remote Operation Centres

- developing remote farming operations centres with centralised feeding and remote expert solutions
- realising the Most Automated Farm concepts seeking simplification, automation and optimisation in daily operations



Processing

Ensure premium product quality

- optimising production related factors impacting negatively on product quality
- exploring new or improved production, harvesting and processing methods

Maintain listeria control

- seeking better practices, solutions and tools to ensure a safe product

Processing automation

- implementing solutions that will make the Mowi value chain the most efficient in the industry



Product

Sustainable packaging

- implementing the 4Rs packaging principles (Reduce, Reuse, Recycle and Replace)

New product development

- creating more diversified products that are healthy, sustainable, tasty and convenient



Progress in Mowi Genetics



"2020 represented the culmination of the building process to establish a world class genetics competence centre in Mowi. Now we are able to deliver innovation and on-time delivery of genetic evaluations to all our breeding programs globally, ensuring Mowi farming units will have access to the best genetics available in the industry."

Matt Baranski
Group Genetics Manager

In 2020, the Mowi Genetics team completed a milestone year serving Mowi globally through carrying out operational genetic evaluations in Mowi breeding programs in Norway, Canada (East and West), Chile and Ireland, in addition to taking the first steps in developing a breeding plan for the cleaner fish Ballan wrasse. We completed our recruitment drive by adding two new geneticists, securing the resources needed for sustained, on-time delivery of results and innovation to all our breeding programs.

Significant steps forward were made in all breeding programs, with major genetic gain achieved for growth, disease resistance

and quality traits across the board, including implementation of IPN QTL selection in Chile using markers developed in Norway. In response to the ongoing suspension of egg exports from Norway, we carried out the most advanced selection and mating process to date in our breeding nucleus in Ireland, securing this population as a sustainable, independent source of high quality genetic material for future egg supply in Ireland and Scotland.

Our data analysts have built database frameworks for centralised management of genetic data from our global units, and have been working closely with Mowi IT to develop the Connected Aquaculture Platform project and fully integrate data from our breeding programs with high resolution production data, improving accuracy of broodstock selection and allowing more comprehensive documentation of genetic gain achieved for important traits. This will have the effect of allowing us to optimise the selection pressure on different traits to achieve the most optimal gains in production environments.

We also built on our strong portfolio of innovative R&D project collaborations in 2020, with a number of new projects being funded during the year. A notable example is "Harnessing cross-species variation in sea lice resistance", funded by the Norwegian Seafood Research Fund (FHF) and led by Nofima, drawing together a leading team of researchers from Norway, UK, USA, Canada, Sweden and Australia and industry experts including Mowi, to discover the mechanisms underlying cross-salmonid species variation in

resistance to sea lice and apply this knowledge to boost Atlantic salmon resistance. This project could significantly improve sea lice control which would again have positive effects on welfare, productivity and sustainability of our farming operations.

Data collection and quality continues to be a core focus for the Genetics team, and in 2020 we debuted our custom designed harvest informant data collection container in Norway, where growth and quality data on our breeding nucleus can be accurately and efficiently collected. We continued to push hard in developing and implementing high resolution genomic tools to increase genetic gain, completing collaborative development of a new genotyping array for our breeding population in Canada East, as well as completing development of SALMOW1, the first high resolution genotyping array designed solely for the Mowi salmon strains of European origin. Development of advanced ultrasound tools for sex grading and maturation assessment continued in collaboration with leading industry partners, with the goal of implementing automated tools in 2021.

Progress in Mowi Feed

"We strongly believe that the results from Mowi Feed's R&D programme contribute substantially to value creation through both the high performance of our feeds and through the high quality of the salmon that have eaten them. 2020 was a year of strong progress for us that we achieved in the midst of all the challenges associated with a global pandemic and associated restrictions on hands-on working at our Field Trials Stations."

Paul Morris
Feed Formulations Director

Mowi Feed's R&D aim is to better understand the nutrient requirements of salmon and to better exploit the true value of sustainably sourced raw materials. Although the themes interlink, in broad terms, our research is focused on four areas which are: nutrient requirements; raw material optimisation and utilisation; fish health, welfare and quality; and feed technology

FUNDAMENTAL NUTRIENT REQUIREMENTS

2020 was a year in which we released both new products and higher specifications for our seawater salmon feeds. These changes deploy the learning acquired in the years leading up to 2020 with regards optimisation of digestible protein (DP), digestible amino acids (DAA) and digestible energy (DE). The implementation of this knowledge led to a step-up in terms of nutrient density making our feeds some of the most nutrient dense salmon feeds available. Throughout 2020 we continued to deepen our understanding of fundamental protein, amino acid and energy nutrition in terms of how post-smolt feeds may impact the growth potential of salmon in later stages of seawater rearing.

RAW MATERIAL OPTIMISATION AND NOVEL FEED RAW MATERIALS

Our long-term objective is to achieve independence from / non-reliance upon specific raw material sources be they of marine origin or those derived from commodities including wheat, soya, maize, peas or beans etc. This will secure our cost competitiveness in the face of fluctuations in commodity markets and give us the power to catalyse change in the supply chain through our ability to switch between sustainable alternatives when circumstances dictate it. In 2020 we focused on quantifying in vivo raw material digestibility and thereby strengthen the nutrient values used in our formulation program. Sharing some of this knowledge with our suppliers is a very useful tool in their product development and resulted in a number of raw material improvements. Additionally, we have been constructing a database in which we maintain the greenhouse gas (GHG) emission data for our complete raw material catalogue. This is with a view to providing a CO₂ equivalence value for each tonne of feed that we make based on GHG assumptions for each individual delivered lot of raw materials.

In 2020, Mowi Feed continued its testing programme on novel feed raw materials e.g. those derived from insects, single-cell proteins and heterotrophic algae, to further advance our knowledge on their viability from a nutritional, sustainability, scalability, quality and safety, regulatory and financial perspective. Based on our research and dialogue with the potential suppliers, it is encouraging to see some of the novel feed raw materials getting closer to becoming a competitive alternative to traditional feed materials. In 2021, novel feed raw materials which have been demonstrated to have a low carbon footprint, have the required nutritional value and are cost-competitive will be part of our raw material portfolio.

FEED TECHNOLOGY

At Valsneset, having focused on increasing the consistency of the physical properties of our feeds in 2019, this enabled us to focus on the non-nutrient / process-driven formulation cost drivers in 2020. By setting new limits for the criteria that dictate the physical properties of the feed, we have been able to both increase the flexibility of raw materials used and drive down the net formula cost across a substantial share of our product volume. In addition to this, we have been increasing our understanding of the relationship between raw material physical quality changes on a lot by lot basis and their impacts on the manufacturing process.

For 2020, the feed technology focus at Kyleakin was optimisation of the physical quality of organic, Label Rouge and freshwater feeds. Challenges in this area included optimising the production process for formulations where the physical features of one or two dominant materials have disproportionate influence on the physical properties of the finished product. This is particularly the case in organic feeds that have a restricted range of permitted feed materials without access to the process aids permitted in conventional products.



Inchmore RAS, Scotland

Innovation in Farming

In 2020, our Global R&D and Technical department, along with different Farming divisions, have worked hard to close important knowledge gaps in both freshwater and seawater farming operations.

RECIRCULATING AQUACULTURE SYSTEMS (RAS)

"In 2020, we continued to build internal knowledge within RAS technology on the basis of our smolt and post-smolt systems. We worked with our freshwater farming operations to refine and optimise global best practice recommendations for design and operation in Recirculating Aquaculture Systems (RAS)."

Trond Rosten
Group Manager Freshwater production

In 2020, the main focus has been to limit risk of mass-mortality and achieve optimal number and size of smolts.

We started production of smolts in RAS Sandøra, and four more RAS are currently under construction in Norway, Canada and

Chile. The Global Technical Team (GTT) for freshwater farming have agreed on technical and operational preferences for production in RAS systems. This will unify our approach to RAS technology.

In 2020, we continued participating in the Centre for Research-Based Innovation in Closed-Containment Aquaculture (CtrlAqua) and other focused projects aiming to develop a complete overview of risks associated with RAS systems, and to identify sound measures for risk mitigation.

SEMI-CLOSED PRODUCTION TECHNOLOGIES

In Norway, the test production in the Neptune tank, using semi-closed production technology in sea continued in 2020, providing support and knowledge to BU's that might consider this technology options for post-smolt production. We decided to move the Neptune tank from Molnes, Hardanger to Vindsvik, Rogaland where we will continue the cooperation with research partners to verify and improve previous findings and strengthen our knowledge with this production platform for post-smolt. We also follow other semi-closed production systems closely as this technology has become more mature in 2020.

Innovation on net pens



Remote Operations

- Developing Remote Feeding and Autonomous Feeding
- Enabling the Paperless Farm
- Connecting our data to Improve decision making



Technology for real-time surveillance and monitoring

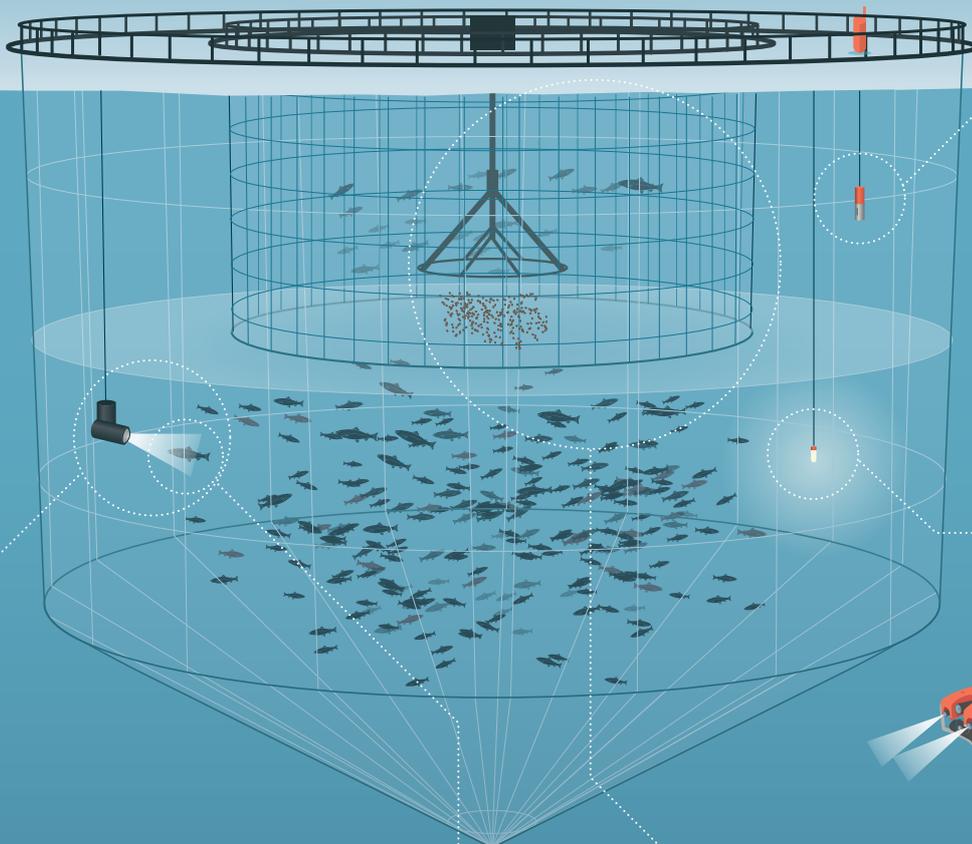
- Implementing wireless environmental monitoring
- Developing technology for early detection of holes and damages to nets
- Evaluating technology for continuous biological information about the fish population (e.g. stress level and growth)

Underwater lighting strategies

- Testing new lighting regimes and strategies to improve growth and prevent maturation

Underwater drones

- Improving monitoring of nets, moorings as well as control during handling operations



Underwater cameras

- Development and testing of novel camera & winch solution to allow implementation of machine learning tools that enables the concept of smart farming in Mowi

Machine learning tools

- Developing and testing machine learning applications for real-time biomass monitoring and automatic sea lice counting
- Development and testing of AI based tools to optimize feeding and achieve autonomous feeding control



Sensing system at work

Sea lice prevention technologies

- Testing tubenets, as well as Implementing the concept of Dynamic lice prevention with different combinations of preventive technologies (e.g. lice skirts, aeration, deep feeding and lights)
- Continued strong focus on developing cleanerfish best practices

Net solutions

- Testing antifouling solutions with less or no copper
- Continued testing of autonomous and gentle net cleaning solutions
- Validation of net-changing strategy to eliminate high-pressure cleaning in sea

Sea lice treatment technologies

- Development of passive & gentle lice control technologies to avoid handling of fish
- Developing more gentle non-medicinal treatment systems to expand the toolbox for lice treatments
- Testing and documenting combinations of different non-medicinal lice treatment solutions to Improve efficacy and fish welfare

Algae mitigation tools

- Developing tools and practices for more efficient algae mitigation

DEVELOPING AND OPTIMISING FARMING PRACTICES IN SEAWATER NET PENS

"Mowi continue to emphasize our strong commitment to further developing and optimising farming practices in seawater net pens – the most suitable and cost-effective production system in existence still today. Herein lies great opportunities to develop, test and implement new technology to modify best practice, increase production efficiency and reduce costs."

Henrik Trengereid
Group Manager Seawater Technology

PROCESSES TO IMPROVE SEAWATER PRODUCTION

Advancements in our move away from high-pressure cleaning of nets to improve animal husbandry continues. Mowi Norway is demonstrating alternative net changing strategies, while Mowi Scotland have continued to roll out the "Environet" concept for use on larger ring pens - where rotation of nets are used to achieve control of net fouling without biocides. Testing of autonomous cleaning equipment continued in 2020 with promising results, and several new non-copper or low-copper alternatives for net coating is under evaluation. We have great expectations to several of the new technologies and practices and that we will be able to reduce significantly the amount of high-pressure cleaning of our nets.

In 2020, the use of lights to improve fish performance and growth has shown great potential without impacting maturation, and will be tested further in several areas in 2021. We are also continuing to progress in our implementation process of the Mowi feeding strategy, which was developed throughout 2019 and 2020, and expect improved fish performance and more efficient feeding based on new and optimised processes. The feeding method itself has also had a lot of focus in the recent production cycles, with significantly increased use of underwater feeding in the correct conditions to always feed our fish where the environmental conditions are most optimal for growth and appetite.

SEA LICE MITIGATION AND MANAGEMENT EFFORTS

In our commitment to advance net pen farming, successful management of sea lice (a natural parasite found on the skin of marine fish) remains an important task in most farming regions, limiting volume growth in Mowi Norway and increasing production cost related to its management (for example, cleanerfish and increased use of wellboats). Control of *Lepeophtheirus salmonis* was in 2020 almost exclusively based on non-medicinal methods, particularly in our European business units, and we continued efforts to further improve these methods to make them as gentle as possible for our salmon. Further extensive R&D on lice prevention resulted in a more expansive roll-out of these tools across our Norwegian and Scottish operations and procedures for lice treatment rotation were strengthened based on new knowledge. Mowi Chile has advanced large-scale testing to implement non-medicinal

methods for control of *Caligus rogercresseyi*, and mechanical treatment systems have been implemented in our Canadian operations.

As the "silver bullet" for lice control remains elusive, Mowi Farming divisions in collaboration with our Global R&D and Technical Department, continue to develop, test and commercially validate different preventive and treatment concepts for lice mitigation, with several large projects carried out based on a range of integrated pest management (IPM) strategies – several of them taking place on our R&D sites at CAC.

HANDLING BIOLOGICAL CHALLENGES

By raising salmon in their natural environment at sea, our farming operations can face a broad range of biological challenges. Marine diseases and sea lice are the main challenges during the seawater production cycle. Our large-scale R&D efforts to close knowledge gaps on marine diseases cover all major conditions, with special emphasis on viral and gill diseases. Of particular note, we demonstrated that the agents responsible for Cardiomyopathy Syndrome (CMS), Piscine Myocarditis virus (PMCV), and gill pox disease (Salmon Pox Virus (SPV)) are not transmitted vertically. In addition, extensive vaccine development and effectiveness trials formed the basis of a new strategy for management of Pancreas Disease (PD) and its causative agent Salmonid Alphavirus (SAV). Work also began on developing and testing potential vaccines against *Pasteurella*. In Chile, the recently introduced strategy for vaccination against Salmonid Rickettsial Septicaemia (SRS) continues to show positive results, and a reduction in antimicrobial use.

R&D LICENSES

Mowi's Blue Revolution Centre (BRC) has applied for six R&D licenses to establish a R&D platform for exposed farming and the interaction between biology and technology. BRC was granted three licenses out of the six applied for in 2019, and the rejection of the remaining three licenses has been appealed to the Department of Fisheries pending further progress.

CAC received a renewal of two out of three licenses until 2026, we believe the work done at CAC warrants continuation at full capacity and scale with a total of five licenses (two licenses already approved until 2026). We have therefore appealed to retain our current capacity to ensure the execution of important large scale R&D projects - that benefit not only Mowi but the whole Norwegian industry as well as the global aquaculture sector - may continue and advance our long-standing drive for the development and validation of best practices in lice mitigation, farming practices and salmon feed and feeding practices at CAC.

Innovation in Processing

SEA HARVEST CONCEPT

Taking from vast experience in Canada West, we continued our focus on the Sea Harvest concept, where fish are pumped from the pen to the vessel and humanely stunned and bled on-board, chilled in RSW tanks and transported promptly to the packing station. Mowi Norway South is the unit in Mowi Norway where 100% of the fish get harvested at the farm, and transported by sea harvest to the processing facility. During 2020, we have extended this concept to three additional processing plants so they now are able to receive harvested fish at the farm. We do this because we expect that transport regulations will be stricter in the future, in part to secure improved biosecurity practices and pathogen free transport along the coast, and the Sea Harvest can be considered a golden standard in that respect as there is zero discharge of water from the boat, and all blood water is completely contained for delivery to a treatment plant for disinfection as the fish are unloaded to the packing station.

"The newly established Global Processing Excellence Team will get a key role with the task of realising Mowi 4.0 at our processing plants."

Odd Medhus
Group Manager Food Safety and Processing Technology

"This represents a major step in reducing the biosecurity risks in the value chain as a whole, along with securing improved fish welfare and product quality in the harvesting process."

Kurt Oppedal
Processing Technology Manager

GLOBAL PROCESSING EXCELLENCE TEAM

Innovative harvesting and fish transport concepts are accompanied by new developments also in the processing environment. We have been working to identify the potential to increase the rate of automation, improve production efficiency and expand our measurement of quality parameters.

AUTOMATION AND DIGITALISATION

In 2019, a major automation project was implemented in Mowi, where three processing facilities were selected as pilot plants with the goal of making Mowi industry leaders in process automation. The first proof-of-concept projects became visible in 2020.

Pallet handling and Automated Guided Vehicles (AGVs) are fully implemented at one warehouse in Norway. This has resulted in improved worker safety and equipment maintenance planning.

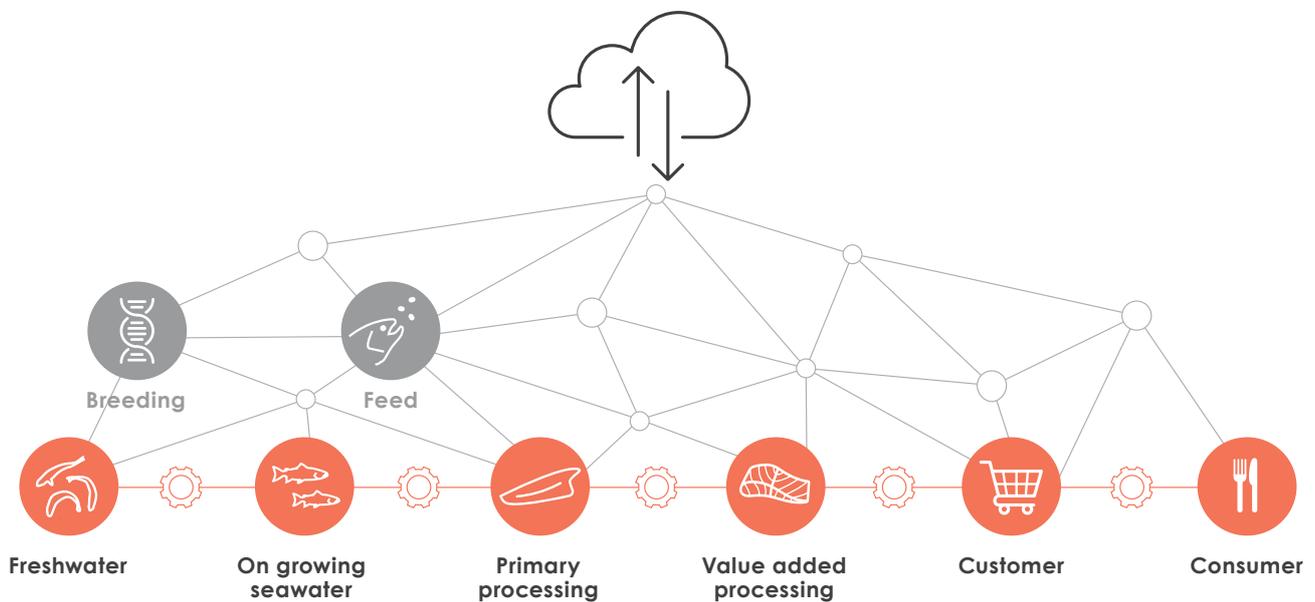
Online quality inspection of fillets is now implemented at one processing facility in Norway. More filleting lines in Mowi will get this implemented the coming year. The benefits from this are increased accuracy and quality of grading data.



Fillets at Eggesbønes, Norway

MOWI^{4.0}

A technological revolution to transform every part of the value chain



The fourth industrial revolution is upon us. The ongoing trend of using smart technology to automate production and industrial practices offers significant opportunities for Mowi. To leverage these opportunities, we have developed our own Mowi 4.0 strategy to digitalise and automate our value chain from roe to plate.

Mowi 4.0 is our digital strategy set to revolutionise our business and our journey is well underway with technologies such as advanced camera and sensor technology, the Internet of Things (IoT), image recognition, machine learning, artificial intelligence, robotics, blockchain, big data and analytics already introduced.

These technologies will have a significant impact on how we operate throughout our integrated value chain – from roe to plate, through:

1. Smart Farming
2. Smart Operations
3. Closeness to Customers/Consumers

Significant progress has been made in Smart Farming and Smart Operations in particular and it is our goal to implement Smart Farming in all operations in Norway by 2025.



Monitoring and feeding fish at the Remote Operations Center in Region Mid, Norway

SMART FARMING

MOWINSIGHT

We are very excited about the results of a trial of a Connected Aquaculture Platform called MOWInsight, which started in January 2021 in Norway Mid Region. MOWInsight is a new data platform for connecting external and internal data throughout the supply chain to provide 'big data' and advanced analytics.

“For the first time, we will be able to get data from the whole farming value chain – from roe to filet – into one common data platform so that we can carry out meaningful analysis. By applying data science techniques, including machine learning, we will be able to spot correlations between events throughout the lifecycle of the salmon and the end result, such as growth, fish health, or quality issues. This will transform our ability to be data-driven in our decision making and improve our predictions.”

Jørn I. Berg, Group IT Director

The pilot of MOWInsight in Norway is expected to conclude in the summer of 2021. If successful, it could expand to other farming business units as well as secondary processing and even all the way to branding.

MOWInsight is part of Mowi's 'cloud first' strategy to move the data and infrastructure to the cloud in order to reduce cost and take full advantage of new technology. Mowi is also moving the whole company to one single, modern, cloud-based ERP (enterprise resource planning) platform. This will improve transparency, control, and cooperation between Mowi entities while also providing valuable data throughout the value chain from primary processing through to the customer in one single system. Complexity will be reduced and the business will have the most current tools to operate efficiently and in a standardised way across the supply chain and finance areas.

Involved in the MOWInsight pilot are representatives from our fresh water, seawater and processing teams where we are also trialling state of the art digital technologies to improve operations.

ADVANCED UNDERWATER SENSING AND ANALYSIS PLATFORM

Mowi is validating a sensing system which is an advanced underwater sensing and software analysis platform that gathers intelligence about how our fish grow, how they feed, their behaviour, health and living environment.

Using a combination of new camera technology, as well as machine learning and machine perception, the system is able to provide these new insights by cage level (for now), enabling us to make better farming and business decisions in real-time. Having such novel data available every day helps us as farmers to understand what is happening under the surface so that we can optimise how we care for our fish.

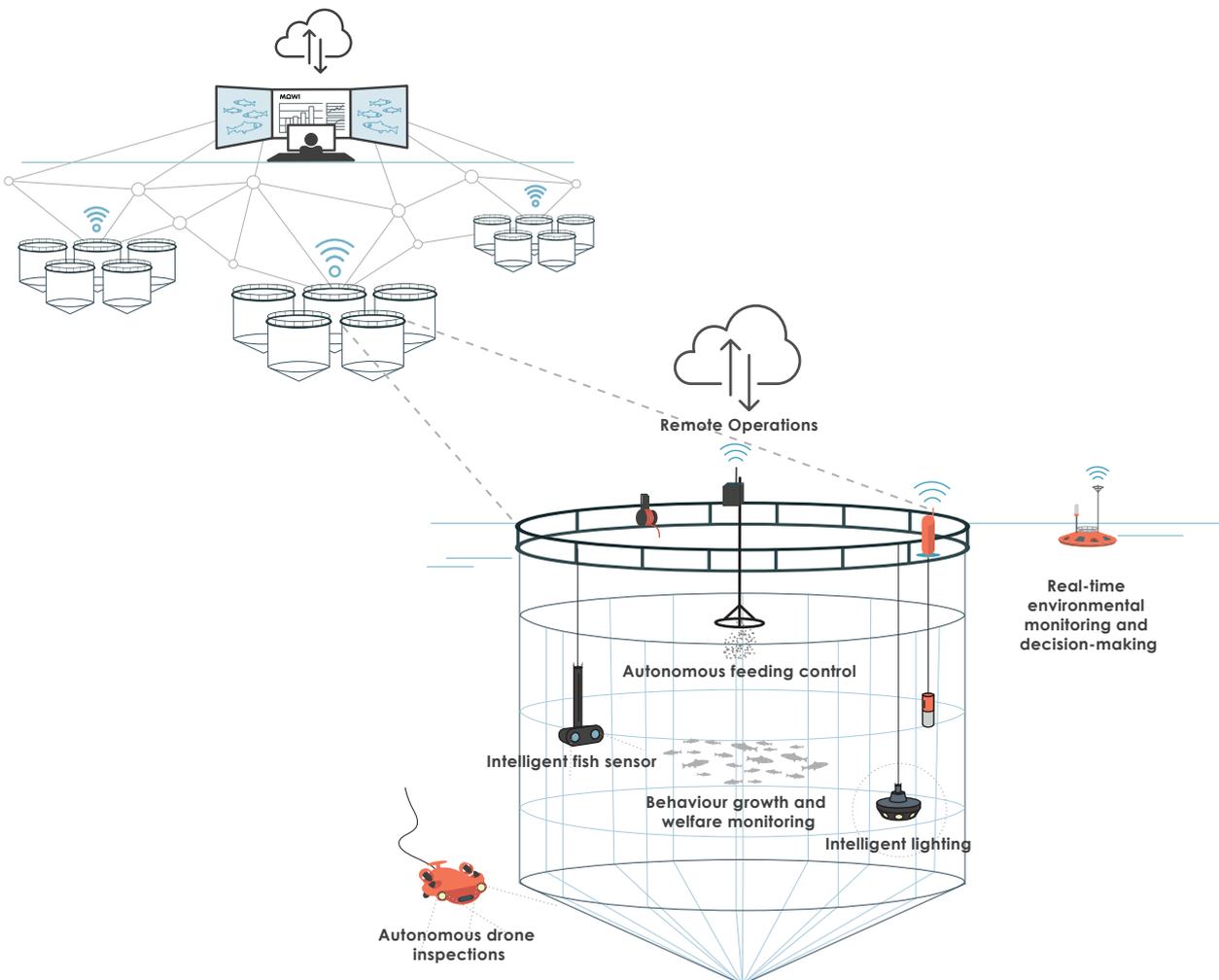
The software can track and monitor thousands of individual fish each and every day, observe and log fish behaviours, like feeding, monitor the health of our fish, detect the presence of sea lice as well as collect environmental information like temperature and oxygen levels.

Henrik Trengereid is the project manager overseeing the roll out of the sensing and analysis platform to multiple sites in Norway.

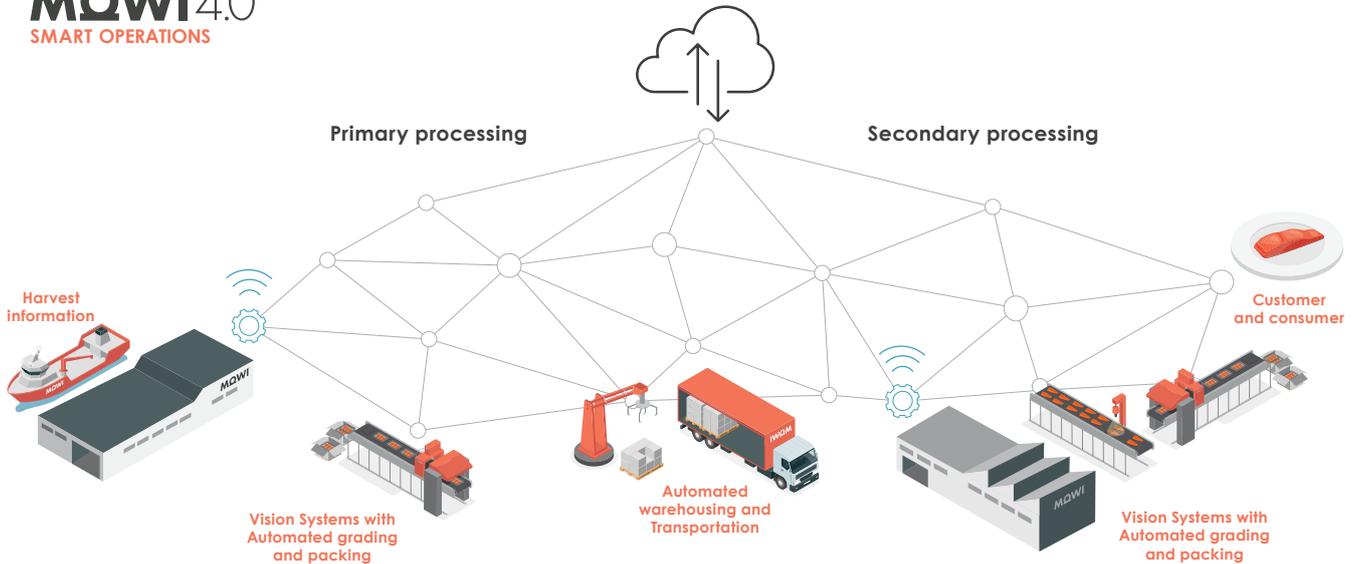
He comments on the progress:

“With this project Mowi is living up to our vision of Leading the Blue Revolution. We have installed the technology at many sites across the Norwegian coast and are in the process of validating and documenting the anticipated value it will have both for us as farmers and for the fish in our care.”

“We are taking this unique machine learning platform into use at a rapid pace. Mowi is bringing this type of technology into the core of our operation and acting on these novel insights to become more sustainable and efficient. We intend to maintain this advantage as we work to unlock even more of the potential that digital technologies can offer seawater farming.”



MOWI 4.0
SMART OPERATIONS



Full Digital Traceability



SMART OPERATIONS

HARNESSING DIGITAL TECHNOLOGY TO ENSURE CONSISTENCY OF QUALITY

Mowi 4.0 is also about driving processing excellence in our factories through the use of IoT, robotics, cameras, image recognition, and other Industry 4.0 technologies.

Digital technology is also transforming the way we work, and will enable us to be even more efficient and increase precision in our quality control.



AGVs moving boxes at Eggesbønes, Norway

CUSTOMER INTERACTIONS

The launch of the MOWI brand shows that Mowi is delivering value-added products directly to the consumer. One way of connecting with the consumer is to provide transparent and relevant information about the product they are buying. This is done by using QR codes on the product, which pulls up well-presented information about the origin of the fish and other details about its journey from the hatchery to the grocery store.

Similarly, Mowi is in an early stage of sharing important product information using blockchain with strategic customers, such as major European supermarket chains. Batch information and various project details are shared on the customer’s own platforms. In the future this can be expanded to include things like transportation information, temperature measurements from logistics companies etc ensuring that the necessary level of quality is maintained in each step of the project throughout the value chain.

E-commerce has been growing consistently during the past decade. This is also true for groceries, either through e-commerce platforms of traditional brick-and-mortar players or through dedicated e-commerce grocery shops like Amazon Fresh. Due to Covid-19 impacts, e-commerce growth has been massively accelerated during 2020.

Ola Brattvoll, COO Sales and Marketing, says: “The MOWI brand has already been selling well in e-commerce in 2020. Out of or 3 top customers, 2 of them are e-commerce. As of next year, we want to expand further in this channel with existing and new customers.”

Group results

3



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The Board's outlook

2020 was characterised by very challenging market conditions due to the Covid-19 pandemic but also good operational performance and record high volumes during extraordinary circumstances. The consumption pattern of salmon has changed during the pandemic. More people eat salmon meals at home, which has resulted in strong retail sales growth. Through Mowi's integrated value chain we have capitalised on this shift in demand towards more elaborated product. Mowi remains very well financed and is expected to grow in all three business areas going forward. The Board believes in a gradual market recovery during 2021 and coupled with an expected low supply growth for 2021, the Board believes in a positive market outlook and for Mowi in particular.

Governance

We consider good corporate governance a prerequisite for generating shareholder value, as well as achieving a low cost of capital and merit investor confidence. We hold the view that our current policies for corporate governance are in line with the latest version of the Norwegian Code of Practice for Corporate Governance.

Board of Directors' report

2020 was characterised by very challenging market conditions but also good operational performance and record high volumes during extraordinary circumstances. Operations have been running close to normal despite Covid-19, but prices have been subject to significant downward pressure mainly as a result of the pandemic.

Highlights from 2020 include the first year of full production for our new feed plant in Scotland making Mowi self-sufficient for feed in Europe.

Mowi was also once again ranked as the world's most sustainable animal protein producer in the Collier FAIRR Protein Producer Index.

Mowi plans to grow further in all business areas. In Farming we are working along three main pillars; volume growth, cost and sustainability. In Sales & Marketing, we are putting the customer at the core of all our activities related to products, branding and operational excellence. With regards to the Feed division our feed performs very well and we continue to work on operational improvements and cost optimisation.



"Our vision is "Leading the Blue Revolution" and our ambition is to be a world-leading, integrated producer of seafood proteins. In 2020, Mowi was yet again ranked the world's most sustainable animal protein producer by Collier FAIRR. This is very encouraging, as sustainability will be even more important going forward. We will continue to capitalise on our integrated value chain and be the leader in key areas from fish feed production to meeting the needs of the market, and this is also essential for developing our unique MOWI brand."

Ole-Eirik Lerøy, Chair of the Board of Directors

2020 in brief

2020 was a record year with all-time high production levels in all business areas. Operations have been running close to normal despite Covid-19, but farming spot prices were subject to significant downward pressure mainly due to Covid-19 lockdown measures in effect during most of 2020. Total revenues amounted to EUR 3 760.2 million, down 9.1% from 2019. The reduction was mainly explained by lower spot prices partly offset by increased sales volumes.

The all-time high harvest volume of 439 829 tonnes for 2020 was up from 435 904 tonnes in 2019, itself a record at the time. Biomass in sea of 325 845 LW tonnes at year end, equivalent to an 11% increase year-on-year, is record high and supportive of our target of increased harvest volumes in the periods to come. Although improved through the course of the year, blended Farming costs per kg increased somewhat from 2019 on higher feed prices and a lower-performing generation harvested in the first half of the year.

2020 was the second best year ever for Consumer Products with Operational EBIT of EUR 81.8 million (EUR 45.4 million) on shift in demand towards elaborated products due to Covid-19. All-time high volumes sold of 239 427 tonnes represented an increase of 8% (220 985 tonnes) from 2019. The strength of Mowi's integrated value chain during these unprecedented times was demonstrated yet again as our Consumer Products division continued to capitalise on the shift in consumer demand from foodservice to retail. The company produced more value-added products than ever through our downstream facilities, and the development in the US retail market continues to be particularly strong. The consumption pattern of salmon has changed during the pandemic. More people eat salmon meals at home, which has resulted in retail sales increasing by approximately 20%. About half of the increase stems from increased penetration, i.e. new customers who have not

previously purchased salmon through retail. The other half comes from existing customers through increased purchasing frequency. Both customer groups are expected to permanently increase their retail consumption rates post Covid-19, even as the foodservice segment gradually re-opens in due course.

Feed had another good operational year with all-time high production volumes. Operations at the Norwegian plant were solid on good demand. In 2020 the Norwegian plant delivered approx. 390 000 tonnes, close to full capacity of 400 000 tonnes, with good margins. The Scottish feed plant continued with its ramp-up phase, and volumes are expected to grow in the years to come from approx. 150 000 tonnes in 2020 towards full capacity of 240 000 tonnes. Mowi is now self-sufficient for its feed requirements in Europe and will continue to sell some feed externally in the years to come.

Group Operational EBIT for the year reached EUR 337.7 million, compared with EUR 720.9 million in 2019. We achieved a return on capital employed (ROCE) of 8.3% despite a very challenging year, though below our long-term target of 12%, while NIBD ended the year at EUR 1 458.4 million, above the long-term target level of EUR 1 400 million. A dividend of NOK 2.60 per share was paid to shareholders in 2020, down from 10.40 in 2019. The reduction in Operational EBIT is mainly explained by lower prices in the Farming segment, partly offset by strong results in both Feed and Consumer Products during 2020.

Financial EBIT decreased to EUR 183.5 million in 2020 from EUR 617.0 million in 2019. The reduction of EUR 433.5 million was mainly explained by EUR 383.2 million lower operational earnings and EUR 18.1 million lower net fair value adjustment on biomass, mainly due to lower forward prices and reduced income from associated companies.

The Mowi Group

At Mowi, we believe the right way to supply a growing world population with healthy, nutritious protein products is by sustainably farming the ocean. Our vision is "Leading the Blue Revolution" and our ambition is to be a world-leading, integrated producer of seafood proteins. In order to achieve this, we aim to capitalise on our integrated value chain and be the leader in key areas from fish feed production to meeting the needs of the market.

We are the world's largest producer of farm-raised salmon, both by volume and revenue, offering fresh, whole salmon, processed salmon and other processed seafood products to customers in approximately 70 countries. We currently engage in three principal types of production activities:

- *Salmon feed production in Norway and Scotland;*
- *Salmon farming and primary processing of salmon in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands; and*
- *Secondary processing of seafood in Norway, Scotland, Ireland, Poland, France, Germany, Belgium, the Netherlands, Spain, Turkey, Chile, Canada, United States, Japan, Vietnam, Taiwan, China and South Korea.*

2020 marked an important milestone for Mowi, as we became self-sufficient for high-quality fish feed in Europe. With our investments in Feed, we expect to obtain lower net costs as well as improved growth, lower feed conversion rates and higher product quality. The Feed segment is also important for Mowi's sustainability and branding strategies.

We are working along three main pillars in Farming; volume growth, costs and sustainability. We are focused on capitalising on the many organic growth opportunities within the current license footprint. In 2020, we continued to expand our smolt facilities. The new facilities will enable production of larger smolt of higher quality less susceptible to biological challenges. In 2020, the Board of Directors decided to accelerate investments within freshwater in Norway during the coming years. The postsmolt investment program includes investments of approx. NOK 4 billion in Region South and Region Mid and the aim is to increase harvest volumes by approx. 40 000 GWT. The ongoing implementation of Smart Farming technologies will also have a positive effect on productivity and costs, as well as on fish welfare and sustainability, thus positively impacting all three pillars in Farming. With Smart Farming we will get a fully digital integrated value chain through amongst other remote operation centres, automatic feeding, real time monitoring of biomass, digital lice counting and tracking fish welfare using artificial intelligence.

In downstream, we currently operate 21 secondary processing facilities, of which the largest are located at Ustka, Poland; Bruges, Belgium; Rosyth, Scotland; Boulogne, France and Dallas, USA.

To achieve our ambition of growth in sales of both new and existing products, production capacity must be in place. With investments in processing plants in recent years, Mowi is well positioned for further growth.

The MOWI brand was launched in e-commerce in the US and in the retail segment in France in 2020. However, the roll-out was



significantly affected by the Covid-19 pandemic, as opportunities for planned sales and marketing initiatives were limited. We are continuing the roll-out in 2021 and our exciting branded product line provides customers with added value in taste, convenience, nutrition and traceability.

Our commitment to the sustainable development of the industry continues and third-party certification remains key to our sustainability strategy. In 2020, 100% of our harvested volume was sustainably certified by Global Sustainable Seafood Initiative (GSSI)-recognised standards: the Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP) or GlobalGAP. Mowi is the industry leader in ASC certification of seawater sites, and at year-end 2020, we had 128 sites certified. This represents 45% of our sites. The sustainable development of our industry demands improved solutions to the sea lice challenge, and Mowi is working on several different initiatives to address this, including technology projects, improved treatment capacity and investments in our freshwater facilities.

Financial Results

Financial results are created through interaction between people, the natural environment and technology. Our goal is to find an optimal combination of these elements to create long-term success, whilst understanding that our growth must be environmentally, socially and financially sustainable. We use key performance indicators within our four interrelated guiding principles, Profit, Planet, Product and People to measure the Group's progress. This contributes to sustainable long-term results for all stakeholders. Developments with regard to key performance indicators within each guiding principle are discussed in detail in separate sections in this Integrated Annual Report.

GROUP RESULTS

Set out below are our consolidated statements of operational data for the years ended December 31, 2020 and 2019.

CONSOLIDATED INCOME STATEMENT DATA

	IN EUR MILLION			AS % OF REVENUE	
	2020	2019	Change in EUR	2020	2019
Revenue and other income	3 760.2	4 135.6	-375.5	100.0%	100.0%
Cost of materials	-1 970.4	-1 982.8	12.5	-52.4%	-47.9%
Net fair value adjustment biomass	-145.6	-127.5	-18.1	-3.9%	-3.1%
Salary and personnel expenses	-558.5	-563.5	5.1	-14.9%	-13.6%
Other operating expenses	-547.6	-585.6	38.0	-14.6%	-14.2%
Depreciation and amortisation	-338.1	-287.1	-51.0	-9.0%	-6.9%
Onerous contracts provision	2.1	5.3	-3.1	0.1%	0.1%
Restructuring costs	-14.5	-19.2	4.6	-0.4%	-0.5%
Other non-operational items	-7.9	-2.4	-5.5	-0.2%	-0.1%
Income/loss from associated companies and joint ventures	21.8	48.7	-26.9	0.6%	1.2%
Impairment losses & write-downs	-18.1	-4.5	-13.6	-0.5%	-0.1%
Earnings before financial items (EBIT)	183.5	617.0	-433.4	4.9%	14.9%
Interest expenses	-63.0	-70.2	7.2	-1.7%	-1.7%
Net currency effects	-12.9	31.6	-44.6	-0.3%	0.8%
Other financial items	13.0	29.0	-16.0	0.3%	0.7%
Earnings before taxes	120.6	607.4	-486.9	3.2%	14.7%
Income taxes	-1.4	-131.2	129.7	0.0%	-3.2%
Net earnings from continuing operations	119.1	476.3	-357.2	3.2%	11.5%
Non-IFRS measures					
Operational EBIT	337.7	720.9	-383.2	9.0%	17.4%
ROCE %	8.3%	19.9%	-11.6%		

The financial information includes certain APM non-IFRS measures used to evaluate our economic and financial performance. For further information, please see Part 4 Analytical section.

The table above demonstrates that cost of materials, salary/personnel costs and other operating expenses decreased from 2019 in absolute numbers. However, relative to revenue there was a slight increase. In recent years, costs have been under pressure from several factors which include challenging biology, increased feed prices and increased regulatory/compliance costs. In order to address the negative development, Mowi completed global cost-saving programs in 2018, 2019 and 2020 with EUR 137 million in annualised savings. The company will ensure that cost-saving initiatives do not compromise safety, quality and growth.

Revenue and volume

Revenue and other income for the year ended December 31, 2020 totalled EUR 3 760.2 million, a decrease of 9.1%, or EUR 375.5 million compared with the EUR 4 135.6 million achieved in 2019. The revenues achieved in 2020 were driven by our highest ever volume sold but offset by lower farming spot prices subject to significant downward pressure mainly due to Covid-19 lockdown measures. Spot prices in Europe and Americas were reduced by 13.6% and 14.4% respectively. Demand for salmon was strong in 2020, but significant contraction in the foodservice market influenced market prices negatively. Mowi achieved a combined global price that was 1% above the weighted reference price in 2020, compared with 3% above in 2019. Relative to the reference price, contract sales made a positive contribution in both years.

The Group harvested a total of 439 829 tonnes gutted weight in the year ended December 31, 2020. This was 3 925 tonnes, or 0.9%, more than the year before.

In Norway, the increase in harvest volume of 25 136 tonnes came mainly from Region Mid on higher smolt stocking and improved biological performance. In Scotland, volumes decreased by 12 626 tonnes from 2019 after a prolonged period of challenging biology, however this improved towards the end of the year. Volumes in Canada decreased by 10 455 tonnes due to biological challenges in our operations in Canada East in both 2019 and 2020. In Chile, volumes were relatively stable compared with 2019 on stable smolt stocking. In Ireland and Faroes, volumes were relatively stable, with small positive changes of 1 311 tonnes and 1 677 tonnes respectively.

Cost of materials

The cost of materials for the year ended December 31, 2020 totalled EUR 1 970.4 million compared with EUR 1 982.8 million in 2019, which is a decrease of 0.6%. Measured per kg, costs in Feed were stable in Norway compared to 2019, while costs improved in Scotland after a full year of production. In Farming, full cost per kg increased somewhat on higher feed and health-related costs. In Sales & Marketing, costs per kg decreased in 2020 on lower raw material prices.

Salary and personnel expenses

Total salaries and personnel expenses for the year ended December 31, 2020 totalled EUR 558.5 million. The decrease from 2019 of 0.9% was due to fewer FTEs and also currency effects. Measured in percentage of revenues, salary and personnel expenses were 14.9% in 2020 and 13.6% in 2019.

Other operating expenses

Other operating expenses increased somewhat measured in percentage of revenues, from 14.4% in 2019 to 14.6% in 2020. In absolute numbers costs decreased by EUR 38.0 million, mainly explained by lower costs relating to travel, rent and third-party services, and partly offset by higher maintenance costs.

Net fair value adjustment and onerous contracts provision

We recognised a net fair value adjustment of negative EUR 145.6 million for the year ended December 31, 2020, compared with negative EUR 127.5 million in 2019. The change in the onerous contracts provision in 2020 was negative in the amount of EUR 2.1 million compared with a negative effect of EUR 5.3 million in 2019.

The net effect of these line items is a negative adjustment of EUR 143.4 million in 2020 compared with a negative adjustment of EUR 122.3 million in 2019. This development is explained by lower forward prices but partly offset by increased biomass in sea per year end. For more information, please refer to Note 6 to the Group financial statements.

Restructuring costs

In 2020, we recognised EUR 14.5 million in net restructuring costs. EUR 4.8 million of this related to Kritsen, France in connection with the fire at the old plant and the subsequent reorganisation of the business entity, while EUR 8.3 million was related to the restructuring of Mowi Canada West. For more information, please see Note 30 to the Group financial statements.

Income/loss from associated companies and joint ventures

Income from associated companies and joint ventures of EUR 21.8 million in 2020 was reduced compared with EUR 48.7 million in 2019. This is mainly related to associated company Nova Sea AS in Norway. For more information, please see Note 21 to the Group financial statements.

Impairment losses

The impairment losses recognised in 2020 mainly relate to impairment of assets no longer in use in Canada West of EUR 8.7 million and Consumer Products with EUR 5.4 million.

The total cost in 2020 was EUR 18.1 million, an increase from EUR 4.5 million in 2019. See Note 9 and 10 for further details.

Earnings before financial items (EBIT)

As a result of the items described above, in addition to non-operating items and depreciation costs, EBIT came to EUR 183.5 million in the year ended December 31, 2020, compared with EUR 617.0 million in 2019.

Operational EBIT

Group Operational EBIT decreased from EUR 720.9 million in 2019 to EUR 337.7 million for the year ended December 31, 2020. This change was mainly the result of lower achieved prices in Farming due to Covid-19 lockdown measures impacting foodservice demand, albeit partly offset by increased retail demand.

Return on capital employed (ROCE)

We achieved a return on capital employed (ROCE) of 8.3% in 2020 which was satisfactory in a very challenging year, but below our long-term target of 12.0%. The comparable figure for 2019 was 19.9%.

Financial items

Interest expense decreased from EUR 70.2 million in 2019 to EUR 63.0 million in 2020. Net interest-bearing debt at year-end totalled EUR 1 458.4 million.

Net currency effects for the year ended December 31, 2020 amounted to EUR -12.9 million, compared with EUR 31.6 million in 2019. The negative currency effect in 2020 was driven by revaluation of working capital items and unrealised currency losses on hedges.

For the year ended December 31, 2020, other financial items totalled EUR 13.0 million compared with EUR 29.0 million in 2019.

For more information about financial items, please see Note 12 to the Group financial statements.

Income taxes

For the year ended December 31, 2020, we recognised a tax expense in profit and loss of EUR 1.4 million, compared with EUR 131.2 million in 2019. The main driver for the lower tax expense was lower earnings. For more information, including a full reconciliation between earnings before taxes and the tax expense, please see Note 15 to the Group financial statements.

Profit and loss for the year

As a result of the foregoing, our profit and loss for 2020 came to EUR 119.1 million, down EUR 357.2 million from EUR 476.3 million for the year ended December 31, 2019.

BUSINESS AREAS AND SEGMENTS

Feed

Operational EBIT for Feed was EUR 31.2 million in 2020, which was higher than the previous year (EUR 22.4 million) on higher volumes and improved margin from 4.3% in 2019 to 4.6% in 2020. The main driver for the increase is higher volume, as well as decreased costs in Scotland after the first year of full operations. Feed prices were stable compared to 2019.

Our Norwegian plant in Bjugn produced 389 750 tonnes of feed in 2020 (353 310 tonnes in 2019), which was record-high. In 2020, 97% of the total feed supplied to our Norwegian farming operations in was our own (88% in 2019). The new plant in Kyleakin, Scotland, produced 150 576 tonnes of feed in of 2020. This resulted in a 94% self-sufficiency rate in Scotland in 2020. Estimated production capacity is 240 000 tonnes for the new feed factory. Overall, our two feed factories ensured a 96% self-sufficiency rate for our European Farming operations in 2020.

Following our strategy of self-sufficiency for feed, Mowi Feed continues to develop its range of products, including freshwater, organic and cleaner fish diets.

Farming

Farming's Operational EBIT totalled EUR 179.2 million in the year ended December 31, 2020, compared with EUR 602.2 million in the year ended December 31, 2019. The decrease was mainly due to lower achieved prices as market prices were heavily affected by Covid-19 and related lockdown measures. The cost in box for our farming operations increased somewhat in 2020 compared to 2019. The volume harvested of 439 829 tonnes was all-time high.

For details of our farming entities' operational performance, please see the comments under Operational performance by country of origin in Part 2 of this Integrated Annual Report.

Sales & Marketing

Our Sales & Marketing operations consist of the reporting segments Markets and Consumer Products.

Markets

Markets' Operational EBIT for the year ended December 31, 2020 came to EUR 63.5 million, compared with EUR 68.4 million in 2019. The decline is mainly related to reduced revenue in our main markets, Europe and Americas, as a result of Covid-19. Operational EBIT margin remained stable in Europe and Chile, while it was reduced in Canada following a challenging year for operations there.

Consumer Products

Mowi Consumer Products is geographically organised, but constitutes one reporting segment. Consumer Products' Operational EBIT for the year ended December 31, 2020 came to EUR 81.8 million, compared with EUR 45.4 million in 2019. Mowi Consumer Products had its second best year ever on a shift in demand towards elaborated products due to Covid-19, and all-time high volumes sold of 239 427 tonnes end-product weight, an increase of 8.3% compared with 2019.

In 2020 the MOWI brand was launched in e-commerce in the US and in the retail segment in France. MOWI brand roll-out is still in an early phase, but is an important milestone on the path of transforming Mowi from a producer of commodities to branded products.

LICENSES

The recognised book value of our fish-farming licenses in our Statement of Financial Position was EUR 872.9 million and EUR 858.0 million at December 31, 2020 and 2019 respectively. The increase is mainly attributable to the purchase of growth in Norway. Measured in EUR per kg salmon harvested, book license values were EUR 2.0 in both 2020 and 2019. In Chile, we have significant unused license capacity. In other business units, our current harvest volumes are closer to the capacity under the current operating regime. The size of smolt put to sea influences the production capacity of our seawater operations in the jurisdictions

where maximum allowed biomass (MAB) regulations apply. Larger smolts will result in increased harvest per license in these regimes. We are currently in the process of increasing our smolt capacity to allow for the production of larger smolt.

Based on an updated assessment of the recent regulatory changes for fish farming in Canada, an impairment loss of EUR 5.7 million was recognised in 2020.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash on hand, revenues generated from our operations and, to a lesser extent, loans and other financing arrangements. Our principal needs for liquidity have been, and will probably continue to be, cost of raw materials, including fish feed, other working capital items and capital expenditures, debt service, and funding of dividend payments and acquisitions. We believe that our liquidity is sufficient to cover our working capital needs in the ordinary course of business.

In January 2020, Mowi issued the first green bond in the seafood sector. The EUR 200 million senior unsecured 5-year green bond has a coupon of EURIBOR + 160 bps.

NIBD totalled EUR 1 458.4 million as of December 31, 2020, compared with EUR 1 337.2 million as of December 31, 2019. The long-term NIBD target remained unchanged in 2020 at EUR 1 400 million and a Farming NIBD/kg of EUR 2.2.

CASH FLOW

Cash flow from operations

Cash flow from operations for the year ended December 31, 2020 came to EUR 502.7 million, compared with EUR 759.0 million for 2019. The reduction is mainly explained by lower operational earnings, partly offset by lower working capital tie-up.

Cash flow from investments

Cash flow from investments for the year ended December 31, 2020 came to EUR -283.4 million, compared with cash flow from investments of EUR -308.3 million in 2019. Cash flow from investments in 2020 relates mainly to net capital expenditures of EUR 286.2 million, including EUR 46 million related to purchased MAB growth in Norway. This is partly offset by cash inflow of EUR 25.5 million from associated companies, mainly dividends from Nova Sea AS.

Cash flow from financing

Cash flow from financing for the year ended December 31, 2020 came to EUR -238.1 million, compared with EUR -428.2 million for 2019. The increase was due to lower proceeds from new interest-bearing debt and reduced dividend payments. Dividends amounted to EUR 132.9 million in 2020 compared with EUR 544.9 million in 2019.

MOWI ASA PROFIT FOR THE YEAR

The parent company made a profit for the year ended December 31, 2020 of EUR 72.2 million, compared with EUR 727.9 million in 2019. Net profit is allocated to other equity. Of total net profit of 72.2 million, EUR 78.4 million is attributable to the Farming Norway part of the parent company.

Operational earnings for salmon of Norwegian origin across the value chain in 2020 was EUR 269.3 million (EUR 485.9 million in 2019). Of this amount, EUR 171.6 million (EUR 413.5 million in 2019) was related to operational earnings in Farming Norway. The reduction from 2019 is mainly related to lower achieved salmon prices. For more comments related to the Norwegian farming operations, which represent the main part of operational activities in the parent company, please refer to the Operational Performance subsection of the Profit chapter in Part 2 of this report.

Operational earnings for the Corporate segment amounted to EUR -17.9 million in 2020 (EUR -17.5 million in 2019).

DIVIDEND

Mowi ASA paid a dividend per share of NOK 2.60 in 2020 down from NOK 10.40 in 2019.

Going Concern

The Board confirms that the financial statements have been prepared on the assumption that the Company is a going concern, in accordance with section 3-3a of the Norwegian Accounting Act, and that such an assumption is justified. This confirmation is based on the reported results, the Group's business strategy, financial situation and established budgets.

Risk and Risk Management

We categorize risk based on the COSO enterprise risk framework, which divides risk into four categories:

1. Operational risk
2. Strategic risk
3. Reporting risk
4. Compliance risk

We consider our operational risk to cover several individually important subcategories, and have therefore chosen to divide our operational risks into the following sub-categories:

- a. Risks related to the sale/supply of our products
- b. Risks related to government regulations
- c. Risks related to our fish farming operations
- d. Risks related to our supply of fish feed and feed operations
- e. Risks related to our industry

- f. Risks related to our business
- g. Risks related to our financial arrangements
- h. Risks related to tax and legal matters
- i. Risks related to climate change

All risk categories could, if not properly managed, have material adverse effects on our business operations and financial results. Each risk category includes one or more identified risks factors that individually and/or in combination with others could significantly affect our performance. For a complete overview of our identified risks, please see section Risk and Risk Management in Part 4 of this Integrated Annual Report.

RISKS RELATED TO OUR FINANCIAL ARRANGEMENTS

Financial risk

The Group monitors and manages the financial risks arising from its operations. These include currency risk, interest rate risk, credit risk and price/liquidity risk.

Currency risk

Several business units carry out a large number of business transactions in currencies other than their domestic currency. For the Group, the relative importance of these transactions is substantially larger on the revenue side than on the cost side. To mitigate potential fluctuation effects on our cash flows, we maintain a foreign exchange strategy designed to manage these exposures both in the short and long term. The Group has defined a hedging strategy for each of Mowi's units.

The Group's predominant currency is EUR, which accounts for more than 50% of net cash flow. Since the establishment of the Group in 2006, Mowi has managed its cash flow in EUR and has used EUR as its main financing currency. Mowi's Group's financial reporting currency is EUR. The functional currency of the parent company Mowi ASA is EUR and all of our Norwegian subsidiaries apply EUR as their functional and reporting currency.

Interest rate risk

Our financing is generally at floating interest rates. It is Mowi ASA's policy to hedge the Group's long-term interest-bearing debt by currency, including external interest-bearing debt and leasing in the parent company or subsidiaries, through fixed-interest or interest-rate derivatives.

Over time, Mowi ASA shall hedge 0%-35% of the Group's long-term interest-bearing debt by currency through fixed-interest or interest-rate derivatives for the first 5 years, and 0% at fixed rates thereafter. Interest-bearing debt includes external interest-bearing debt and leasing in the parent company or subsidiaries. The interest rate hedges shall be based on the targeted currency composition. Interest rate exposure in currencies other than EUR, USD, GBP and NOK shall not be hedged. All interest-rate hedging shall be undertaken by the parent company. At year-end 2020 the

Group had a portfolio of interest swaps with a net negative market value of EUR 16.7 million reduced from EUR 29.5 million in 2019.

Credit risk

We are exposed to the risk of losses if one or more contractual partners fail to meet their obligations. To mitigate this risk the Group trades only with recognised, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms be subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and as a rule the Group's trade receivables are fully credit insured. The Group monitors its exposure to individual customers closely and is not substantially exposed in relation to any individual customer or contractual partner as of December 31, 2020. The maximum exposure is disclosed in Note 17 to the Group financial statements.

The Group enters into derivative transactions only with counterpart with which it has an established business relationship.

Price/liquidity risk

The Group continuously monitors its liquidity, and estimates expected liquidity developments on the basis of budgets and monthly updated forecasts from the units. Mowi's financial position depends heavily on developments in the spot price for salmon, and these prices have historically been volatile. As such we are exposed to movements in supply and demand for salmon. We have to some extent mitigated our exposure to spot prices by entering into bilateral fixed-price/volume contracts with our customers. The contract share has normally varied between 20% and 50% of our sold volume, and the duration of the contracts has typically been three to twelve months. Furthermore, we reduce our exposure to spot price movements through value-added processing activities and the tailoring of products to specific customer requirements. Other key liquidity risks include fluctuations in production and harvested volumes, biological issues, and changes in the feed price, which is the most important individual factor on the cost side. Feed costs are correlated to the commodity prices of the marine and agricultural ingredients.

Leverage and capital access risk

Leverage and capital access i.e. capital management refers to the process of acquiring and utilising capital in the most efficient manner given the available alternatives.

Capital access risk

Feed production, salmon farming and seafood processing are capital-intensive industries. Our future development and growth may depend on access to external capital in the form of debt and/or equity capital. Access to borrowed capital is continuously monitored and we maintain a continuous dialogue with our lenders.

Leverage risk

We have significant indebtedness. Our current debt is on favourable terms including the syndicated loan facility. The syndicated loan facility sets forth an equity ratio as the only financial covenant. The remaining portfolio of interest-bearing debt does not include more restrictive financial covenants. Mowi complied

with the covenant in its loan agreements during 2020 and at the close of the year. Details of the Group's main loan programs are described in Note 11 to the Group financial statements.

For further information about our financing arrangements, capital management and risk management, please see Notes 11 and 13 to the Group financial statements.

REPORTING RISK

Mowi are subject to the rules of the Oslo Stock Exchange and other Norwegian and European Union financial market regulations.

For further information regarding the Group's internal control procedures, please refer to Corporate Governance in Part 3 of this Integrated Annual Report.

Sustainability

We live in a world that is facing major environmental challenges, including climate change and the depletion of natural resources, but also a world where future food production needs to match global demand. Fish farming can improve the world's standard of living by producing food that is both highly nutritious and of high quality, while at the same time delivering a reduced carbon footprint. Fish farming is one of the most climate-friendly ways of producing protein from animal husbandry. Eating salmon instead of land-based animal proteins would, by itself make a difference to climate change.

Delivering continuous excellence means tackling environmental challenges in a holistic way. In 2020, we continued the implementation of our sustainability strategy, Leading the Blue Revolution Plan. This strategy aims at inspiring, leveraging and guiding our day-to-day actions and decision-making so that we can realize our vision of Leading the Blue Revolution. It includes our targets on key areas including GHG emissions, plastic reduction, eco efficient value chain, freshwater use, waste management, sea lice, fish health and welfare, medicinal use, sourcing of feed raw materials and ASC certification.

For a detailed review of how Mowi works to secure sustainable operations, please see Part 2 of this Integrated Annual Report and the Leading the Blue Revolution Plan available at mowi.com.

FACTORS THAT MIGHT INFLUENCE THE ENVIRONMENT

From a global perspective, the two most significant challenges related to food production are greenhouse gas emissions and the feed used for animal protein production. We consider these challenges to represent opportunities for the salmon farming industry, as farmed salmon utilises significantly less feed than competing agricultural protein sources, and causes lower emissions of greenhouse gases.

Salmon farming is climate friendly food production

When comparing the carbon footprint of farmed salmon with that of traditional meat production, the salmon footprint comes out at 7.9 kg carbon equivalent per kg of edible product, whereas pork and beef produce, respectively, 12.2 kg and 39 kg carbon equivalent per kg of edible product. Farmed salmon is also an excellent protein and energy converter compared with alternative meat sources. Producing proteins by farming salmon with sustainable sourced feed is therefore good resource management.

The use of feed for animal protein production

Continuous access to sustainably managed feed ingredients is a prerequisite for the salmon farming industry. Over the past ten years, we have been able to reduce our dependence on marine raw materials (fish meal and fish oil) in salmon feeds by 50%. This is made possible by a significant substitution of marine raw materials by vegetable sources and the use of high-quality by-products from poultry in Chile and Canada. However, such an improvement brings new challenges, including the use of sustainably sourced vegetable ingredients and a continuous effort to source marine ingredients from responsibly managed fisheries.

We believe the coming years will be key to finding alternative EPA and DHA-rich sources that could further reduce our dependence on fish oil. Our efforts to source sustainable feed ingredients will always go hand-in-hand with the goal of ensuring that our salmon remain a rich source of Omega-3 fatty acids.

Farming activities with a potentially negative environmental impact

We are committed to developing our business in a way that safeguards the planet's natural capital, including its biodiversity. Our fish farming operations may impact the environment as a result of sea lice, medicinal treatments, fish escapes and nutrient release. All farming systems have an impact, but it is up to us to ensure that ours is kept to a minimum, and that all impacts are measured and controlled.

Sea lice

We have again progressed towards our goal of managing sea lice in an integrated and sustainable manner, while reducing medicine use. We continue to use cleaner fish and non-medicinal treatment systems and continually work on improvements. In 2020, we once again increased our R&D activities on lice management and made good progress on several projects to develop novel solutions for safe and cost-efficient control (see R&D section).

Preventive management tools (skirts, deep lights, deep feeding, and combinations of these) were once again used extensively in 2020. In our operations where non-medicinal treatment systems are available, an average of 64% (range 15-84%) of all treated fish were treated using these systems. The average monthly percentage of sites above national sea lice limits for Mowi Group, Norway, Scotland, Ireland and Chile were comparable with 2019, with a decrease in Faroes.



Medicinal treatments

Licensed medicines for bacterial infections were prescribed and used only when required, and under the supervision of authorised veterinarians and fish health professionals. For information about withdrawal periods and medicine residues in our end products. In total, our use of antimicrobials (gram of active substance per tonne produced) to combat bacterial infections increased slightly to 54g in 2020 (44g in 2019). As per 2019, no antimicrobials were used in our operations in Norway or the Faroe Islands. A significant reduction was achieved in Ireland and Canada, while use increased in Scotland and Chile. The former related to management of localised cases of *Pasteurella Skyensis*, the latter related to cases of Salmonid Rickettsial Septicemia (SRS) following commercial testing of non-medicinal lice treatments.

The number of fish treated with antimicrobials remained low and was reduced in 2020, at 0% in freshwater (0.1% in 2019) and 4.5% in seawater (4.8% in 2019).

Fish escapes

Our objective is zero escapes. It is our responsibility to control our fish stocks and eliminate the potential consequences of their escapes. There is, however, no simple solution to help us achieve this goal. Only an integrated approach that continuously assesses and improves our operations and equipment will bring effective results.

In 2020, the number of escaped fish has increased to a total of 146 873 (17 escape incidents), mainly due to two escape incidents in Scotland and one in Faroes, all related to extreme weather conditions. Chile and Ireland did not register any escape incident. The corresponding figures for 2019 were 16 escape incidents and a total of 68 145 escaped fish.

Nutrient release

For sites located in protected areas, we undertake annual monitoring of benthic populations. In 2019, we continued to measure the potential impact of organic loading from our farming operations on seabed communities in accordance with mandatory national surveys. Results show that on average 93% (90% in 2019) of our sea farms have a minimal impact (i.e. the impact is kept within the carrying capacity of the environment) on faunal communities and/or sediment chemistry in the proximity of fish pens.

For more information about sustainability and the aspects of our farming operations that might influence the environment, please see the Planet section.

Other operating activities with a potentially negative environmental impact

The Group's other activities may also affect the environment and local communities. The continuous evaluation of potentially negative impacts is based on our experience as well as dialogue with non-governmental organisations (NGOs), regulators, customers and the scientific community.

Being aware of the potentially negative effects our activities could have on the environment and local communities, we have incorporated measures to monitor and manage these in the ONE Mowi Operational Excellence Program. We continue to work with regulators, industry partners and the scientific community to promote environmental responsibility in the industry. For more information on how the Group works to understand and address stakeholder concerns, please see our Stakeholder engagement section in Part 1 (Leading the Blue Revolution).

Research and Development

We believe that successful growth of the industry within a sustainable framework is only possible by overcoming biological challenges and controlling sea lice. Research and development (R&D) at Mowi is an engine for sustainable growth, and is integral to our vision of Leading the Blue Revolution. We focus on creating sustainable value and competitive advantage by making improvements and breakthroughs in our Feed and Farming, as well as our Sales & Marketing business areas.

The specialists in our Global R&D and Technical Department work directly with technical staff at our operating units through participation in global technical teams and collaborative projects. This ensures that our work constantly benefits from a culture of shared expertise and knowledge. Through collaboration and the allocation of defined responsibilities, we ensure knowledge sharing and continuous improvement throughout the organisation.

Our commitment to R&D is reflected in our significant R&D spending. R&D costs for the group was EUR 36.4 million for 2020 compared with EUR 46.5 million in 2019. For more information about R&D in Mowi, please see the Research and development section.

People

HEALTH AND SAFETY

Mowi aims to have zero injuries among its staff. Employee safety and a healthy working environment are high on the Board's agenda, and safety will never be compromised for any other business priority. We foster a strong safety culture, in which our employees feel responsible for their own safety as well as the safety of their colleagues. In order to achieve our safety vision of zero injuries, we utilise a global safety program, BrainSafe. In 2020, a new global safety policy and Life Saving Rules were introduced. New employees are required to attend training in BrainSafe, and training is also provided to selected suppliers and contractors. We measure our progress in the area of safety through key indicators - lost time incidents (LTI) per million hours worked, as well as the rate of absenteeism. We reported 75 LTIs for our own employees in 2020, compared with 118 in 2019. The decrease was due to a reduction in LTIs at Mowi Poland and other plants in Consumer Products Europe. The number of LTIs per



Keeping an eye on the fish at Carradale, Scotland

million hours worked in the Group was reduced from 4.3 in 2019 to 2.7 in 2020.

Compared with the industry average, our rate of absenteeism has remained low for several years. Our rate of absenteeism increased from 4.7% in 2019 to 5.1% in 2020. The rate is higher in value-added processing operations than in Farming and Feed, which is largely attributable to ergonomic issues and stress. The Board continues to aim for an absentee rate of below 4%.

The Board will continue to emphasise the imperative of improved health and safety performance going forward. For more information about health and safety in Mowi, please see the People section.

PEOPLE AND ORGANISATION

At the end of 2020, the Group had 12 242 employees in 25 countries around the world.

DIVERSITY AND EQUAL RIGHTS

Mowi is committed to ensuring diversity in the Group, in accordance with the Norwegian Anti-Discrimination Act.

We strive to attract a diverse workforce and provide equal opportunities. We do not discriminate and we value everyone as an individual. The Group works actively in the area of recruitment including offering apprenticeships to young employees, as well as promotion and development opportunities. The Group also aims to attract female employees to all levels in our organisation.

The fish farming industry has traditionally had a majority of male employees. At the close of 2020, women accounted for 39.3% of employees, compared with 39.0% in 2019.

In 2020, the senior management teams of most subsidiaries included one or more women. The Group continues to work actively to promote diversity in senior management positions globally. At the end of 2020, Mowi's Group Management team consisted of nine people, of whom two are women. Of the nine members of Mowi ASA's Board of Directors, four are women. For more information about diversity and equal rights in Mowi, please see the People section.

Future Prospects

2020 was characterised by very challenging market conditions due to the Covid-19 pandemic but also good operational performance and record high volumes during extraordinary circumstances. Out-of-home consumption of salmon, the so-called foodservice market segment, was negatively impacted to a large degree due to extensive lockdown measures. Although retail sales have been strong and have offset some of the demand shortfall, net demand was reduced compared with the situation before the pandemic. As a result, spot prices declined in all markets and reduced profits in our main division, Farming, accordingly. But despite a challenging year Mowi's operations have been running close to normal, and this was made possible by the hard work, competence and dedication of Mowi's employees.

Our harvest volume for 2020 reached 440,000 GWT, somewhat higher than the 2019 harvest volume of 436,000 GWT which was record high at that time. Volumes in Norway, our largest farming region, reached a record high of 262,000 GWT in 2020 and the Board is pleased that our license utilisation in Norway has improved again in 2020. However, further improvements are still possible, particularly in Region South and Region Mid. Biomass in sea of 326,000 LW tonnes, equivalent to 11% increase year-on-year, is record high and supportive of increased harvest volumes

in the periods to come. The harvest volume guidance of 445,000 GWT for 2021 represents relatively stable volumes in Norway, and higher volumes in Scotland and Chile. Environmental challenges in Canada have, however, resulted in less biomass in sea and a temporary set-back to our operations and growth trajectory.

Further to the announcement from the Government of Canada in December 2020 to phase out farming licenses in Discovery Islands, British Columbia, the Board has approved a revised plan for Mowi's operations in Canada West. Although 2021 harvest volumes will not be impacted, annual volumes from 2022 onwards will be reduced by approximately 10,000-12,000 GWT.

Farming operations in Canada East have experienced biological challenges since the acquisition by Mowi in 2018 including mass mortality, algal blooms and ISA. As a consequence, Mowi has been lagging behind its initial growth plans for this area. The Board of Directors has approved a plan for Canada East to return to profitability and establish Mowi Canada East as an appropriately scaled, lean business unit equipped to deal with the challenges of the region and positioned for solid financial performance and growth. The plan includes rationalisation of processing and infrastructure resources and an in-depth review of all levels of the organisation. Mowi has developed a detailed plan to improve biosecurity in Canada East including sea lice management and ISA mitigation measures. The volume growth potential in East Canada remains significant and our capacity exceeds 25,000 GWT in harvest volumes.

Board commends the organisation for delivering on its many cost initiatives in 2020 and for the achievement of EUR 35 million in annualised savings. A number of successful cost-reduction measures have been introduced in recent years, resulting in EUR 137 million of savings for Mowi since 2018. Addressing cost remains a key priority, and the Board is pleased that the organisation has initiated another global cost savings program for 2021, with a target of EUR 25 million of savings per annum.

Adjusted for inflation, blended cost per kg has been stable for Mowi Farming during the past five years. Although the Board takes some comfort in relatively stable cost development and the fact that Mowi's Farming costs relative to peers over time have been the best or second best in all of the geographical regions where the company operates, the absolute cost level is still too high and gives cause for concern. It is crucial that Mowi reduces its cost level and that new inshore farming technologies are further developed and implemented in order to drive down cost, while at the same time enabling more volume growth in an environmentally friendly manner.

Feed had another good operational year with all-time high production volumes. Operations of the Norwegian plant was solid on good seasonal demand. In 2020 the Norwegian plant delivered approx. 390,000 tonnes, close to full capacity of 400,000 tonnes, with good margins. The Scottish feed plant continued with its ramp-up phase, and volumes are expected to grow in the years to

come from approx. 150,000 tonnes in 2020 towards full capacity of 240,000 tonnes. Mowi is now self-sufficient for its feed requirements in Europe and will continue to sell some feed externally in the years to come.

Although Covid-19 continued to impact market dynamics in 2020, a higher retail share due to seasonality and the fact that the market has adapted to the pandemic made the implications of Covid-19 less severe towards year-end. The strength of Mowi's integrated value chain during these unprecedented times was demonstrated as our Consumer Products division capitalised on the shift in consumer demand from foodservice to retail. The company produced more value-added products than ever through our downstream facilities, and the development in the US retail market continues to be particularly strong.

The consumption pattern of salmon has changed during the pandemic. More people eat salmon meals at home, which has resulted in retail sales increasing by approximately 20%. About half of the increase stems from increased penetration, i.e. new customers who have not previously purchased salmon through retail. The other half comes from existing customers through increased purchasing frequency. Both customer groups are expected to permanently increase their retail consumption rates post Covid-19, even as the foodservice segment gradually re-opens in due course.

The Board is very pleased that Mowi was once again ranked the most sustainable animal protein producer in the world in the 2020 Collier FAIRR Protein Producer Index. The FAIRR Initiative has developed an index to analyse the largest global aquaculture, dairy and meat producers by combining nine environmental, social and governance (ESG) risk factors with the Sustainable Development Goals (SDGs). The Board is also pleased that Mowi achieved top score for its progress on climate change. Sustainability will be even more important going forward for both Mowi and the salmon farming industry, and the Board strongly believes that as Mowi and the industry produce healthy and delicious food in the most sustainable manner, we are part of the solution and should be classified as green in EU's Taxonomy framework.

Mowi's financial position remains strong. To support further organic growth Mowi increased its financial flexibility in January 2020 by issuing a EUR 200 million green bond. The 5-year senior unsecured bond carries a coupon of 3 months EURIBOR + 1.60% p.a. The Board is pleased with the first green bond issuance by a seafood company and the attractive low financing cost.

In 2021 Mowi will continue to invest across its value chain to support further organic growth and strengthen the asset base. The capital expenditure budget for 2021 is approximately EUR 265 million. Freshwater investments continue in Norway, Canada East and Chile. Selected sea water expansions in Norway, Scotland, Ireland, Faroes, Canada and Chile will also be undertaken. Furthermore, Consumer Products expects to undertake several automation projects in Europe, US and in Asia, in addition to completing a new value-added processing facility in France.

Working capital tie-up was lower than expected in 2020 mainly due to less tie-up in Sales & Marketing as a result of Covid-19. The Board believes that the salmon market will gradually recover in 2021, hence more than normal working capital tie-up within the downstream operations should be expected. In addition, Mowi has potential to grow its farming volumes further based on the existing license footprint. As such, working capital investments of EUR 110 million in 2021 should be expected.

Dividend has been an important component of Mowi's financial strategy and to make dividend payments more predictable and transparent the Board has decided to operationalise the dividend policy by introducing ordinary and extraordinary dividends. Mowi's ambition is to create long-term value for the shareholder through both positive share price development and a growing dividend in line with long-term earnings. Quarterly ordinary dividends shall under normal circumstances be at least 50% of underlying earnings per share ("EPS"). Excess capital will be paid out as extraordinary dividends. When deciding excess capital the Board will take into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. Further

to this a long-term target level for net interest-bearing debt is determined, reviewed and updated on a regular basis.

Shareholder returns are distributed primarily as cash dividends with the option of using share buy-back as a complementary supplement on an ad hoc basis.

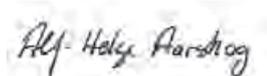
Looking ahead, we believe in a market recovery during 2021. With regards to demand, increased vaccination for Covid-19 is expected to support a gradual re-opening of the foodservice segment.

According to Kontali Analyse global supply growth in 2021 is forecast to be 2% which would under normal circumstances be very supportive of strong salmon prices. With regards to demand, increased vaccination for Covid-19 is expected to support a gradual re-opening of the foodservice segment. Whilst Covid-19 has significantly impacted the salmon market and prices in the short-term, the Board strongly believes in a market recovery during 2021 and the positive long-term outlook for the industry, and for Mowi in particular.

BERGEN, MARCH 23, 2021



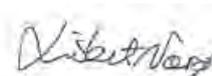
Ole-Eirik Lerøy
Chair of the Board



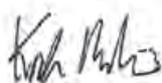
Alf-Helge Aarskog
Vice Chair of the Board



Cecilie Fredriksen



Lisbet K. Næro



Kristian Melhuus



Bjarne P. Tellmann



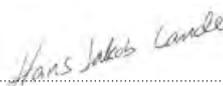
Solveig Strand



Anders Sæther



Kari Bjørgan



Hans Jakob Lande



Ivan Vindheim
Chief Executive Officer

Board of Directors



Ole-Eirik Lerøy (1959)

Chair

Mr. Lerøy has been a board member of Mowi ASA since 2009. He is the Managing Director of the investment company Framar AS.

Number of shares held at year end: 1 500 964

Number of options held at year end: 750 000

Mr. Lerøy has extensive experience in the seafood industry:

- *Chair of the Board of Bergen Chamber of Commerce, 2015–2017*
- *Member of the Board of the International Groundfish Forum, 2000–2015*
- *Vice Chair of DNB Supervisory Board, 2006–2008*
- *Chair of the Norwegian Seafood Federation (FHL), 2000–2006*
- *Chair of the Board of the Norwegian Seafood Export Council (NSEC), 1994–2000*
- *CEO of Lerøy Seafood Group ASA, 1991–2008*

Mr. Lerøy is educated at the Norwegian School of Management.



Alf-Helge Aarskog (1967)

Deputy Chair

Mr. Aarskog has been a board member of Mowi ASA since 2020. Mr. Aarskog held the position as CEO for Mowi ASA, 2010–2019.

Number of shares held at year end: 10 338

Mr. Aarskog has been with the company since 2010. He has held various managing positions in the seafood industry;

- *CEO of Mowi ASA, 2010–2019*
- *CEO of Lerøy Seafood Group ASA, 2009–2010*
- *Executive Vice President of Lerøy Seafood Group ASA, 2007–2009*
- *Managing Director of Lerøy Mindor AS, 2004–2007*
- *Head of Production at Fjord Seafood ASA, 2002–2004*
- *Various positions at Atlantic Salmon of Maine, Hydro Seafood, Frøya Holding and Felleskjøpet Fiskefôr, 1994–2002*

Mr. Aarskog holds a Master in Aquaculture from the Norwegian University of Life Sciences.



Lisbet K. Nærø (1963)

Chair of the Audit Committee

Ms. Nærø has been a board member of Mowi ASA since 2015 and is also the Chair of the Audit Committee. She is the CEO of Fana Sparebank.

Number of shares held at year end: 964

Ms. Nærø has comprehensive experience from banking and financial services:

- *Member of the Board of Norne Securities, since 2019.*
- *Chair of the Board of Bergen Chamber of Commerce, 2017–2019*
- *CEO of Tide ASA, 2011–2014*
- *CEO of BN Bank ASA, 2009–2011*
- *CFO of SpareBank 1 SR-Bank, 2006–2009*
- *CFO of Sparebanken Vest, 2003–2006*
- *CFO of BNR/Fjordline ASA, 2001–2003*

Ms. Nærø holds a Master of Science of Business from the Norwegian School of Economics, a Bachelor of Law from the University of Bergen, MBA from the University of Central Florida and the Advanced Management Program from Harvard Business School.



Kristian Melhuus (1981)

Mr. Melhuus has been a board member of Mowi ASA since January 2018. He is a Director of the Seatankers Group.

Number of shares held at year end: 964

Mr. Melhuus has held various positions:

- *Investment Director of HitecVision AS, 2013–2016*
- *CFO/COO of Liquid Barcodes AS, 2008–2013*
- *Analyst at ABG Sundal Collier, 2006–2008*

Mr. Melhuus holds a Master of Science in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU), and has also studied Finance, Derivatives and Econometrics at the University of Karlsruhe.



Cecilie Fredriksen (1983)

Ms. Fredriksen has been a board member of Mowi ASA since 2008. She is an Executive Officer at Frontline Corporate Services Ltd.

Number of shares held at year end: 964

Ms. Fredriksen has served on several boards:

- *Member of the Board of Norwegian Property ASA, since 2015*
- *Member of the Board of Ship Finance International Ltd., 2008–2015*
- *Member of the Board of Archer Ltd., 2008–2015*
- *Member of the Board of Northern Offshore Ltd., 2008–2015*
- *Member of the Board of Aktiv Kapital ASA, 2006–2015*

Ms. Fredriksen holds a degree in Business and Science from London Metropolitan University.



Bjarne Tellmann (1967)

Member of the Audit Committee

Mr. Tellmann has been a board member of Mowi ASA since 2020 and is also a member of the Audit Committee. He is Senior Vice President and General Counsel of GSK Consumer Healthcare.

Number of shares held at year end: 902

Mr. Tellmann has more than 25 years of international legal, governance and senior leadership experience;

- *General Counsel, Chief Legal Officer and Member of the Executive Committee, Pearson PLC, 2014–2020*
- *Member of the Board of Hire an Esquire, 2015–2020*
- *Member of the Supervisory Board of Coca-Cola Erfrischungsgetränke AG, 2010–2014*
- *Member of the Board of Coca-Cola West Co., Ltd., 2010–2011*
- *Various roles at The Coca-Cola Company, including General Counsel, Japan; General Counsel, Asia-Pacific; and Associate General Counsel, Bottling Investment Group, 2007–2014*
- *Deputy General Counsel, Coca-Cola HBC AG, 2001–2007*
- *International Attorney, Kimberly-Clark (Europe), Ltd., 1999–2001*
- *Associate Attorney, Sullivan & Cromwell, LLP, 1997–1999*
- *Associate Attorney, White & Case, LLP, 1995–1997*

Mr. Tellmann is an alumnus of various institutions, including Harvard Business School (AMP), The University of Chicago, (JD with Honors) and The London School of Economics (MSc). He is an Academic Visitor in the Faculty of Law at the University of Oxford.

Board of Directors



Solveig Strand (1961)

Ms. Strand has been a board member of Mowi ASA since 2020. She is Managing Director at Strand Fiskeriselskap.

Number of shares held at year end: 2 338

Ms. Strand has held various positions within the fishing industry;

- *Managing director at Strand Fiskeriselskap, 1999–*
- *Member of the Board of the Norwegian Seafood Council, 2017–*
- *Deputy Chairman of the Board at insurance company Møretrygd, 2015–*
- *Deputy Chairman of the Board at Fiskebåt employers organisation, 2015–*
- *Member of the Board at Marine Harvest ASA, 2006–2015*
- *State Secretary in the Ministry of Fisheries, 2001–2002*

Ms. Strand is a member of the board in several entities within the Strand Fiskeriselskap Group. Ms. Strand is a ICT economist, educated at the Norwegian Business Academy.



Hans Jakob Lande (1968)

Employee representative

Mr. Lande was elected to the Board of Directors as a representative of the employees in 2020. He is Production Manager at Mowi ASA, Region Mid.

Number of shares held at year end: 503

Mr. Lande has been with the company since 1986:

- *Production Manager, Eggesbønes, Mowi ASA, Region Mid*

Mr. Lande studied Machine and Mechanics at Herøy Vgs.



Anders Sæther (1971)

Employee representative

Mr. Sæther was elected to the Board of Directors as a representative of the employees in 2018. He is Quality Manager at Mowi ASA, Region Mid.

Number of shares held at year end: 1079

Mr. Sæther has worked in the company since 1999 and held various positions in both Mowi and Hydro Seafood, with an expertise on food quality and safety:

- *Quality Manager, 2002–2005 and since 2017*
- *Quality & Technical Manager, 2014–2017*
- *Quality & HSE Manager, 2005–2014*
- *Site Manager, 1999–2002*

Mr. Sæther holds a Degree of Siv.Ing. (MSc) in Mechanical Engineering from the Norwegian University of Science and Technology (NTNU), Department of Production and Quality Engineering.



Kari Bjørgan (1974)

Employee representative

Ms. Bjørgan was elected to the Board of Directors as a representative of the employees in 2020. She is Site Technician Freshwater at Mowi ASA, Region Mid.

Number of shares held at year end: None

Ms. Bjørgan has been with the Company since 2005:

- *Site Technician Freshwater at Mowi ASA - Region Mid, since 2008*
- *Part time employee, Mowi ASA - Region Mid, 2005–2008*
- *Care worker at Snillfjord Municipality, 1999–2008*

Ms. Bjørgan studied Health and Social Sciences in Hitra Vgs from 1995–1997. She holds a Certificate of Aquaculture from 2013. She completed the part-time course in Aquaculture Operations and Management at the Mowi University.

Corporate Governance

Mowi ASA ("Mowi" or the "Company") considers good corporate governance a prerequisite for generating shareholder value, as well as achieving a low cost of capital and merit investor confidence. Mowi strives to ensure that its internal control mechanisms and management structures comply with generally accepted principles for good corporate governance.



Mowi follows the Norwegian Code of Practice for Corporate Governance (the "Norwegian Code"). A full description of the Norwegian Code is available from the Oslo Stock Exchange's website (<https://www.euronext.com/nb/markets/oslo>).

The following sections explain how Mowi has addressed the various 15 issues covered by the Norwegian Code.

Mowi has reviewed our reporting on Corporate Governance based on the latest Code of Practice. The company is fully compliant to the Norwegian Code, with the exception of section 14 regarding lack of explicit guidelines for dealing with takeover bids.

Issues covered by the Norwegian Code	Compliance to the Norwegian Code
1 Implementation and Reporting of Corporate Governance Principles	Compliant
2 Business	Compliant
3 Equity and Dividends	Compliant
4 Equal Treatment of Shareholders and Transactions with Related Parties	Compliant
5 Freely Negotiable Shares	Compliant
6 General Meetings	Compliant
7 Nomination Committee	Compliant
8 Corporate Assembly and Board of Directors: Composition and Independence	Compliant
9 The Work of the Board of Directors	Compliant
10 Risk Management and Internal Control	Compliant
11 Remuneration of the Board of Directors	Compliant
12 Remuneration of Executive Management	Compliant
13 Information and communications	Compliant
14 Takeovers	Partly Compliant *
15 Auditor	Compliant

* Lack of formalised takeover principles

1. Implementation and Reporting of Corporate Governance Principles

The Board of Directors of Mowi (the "Board") is aware of its responsibility for the development and implementation of internal procedures and regulations to ensure that the Company and its subsidiaries (together, the "Group") complies with applicable principles for good corporate governance. The Board reviews the overall position of the Group in relation to such principles annually, and reports thereon in the Company's annual report in accordance with the requirements for listed companies and the Norwegian Code. The Board has defined the Group's overall vision as "Leading the Blue Revolution". Closely linked to the vision are the Group's global values "Passion", "Change", "Trust" and "Share".

- *Passion for the company and the product: passion is the key to our success and how we make a difference.*
- *Change is the new "normal": we are ready for change and work continuously to improve our operations.*
- *Trust is essential in everything we do: our operations provide safe, delicious and healthy food, and we deliver on our promises.*
- *Share is the foundation for the performance of our over 15 000 employees: We share knowledge and experience, we are open and transparent, and we cooperate with key stakeholders globally.*

Mowi's leadership principles were put in place to strengthen the link between individual management actions and our vision. Our leadership principles are:

- *Inspire people: we recruit the very best and build talent for the future. We strive to create winning teams and challenge people to succeed.*
- *Make it happen: we challenge existing thinking and promote change and innovation. We encourage people to propose solutions and learn from mistakes.*
- *Live the values: we want our leaders to be role models and build our culture; leaders should show direction and engage with stakeholders.*
- *Think and act: we want our leaders to think and act as if the company was their own. Leaders should do what is best for the company, bearing in mind short and long-term goals.*

The Group is made up of individuals with different backgrounds, nationalities, cultures and customs. Their conduct - what each and every employee does and says each day - determines the Group's ability to succeed as an organisation. The Code of Conduct sets standards for behaviour that can be expected between colleagues, and that external parties can expect from employees of the Group. The Code of Conduct was updated in 2020. It has been communicated to employees, and it is expected that all employees make a personal commitment to abide by the Code of Conduct. Testing of each employee's understanding has been, and will continue to be, carried out regularly. The most recent test was performed in 2020. The Code of Conduct is available at Mowi.com.

Our four guiding principles underpin our vision and guide our behaviour in a balanced way. Growth must be sustainable from an environmental, social and financial perspective. We need good financial results to drive the sustainable development of our operations. This interdependency is the foundation for our four important guiding principles: "Profit", "Planet", "Product" and "People".

- *Profit: our profits hinge on our ability to provide customer value from healthy, tasty and nutritious seafood that is raised cost-effectively and in an environmentally sustainable way that maintains the aquatic environment and respects the needs of the wider society.*

- *Planet: our operations and long-term profitability ultimately depend on sustainable and environmentally responsible interactions with the natural environment. We rely on qualified personnel to maintain fish health, avoid escapes and minimise the environmental impact of our operations.*
- *Product: we aim to continually deliver healthy, tasty and responsibly-produced seafood to our customers to deliver long-term financial profitability.*
- *People: the safety, self-respect and personal pride of our employees cannot be compromised if Mowi is to succeed as a company and maintain good relationships with local communities.*

Mowi has defined specific ambitions for each principle, with corresponding key performance indicators. Defining targets is an integrated part of the budget and long-term planning processes, and achievements are reported in operational review meetings with the Business Units, and in business review meetings with the three Business Areas; Feed, Farming and Sales & Marketing. Development and implementation of best practice is achieved through the global quality system, OneMowi, which contains our standard operating procedures. In addition, a global set of policies has been drawn up to guide decisions, manage risk and achieve results. Mowi's governance and management structure is further described on the website at Mowi.com.

2. Business

Mowi's objective is defined in the company's articles of association: "The objective of the company is production, refinement, sale and distribution of seafood and goods used in seafood production, either directly or through participation in other companies and hereto-related activities."

The articles of association are available from the Group's website at Mowi.com. To achieve the objective set forth in the articles of association, the Board has adopted a corporate strategy whose ambitions and priorities lie within the framework of the Group's vision and four guiding principles. The vision "Leading the Blue Revolution" provides direction and shows possibilities. The Group's overall ambition is to grow organically as well as through acquisitions. In 2020, Mowi had a record high production in all segments for the second year in a row despite Covid-19 challenges.

At present, growth is focused on the whole salmon value chain, from feed to fork. Mowi is Self-sufficient with feed in Europe as production at the new feed factory in Scotland has been ramped-up. In Farming, the company aims to capitalise on the organic growth opportunities within the current license footprint.

We set a new record in sold volume from our value added business, Consumer Products, and our ambition is to become a seafood category leader with strong focus on quality, innovation, brand building and excellent customer service. We continue our

work to improve efficiency in this segment by streamlining and use new technology.

The material aspects of the four guiding principles are systematically assessed at regular intervals by the Group Management Team. The process of defining material aspects is discussed in the section "Leading the Blue Revolution". The ambitions and the priorities set to achieve them are regularly reviewed and revised by the Board. Through its annual discussion of the long-term plan, the Board sets the targets for the Group for the following five years. Many of the targets are discussed in the relevant sections of this Integrated Annual Report.

3. Equity and Dividends

The shareholders' equity as of December 31, 2020 was EUR 2 762.0 million (2 892.2 million), which represents 47.3% (53.0%) of the Group's total assets. Mowi ASA's objective is to maintain an equity level that is appropriate for the company's strategy and risk profile.

Dividend has been an important component of Mowi's financial strategy and to make dividend payments more predictable and transparent the Board decided in 2020 to operationalise the dividend policy by introducing ordinary and extraordinary dividends.

Mowi's ambition is to create long-term value for the shareholder through both positive share price development and a growing dividend in line with long-term earnings.

- *Quarterly ordinary dividends shall under normal circumstances be at least 50% of underlying earnings per share ("EPS").*
- *Excess capital will be paid out as extraordinary dividends.*
- *When deciding excess capital the Board will take into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. Further to this a long-term target level for net interest-bearing debt is determined, reviewed and updated on a regular basis.*
- *Shareholder returns are distributed primarily as cash dividends with the option of using share buy-back as a complementary supplement on an ad hoc basis.*

To facilitate quarterly distribution of dividends in an efficient and cost effective manner, the Board seeks a general authorisation from the General Meeting to distribute dividends. Such authorisations shall, however, be limited to a maximum aggregate amount, and limited in time to the next Annual General Meeting ("AGM"). At the 2020 AGM, the Board was granted the following authorisations:

- *(1) To approve the distribution of dividends based on the Company's annual accounts for 2019. The authorisation may be used to approve the distribution of dividends up to an*

aggregate amount of NOK 7 500 000 000. The authorisation is valid for dividends from and including the second quarter of 2020 until the AGM in 2021, however no later than June 30, 2021.

- (2) To purchase up to 51 711 109 shares in the Company (representing 10% of the shares in issue at the time) during the period up until the AGM in 2021, however no later than June 30, 2021.
- (3a) To increase the Company's share capital by up to 51 711 109 shares (representing 10% of the shares in issue at the time) provided that the combined number of shares that are issued pursuant to this authorisation and the authorisation in item 3b below shall not in aggregate exceed 10% of the Company's current share capital. The authority did not define the purpose(s) of such a capital increase. The authority expires at the AGM in 2021, however no later than June 30, 2021.
- (3b) To take up convertible bond loans of up to NOK 3,200 million (par value), convertible to a share capital equivalent by up to 51 711 109 shares provided that the combined number of shares that are issued pursuant to this authorisation and the authorisation in item 3a above shall not in aggregate exceed 10% of the Company's current share capital. The authority expires at the AGM in 2021, however no later than June 30, 2021.

4. Equal Treatment of Shareholders and Transactions with Related Parties

Mowi ASA has one class of shares.

Any purchase or sale by the Company of its own shares will be carried out either through the Oslo Stock Exchange or at prices quoted on the Oslo Stock Exchange.

Mowi also has American Depositary Shares (ADSs) represented by American Depositary Receipts (ADRs), traded in the US over-the-counter.

Any transaction between the Company and a related party will be on arm's length terms or, if relevant, will rest on a valuation obtained from an independent third party. Mowi ASA will make sure that major transactions with related parties are approved by the AGM in accordance with the Norwegian Public Limited Liability Companies Act.

The Board is currently authorised to set aside the pre-emption rights of existing shareholders in capital increases if it exercises its authority to issue new shares, cf. above. This is to simplify the procedure in connection with capital increases to finance further growth and/or the offering of shares as consideration in acquisitions where this is deemed a favourable form of settlement. Members of the Board and the Global Management Team have an obligation, pursuant to the Company's Code of Conduct, to disclose to the Board any material interest in transactions to

which the Group is a party. The Code of Conduct is available at Mowi.com.

5. Freely Negotiable Shares

All shares in the Company have equal rights and may be traded freely. Mowi also has American Depositary Shares (ADSs) represented by American Depositary Receipts (ADRs), traded in the US over-the-counter.

6. General Meetings

The interests of the company's shareholders are primarily exercised at the company's general meetings. It is the company's goal that as many shareholders as possible are given the opportunity to participate in its general meetings and that the general meetings are organised so as to ensure that they represent an effective forum for the company's shareholders to express their views.

Notices of general meetings are made available on the company's website, Mowi.com, and through a separate notice to the Oslo Stock Exchange at least 21 days in advance of the general meeting.

All shareholders with a known address are notified of general meetings a minimum of two weeks in advance. The notice contains detailed information on the resolutions proposed and matters to be considered at the general meeting. It includes the deadline for shareholders to register their intention to attend the general meeting, as well as instructions on how they can cast their votes by proxy. The deadline for registration is set as close to the date of the general meeting as possible.

When documents concerning matters that are to be dealt with at a general meeting have been made accessible to the shareholders on the company's website, the requirement stipulated by the Norwegian Public Companies Act that the documents shall be sent to shareholders by ordinary mail does not apply. This also applies to documents which, according to law, shall be included in or enclosed with the notice of a general meeting. A shareholder can, however, demand that documents concerning matters that are to be dealt with at a general meeting be sent to him or her by ordinary mail.

The notice of a general meeting shall contain a reference to the company's website, where shareholders can access relevant documents and, if appropriate, any other information that shareholders may need to gain access to such documents. The Chair of the Board, the CEO and the external auditor shall all be present at the AGM. Mowi does not have a policy that requires the other members of the Board to attend the AGM.

The AGM elects a chair to preside over the meeting and one person to sign the minutes of the meeting together with the elected chair. The minutes are published on the company's website.

The AGM approves the annual financial statements and annual report, the Board of Directors' report and any proposed dividend. The AGM also approves the remuneration to be paid to the members of the Board, the Nomination Committee (as defined below) and the external auditor.

Other items on the agenda for the AGM may include authorisation for the Board to acquire the Company's shares and to increase the company's share capital, to take up loans convertible into shares, and the election of the members of the Board and the Nomination Committee (please refer to section 3 Equity and Dividends).

Pursuant to Section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board has implemented guidelines for the determination of the remuneration payable to the company's CEO and other senior executives. These guidelines are tabled for resolution at the AGM.

All shares carry an equal right to vote at general meetings. Resolutions at AGMs are normally passed by simple majority unless otherwise required by Norwegian law.

The Annual General Meeting was held on June 3, 2020.

7. Nomination Committee

The AGM elects the company's nomination committee (the "Nomination Committee"). The Nomination Committee consists of three members, and the majority of the committee are independent of the Board and the company's executive management. The current members of the Nomination Committee are: Anne Lise E. Gryte (Chair), Ann Kristin Brautaset and Merete Haugli. The Nomination Committee submits its recommendations to the AGM regarding the election of members to the Board and the Nomination Committee and their respective remuneration.

The general meeting has approved a set of instructions defining the responsibilities of the Nomination Committee. These instructions are available at Mowi.com. All shareholders are invited to propose candidates to the Board and the Nomination Committee through the company's website.

8. Corporate Assembly and Board of Directors: Composition and Independence

The company does not have a corporate assembly.

According to the company's articles of association, the company shall have a Board consisting of a minimum of six and a maximum of 12 members. The Chair of the Board and the Deputy Chair of the Board are both elected by the general meeting based on a proposal from the Nomination Committee, as are the other members representing the shareholders. Board members are elected for a period of one or two years at a time. In order to ensure continuity, not all seats on the Board come up for election in the same year.

At present, the Board consists of ten members, of which seven are elected by the general meeting and three are representatives of the employees in Norway. All Board members are considered independent of the company's executive management and material business partners. Four out of seven shareholder elected Board members, including the Chair of the Audit Committee, are considered independent of the Company's largest shareholders; Alf-Helge Aarskog, Lisbet K. Nærø (Chair of Audit Committee), Solveig Strand and Bjarne P. Tellmann. No executives are members of the Board.

The members of the Board are presented in this Integrated Annual Report. The shareholdings of Board members are listed in Note 24. The Board is of the opinion that it has sufficient expertise and capacity to perform its duties in a satisfactory manner.

9. The Work of the Board of Directors

According to the Norwegian Public Limited Liability Companies Act, the Board has overall responsibility to oversee the management of the company, while the CEO is responsible for day-to-day management. The Board is responsible for ensuring that the Group's activities are soundly Organised, and for approving all plans and budgets for the activities of the Group. The Board approves a statement of the CEO's duties, responsibilities and authorisations.

The Board keeps itself informed about the Group's activities and financial situation, and is under an obligation to ensure that its activities, financial statements and asset management are subject to adequate control through the review and approval of the Group's monthly and quarterly reports and financial statements. The Board shall also ensure that the Group has satisfactory internal control systems.

The CEO is in charge of the day-to-day management of the Group, and is responsible for ensuring that the Group is organised in accordance with applicable laws, the company's articles of association and the decisions adopted by the Board and the company's general meeting. The CEO has particular responsibility for ensuring that the Board receives accurate, relevant and timely information in order to enable it to carry out its duties. The CEO shall also ensure that the Group's financial statements comply with Norwegian legislation and regulations and that the assets of the company are soundly managed.

The Board has formally assessed its performance and expertise in 2020 as recommended by the Norwegian Code.

The Board conducted 10 meetings during 2020. The overall attendance rate was 96%. All Board members attended 100% of the meetings except from Kristian Melhuus (90% attendance rate) and Cecilie Fredriksen (70% attendance rate).

In 2020 the Board continued to spend significant time on the strategic positioning of Mowi throughout the value chain.

The Board has chosen not to appoint a remuneration committee. Matters relating to the remuneration of executive personnel are discussed by the Board without presence of the CEO or other management representatives.

The Board has one subcommittee: The Audit Committee.

THE BOARD'S AUDIT COMMITTEE

The Board's Audit Committee consists of two members: Lisbet K. Nærø (Chair) and Bjarne P. Tellmann (the "Audit Committee"). The audit committee meets Norwegian requirements regarding independence and competence.

The responsibility of the Audit Committee is to monitor the company's financial reporting process and the effectiveness of its systems for internal control and risk management. The Audit Committee shall also keep in regular contact with the company's auditor regarding the auditing of the annual accounts, and shall evaluate and oversee the auditor's independence. The Audit Committee reviews ethical and compliance issues. The members of the Audit Committee are deemed to be independent of the company's management. The Audit Committee reports to the Board. The Audit Committee conducted six meetings during 2020.

The Audit Committee has formally assessed its performance and expertise in 2020 as part of the Board's assessment.

10. Risk Management and Internal Control

The Board and management attach great importance to the quality of the Group's risk management and internal control systems, including ESG risks. Risk management and internal control systems are important to enable the Group to meet its strategic goals. These systems form an integrated part of management's decision-making processes and are central elements in the organisation of the Group and the development of routines.

By means of a materiality assessment we have identified areas of opportunity and risk that could influence our ability to achieve our goals and deliver on our strategy.

Risk management is what the company does to manage risk in order to provide reasonable assurance to stakeholders that it will achieve its goals. The COSO enterprise risk framework, dividing risk into four categories is applied:

1. Operational risk
2. Strategic risk
3. Reporting risk
4. Compliance risk

As the company considers its operational risk to cover several individually important sub categories of risk, a more detailed risk categorisation has been chosen. The operational risk category therefore includes the following sub categories:

- a. Risks related to the sale/supply of our products
- b. Risks related to governmental regulations
- c. Risks related to our fish farming operations
- d. Risks related to our supply of fish feed and feed operations
- e. Risks related to our industry
- f. Risks related to our business
- g. Risks related to our financial arrangements
- h. Risks related to tax and legal matters
- i. Risks related to climate change

The company believes that this risk categorisation addresses the main risk areas that could influence the ability to deliver on the strategy. The company works continuously to mitigate identified risks and capitalise on opportunities by tracking and following up key performance indicators within the framework of the guiding principles. The company believes that the long-term success depends on its ability to manage the risks associated with its operations, strategy, reporting and compliance.

For more detailed descriptions of the risks associated with the company's operations, please see the section Risk Management and the sections Profit, Planet, Product and People. For a more detailed description of the risks related to the financing arrangements, please refer to the Board of Directors report and Note 13 to the Group financial statements.

A continuous risk management process, including analysis, management and follow-up of significant risks, is performed to ensure that the Group is managed in accordance with the risk profile and strategies approved by the Board. This process encompasses the Group's guiding principles and ethical guidelines. The Board reviews the Group's overall risk profile in relation to strategic, operational and transaction-related issues at least once every year. The status of the overall risk situation is reported and discussed with the Board in connection with the annual budget process. The Audit Committee assists the Board and functions as a preparatory body with regards to surveillance of the company's systems for internal control and risk management.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board and Group management are responsible for establishing and maintaining adequate internal control over financial reporting. The process for internal control is developed under the supervision of the Chief Financial Officer. The process is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's Financial Statements for external reporting purposes in accordance with International Financial Reporting Standards and the interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU IFRS) and the Norwegian Accounting Act.

The Audit Committee monitors financial reporting and its related internal controls, including application of accounting principles and informed judgements. Group management and the Audit

Committee have regular meetings with the external auditor present to discuss issues related to financial reporting.

Financial reporting in Mowi is an integrated part of the Group's corporate governance. Distinct roles, responsibilities and duties have been established. Requirements with regard to content and deadlines, including accounting policies, checks and validations, have been clearly defined. A key element in the financial reporting process is risk assessment. A risk assessment is performed at least annually, and key controls and control procedures are established to mitigate identified risks. Compliance is reported to the Audit Committee. The Group's applied accounting principles are described in an online accounting manual.

All Business Units periodically upload their financial statements into a common consolidation system, based on a common chart of accounts. All subsidiaries are responsible for the accuracy of their reported figures, and for ensuring that their financial reporting is in compliance with the Group's accounting principles. In addition, general and analytical controls of the reported figures are performed at corporate level.

Additional information is disclosed in connection with quarterly and annual reporting. Extended controls are carried out as part of the quarterly and the year-end reporting processes.

The Group has sufficient expertise to complete proper and efficient financial reporting in accordance with IFRS and the Norwegian Accounting Act.

CODE OF CONDUCT AND ETHICAL GUIDELINES

The Code of Conduct describes Mowi ASA's commitment and requirements in connection with ethical issues relevant to business practice and personal conduct. Mowi ASA will, in its business activities, comply with applicable laws and regulations, and act in an ethical, sustainable and socially responsible manner. The Code of Conduct has been communicated to employees, and each employee is expected to make a personal commitment to abide by the Code of Conduct. The third-party-operated whistleblower channel facilitates the reporting of concerns about potential violations of the law and breaches of Mowi's Code of Conduct in all areas. On whistleblowing, 13 (23) cases were reported through our whistleblower channel in 2020. All cases are closed, but one notice from 2018 is kept open, where we are still in legal process. None of the reported cases are related to corruption.

Mowi has also established a group-wide policy to combat fraud and corruption as part of its risk management, internal control and corporate governance process.

11. Remuneration of the Board of Directors

Remuneration for the members of the Board is determined by the AGM based on a proposal from the Nomination Committee. The remuneration reflects the Board's responsibility, expertise, time, commitment and the complexity of the Company's activities.

Remuneration is not linked to the Company's performance. All members of the Board, with the exception of the Chair and the Deputy Chair receive the same remuneration. The members of the Audit Committee receive separate, additional remuneration. The fee paid to the members of the Board is fixed for each 12-month period (from AGM to AGM). The remuneration paid to members of the Board is disclosed in Note 14 to the Mowi ASA financial statements.

12. Remuneration of Executive Management

The Board of Mowi ASA determines the principles applicable to the Group's policy for compensation of senior executives. The Board is directly responsible for determining the CEO's salary and other benefits. The CEO is, in consultation with the Chair of the Board, responsible for determining the salary and other benefits for the Group's other senior executives. The Group's senior executives include the management team of each Business Area as well as the senior members of the corporate staff.

The following guidelines underpin the determination of compensation payable to the Group's senior executives:

- *The total compensation offered to senior executives shall be competitive, both nationally and internationally.*
- *The compensation shall contain elements providing necessary financial security following termination of the employment relationship, both before and after retirement.*
- *The compensation shall be motivating, both for the individual and for the senior executives as a group.*
- *Variable elements in the overall compensation package shall be linked to the value generated by the Group for Mowi ASA's shareholders.*
- *The system of compensation shall be understandable and meet general acceptance internally in the Group, among the company's shareholders and with the public.*
- *The system of compensation shall be flexible and contain mechanisms that make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Group.*

Remuneration of the company's CEO and the executive management team is disclosed in Note 14 to the Mowi ASA financial statements. In compliance with the Norwegian Public Limited Liability Companies Act, the Board prepares a statement regarding the remuneration of the executive management team for consideration by the AGM. The remuneration package for corporate executive staff consists of the following main elements:

- *Fixed salary*
- *Benefits-in-kind*
- *Pension*
- *Termination payment*
- *Bonus*

In addition, the Group has a Share Option Scheme ("Scheme") for key employees. The Scheme is limited to two years' salary for each individual. The details of the Scheme are described in Note 14 to the Mowi Group Financial Statements, and in Note 14 to the Mowi ASA financial statements.

13. Information and communications

The company publishes its financial calendar every year, identifying the dates on which it will present its quarterly reports, Annual Report and when the AGM will be held.

All information concerning major events and acquisitions is publicly disclosed in line with the requirements of the Oslo Stock Exchange, and posted on the Company's website (Mowi.com). All financial reports and other information are prepared and disclosed in such a way as to ensure that shareholders, investors and others receive correct, clear, relevant and up-to-date information equally and in a timely manner.

The Company holds public presentations of its results quarterly.

The Board has formalised guidelines for dialogue with the company's shareholders outside the AGM. Mowi ASA is entitled by the Norwegian Securities Trading Act to publish all information (including its annual financial statements) in English only.

14. Takeovers

The Board will not seek to hinder or obstruct any public bid for the company's activities or shares unless there are particular reasons for doing so. In the event of a takeover bid for the company's shares, the Board will not exercise mandates or pass any resolutions with the intention of obstructing the takeover bid, unless this is approved by the company's general meeting following the announcement of such a bid.

The Board acknowledges that it has a particular responsibility to ensure that the company's shareholders are given sufficient information and time to form a view of any public offer for the company's shares. If an offer is made for a significant and controlling stake of the shares, the Board will issue a statement evaluating the offer and will make a recommendation as to whether or not shareholders should accept it.

The Board has not established explicit guiding principles for dealing with takeover bids as recommended by the Norwegian code.

15. Auditor

The company's elected external auditor is EY. The auditor is independent of Mowi ASA and is appointed by the AGM. The auditor's fee is approved by the AGM.

The auditor presents a plan to the Audit Committee for the audit, and is present at Board meetings dealing with the preparation of the annual accounts where the audited financial statements are reviewed and approved. The auditor is also present at all meetings with the Audit Committee.

When evaluating the independent auditor, emphasis is placed on the firm's competence, capacity, local and international availability and the level of the fee expected.

The auditor submits a summary document to the Audit Committee and the Board following its audit of the Group's and the company's annual financial statements. The summary document, in addition to describing the audit review, includes an evaluation of the Group's internal control systems.

The Board and the Audit Committee hold regular meetings with the auditor without the presence of management. The auditor also participates in the AGM. Information about the fee paid to the auditor is stated in Note 32 to the Group financial statements. The independent auditor's remuneration is split between the audit fee, other authorisation services, tax advisory services and other non-audit related services. To the extent that the auditor provides services other than the regular audit, this is discussed separately on a case-by-case basis, to ensure that there are no conflicts of interest.

Øyvind Nore, EY, has been lead audit partner for the Group since 2016, hence 2020 was his fifth year as lead partner.

Ernst & Young AS has been our auditor since 2003.



Special note

Regarding forward-looking statement

This annual report contains forward-looking statements that reflect our current expectations and views of future events. Some of these forward-looking statements can be identified by terms and phrases such as “anticipate,” “should,” “likely,” “foresee,” “believe,” “estimate,” “expect,” “intend,” “continue,” “could,” “may,” “plan,” “project,” “predict,” “will” and similar expressions. These forward-looking statements include statements relating to:

- our goals and strategies;
- our plans with respect to construction and opening of new production facilities, and the expected cost, capacity and timing for such projects;
- our plans with respect to the aquaculture shipping associated company;
- our ability to increase or otherwise vary our harvest volume in the short or long term and our expected investments in working capital;
- the expected trends in global demand for seafood;
- our expected sales of fish feed;
- the expected trends in consumer preferences;
- capacity to expand salmon farming in Norway or elsewhere;
- the expected trends in the seafood industry, globally and regionally;
- the expected trends in human population growth;
- the expected trends in income growth in emerging markets;
- our ability to control or mitigate biological risks, including fish diseases and sea lice, through the use of vaccines, treatment or otherwise, and other risks to our fish stocks;
- expected developments in the cost and availability of fish feed ingredients;
- climate change;
- our dividend policy;
- updates with respect to our legal proceedings;
- our expected capital expenditures and commitments;
- our ability to maintain access to and produce quality fish feed;
- future movements in the price of salmon and other seafood;
- our ability to effectively manage the impact of escapes and predation on our stock;
- our ability to continue to develop new and attractive high quality products;
- our ability to overcome any interruptions to the operations of our farms, our feed plant or our primary or secondary processing facilities;
- our expected biological costs;
- our expected investments, including our project pipeline and other expansion efforts;
- competition in our industry and from other protein sources, such as beef, pork and chicken;
- the prospects of the Chilean and North American salmon industry;
- our restructuring efforts;
- our research and development plans and expectations; and
- developments in, or changes to, the laws, regulations and governmental policies governing our business and industry, including the developments with respect to licenses.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, such factors are described in the relevant sections in this Integrated Annual Report.

These forward-looking statements speak only as of the date of this annual report. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The factors set forth in Risk and Risk Management could cause our actual results to differ materially from those contemplated in any forward-looking.

Mowi Group

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STATEMENT OF COMPREHENSIVE INCOME

MOWI GROUP (EUR MILLION)	NOTE	2020	2019
Revenue		3 732.2	4 074.2
Other income		28.0	61.4
Revenue and other income	4/5	3 760.2	4 135.6
Cost of materials	7/33	-1 970.4	-1 982.8
Net fair value adjustment biomass	6	-145.6	-127.5
Salary and personnel expenses	14	-558.5	-563.5
Other operating expenses	28	-547.6	-585.6
Depreciation and amortisation	9/10/29	-338.1	-287.1
Onerous contracts provision	30	2.1	5.3
Restructuring costs	30	-14.5	-19.2
Other non-operational items	27	-7.9	-2.4
Income/loss from associated companies and joint ventures	21	21.8	48.7
Impairment losses & write-downs	6/9/10	-18.1	-4.5
Earnings before financial items (EBIT)		183.5	617.0
Interest expenses	12	-63.0	-70.2
Net currency effects	12	-12.9	31.6
Other financial items	12	13.0	29.0
Earnings before taxes		120.6	607.4
Income taxes	15	-1.4	-131.2
Profit or loss for the year		119.1	476.3
<i>Other comprehensive income</i>			
Currency translation differences		-118.8	66.3
Total items to be reclassified to profit or loss in subsequent periods		-118.8	66.3
Actuarial gains (losses) on defined benefit plans net of tax	15	3.9	-3.8
Total items not to be reclassified to profit or loss		3.9	-3.8
Total other comprehensive income		-114.9	62.5
Comprehensive income for the year		4.2	538.7
<i>Profit or loss for the year attributable to</i>			
Non-controlling interests		1.6	-1.3
Owners of Mowi ASA		117.5	477.6
<i>Comprehensive income for the year attributable to</i>			
Non-controlling interests		1.6	-1.3
Owners of Mowi ASA		2.6	540.1
Earnings per share - basic and diluted (EUR)	25	0.23	0.92
Earnings per share for continuing operations - basic and diluted (EUR)	25	0.23	0.92

STATEMENT OF FINANCIAL POSITION

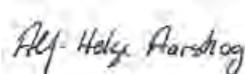
MOWI GROUP (EUR MILLION)	NOTE	2020	2019
ASSETS			
<i>Non-current assets</i>			
Licenses	8/9	872.9	858.0
Goodwill	8/9	313.4	317.9
Deferred tax assets	15	26.1	19.9
Other intangible assets	9	24.1	24.8
Total intangible assets		1 236.5	1 220.6
Property, plant and equipment	10	1 394.7	1 361.6
Right-of-use assets	29	536.4	386.8
Investments in associated companies and joint ventures	21	166.9	238.5
Other non-current financial assets	12	1.9	1.9
Other non-current assets		0.8	1.0
Total non-current assets		3 337.3	3 210.4
<i>Current assets</i>			
Inventory	7	334.1	320.7
Biological assets	6	1 416.6	1 522.4
Trade receivables	17	454.0	504.8
Other receivables	17	125.8	146.2
Other current financial assets	12	11.1	6.9
Restricted cash	16	6.9	11.1
Cash in bank	16	100.3	117.5
Total current assets		2 448.8	2 629.6
Assets held for sale	22	60.0	—
Total assets		5 846.1	5 840.1

MOWI GROUP (EUR MILLION)	NOTE	2020	2019
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital and reserves attributable to owners of Mowi ASA	24	2 762.0	2 892.2
Non-controlling interests	23	2.1	0.4
Total equity		2 764.1	2 892.6
<i>Non-current liabilities</i>			
Deferred tax liabilities	15	392.2	436.0
Non-current interest-bearing debt	11	1 565.5	1 465.8
Non-current leasing liabilities	29	379.9	258.9
Other non-current liabilities	20	24.8	10.5
Total non-current liabilities		2 362.5	2 171.2
<i>Current liabilities</i>			
Current tax liabilities	15	26.3	99.6
Current leasing liabilities	18/29	153.2	127.1
Trade payables	18	316.5	296.8
Other current financial liabilities	12	30.1	34.1
Provisions	30	25.4	18.7
Other current liabilities	18	167.9	199.9
Total current liabilities		719.5	776.3
Total equity and liabilities		5 846.1	5 840.1

BERGEN, MARCH 23, 2021



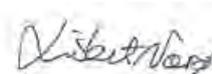
Ole-Eirik Lerøy
Chair of the Board



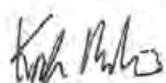
Alf-Helge Aarskog
Vice Chair of the Board



Cecilie Fredriksen



Lisbet K. Næro



Kristian Melhuus



Bjarne P. Tellmann



Solveig Strand



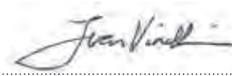
Anders Sæther
Employee representative



Kari Bjørgan
Employee representative



Hans Jakob Lande
Employee representative



Ivan Vindheim
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

MOWI GROUP (EUR MILLION)	ATTRIBUTABLE TO OWNERS OF Mowi ASA						NON- CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	OTHER PAID-IN CAPITAL	SHARE BASED PAYMENT	TRANSLATION RESERVE	OTHER EQUITY	TOTAL		
2020								
Equity 01.01.20	404.8	1 274.7	5.4	140.6	1 066.6	2 892.2	0.4	2 892.6
<i>Comprehensive income</i>								
Profit	—	—	—	—	117.5	117.5	1.6	119.1
Other comprehensive income	—	—	—	-118.8	3.9	-114.9	0.1	-114.8
<i>Transactions with owners</i>								
Share-based payment	—	—	0.1	—	—	0.1	—	0.1
Dividend	—	—	—	—	-132.9	-132.9	—	-132.9
Total equity 31.12.20	404.8	1 274.7	5.5	21.8	1 055.1	2 762.0	2.1	2 764.1

Dividend declared and paid of NOK 2.60 per share in 2020.

MOWI GROUP (EUR MILLION)	ATTRIBUTABLE TO OWNERS OF Mowi ASA						NON- CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	OTHER PAID-IN CAPITAL	SHARE BASED PAYMENT	TRANSLATION RESERVE	OTHER EQUITY	TOTAL		
2019								
Equity 01.01.19	404.0	1 251.0	5.9	74.3	1 141.9	2 877.2	1.7	2 879.0
<i>Comprehensive income</i>								
Profit	—	—	—	—	477.6	477.6	-1.3	476.3
Other comprehensive income	—	—	—	66.3	-3.8	62.5	—	62.5
<i>Transactions with owners</i>								
Share-based payment	—	—	-0.5	—	-4.2	-4.7	—	-4.7
Dividend	—	—	—	—	-544.9	-544.9	—	-544.9
New shares	0.8	23.7	—	—	—	24.5	—	24.5
Total equity 31.12.19	404.8	1 274.7	5.4	140.6	1 066.6	2 892.2	0.4	2 892.6

Dividend declared and paid NOK 10.40 per share in 2019.

STATEMENT OF CASH FLOW

MOWI GROUP (EUR MILLION)	NOTE	2020	2019
Cash flow from operations			
Earnings before taxes		120.6	607.4
Interest expenses	12	63.0	70.2
Net currency effects	12	12.9	-31.6
Other financial items	12	-13.0	-29.0
Impairment losses, depreciation and amortisation	9/10	356.3	291.6
Net fair value adjustment on biological assets and onerous contracts	6/30	143.5	122.3
Income from associated companies and joint ventures	21	-21.8	-48.7
Taxes paid	15	-138.3	-156.2
Change in inventory, trade payables and trade receivables		-56.5	-103.9
Restructuring and other provisions		30.0	40.4
Other adjustments		5.9	-3.4
Cash flow from operations		502.7	759.0
Cash flow from investments			
Sale of fixed assets		7.0	6.6
Purchase of fixed assets and additions to intangible assets	4	-315.8	-292.7
Proceeds and dividend from associates and other investments		25.5	44.9
Purchase of shares and other investments		-0.1	-67.1
Cash flow from investments		-283.4	-308.3
Cash flow from financing			
Proceeds from bond	11	200.0	—
Proceeds (payments of) interest-bearing debt (current and non-current)	11	-89.5	314.6
Down payment leasing debt	11/29	-156.9	-122.2
Interest received		0.7	1.5
Interest paid		-63.1	-70.1
Realised currency effects		3.9	-7.1
Dividend		-132.9	-544.9
Cash flow from financing		-238.1	-428.2
Currency effects on cash		1.6	1.0
Net change in cash in period		-17.2	23.5
Cash - opening balance		117.5	94.0
Cash - closing balance total	16	100.3	117.5

NOTE 1 - GENERAL INFORMATION

Mowi ASA is a Norwegian company headquartered at Sandviksboder 77A/B, 5035 Bergen. Mowi ASA is a publicly listed company on the Oslo Stock Exchange, with the ticker symbol MOWI.

The Group's operations are described in Note 4. Mowi has operations in 25 countries and has structured its operations in three Business Areas: Feed, Farming and Sales & Marketing. The Feed factories are located in Norway and Scotland. The Group's farming activities are located in Norway, Scotland, Canada, Chile, Ireland

and the Faroe Islands. Sales & Marketing comprises the global market organisation, in addition to Consumer Products.

Comparable information for one year is presented in this year's Annual Report.

The financial statements were authorised by the Board of Directors on March 23, 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are described below. These policies have been consistently applied to all periods presented.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

As of December 31, 2020, the consolidated financial statements of Mowi ASA and its subsidiaries ("the Group" or "Mowi") have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. In compliance with the Norwegian Accounting Act, additional disclosures are included in the notes to the financial statements of Mowi ASA.

Any new standards and amendments adopted by the Group in 2020 are described in Note 34. At the end of 2020, new standards and changes to existing standards and interpretations have been enacted but are not yet effective. Any relevant effects for Mowi are further described in Note 34.

The consolidated financial statements have been prepared on the historical cost basis, except when IFRS requires recognition at fair value. This relates to the measurement of certain financial instruments and valuation of the biomass as further described below. The reporting period follows the calendar year.

CONSOLIDATION

Consolidated financial statements present the Group's financial position, comprehensive income, changes in equity and cash flow. All intragroup transactions, receivables and liabilities are eliminated. Unrealised gains from intragroup transactions are eliminated. Unrealised losses from intragroup transactions are also eliminated, but are considered an indicator of impairment with respect to the asset transferred.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Subsidiaries

The Group's consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2020. Control is achieved when the Group is exposed, or is entitled, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- *Power over the investee (i.e., existing rights that enable the Group to direct the relevant activities of the investee).*
- *Exposure, or rights, to variable returns from its involvement with the investee.*
- *The ability to use its power over the investee to affect its returns.*

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights in an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

INVESTMENT IN ASSOCIATED COMPANIES AND JOINT VENTURES

Associated companies are companies in which the Group has a significant non-controlling interest (normally ownership of 20-50%). Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not to exercise control or joint control over those policies.

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights with respect to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associated companies and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the associate or joint venture's net assets since the acquisition date. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring their accounting policies in line with those of the Group.

The statement of profit or loss reflects the Group's share of the results deriving from the associate or joint venture's operations.

FOREIGN CURRENCY TRANSLATION

The financial statements for the Group are presented in EUR, which is the functional currency of the parent company. The functional currency of the subsidiaries is their local currency, with the exception of the holding companies in Norway, Mowi Markets Norway AS, Mowi Feed AS and Waynor Trading AS which use EUR as their functional currency, and subsidiaries in Chile, Singapore and Vietnam, which use USD as their functional currency.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Translation of transactions in foreign subsidiaries

Profit or loss transactions in foreign subsidiaries are translated to the presentation currency using the average exchange rate for the reporting month, unless exchange rates in the period have fluctuated significantly, in which case the exchange rates in effect on the transaction dates are applied. Assets and liabilities of foreign subsidiaries are translated at the exchange rate at the end of the reporting month.

Transactions in foreign currencies

Foreign currency transactions are translated using the exchange rate at the time of the transaction. Receivables, debt and other monetary items in foreign currency are measured at the exchange rate at the end of the reporting period, and the translation differences are recognised in profit or loss. Other assets in foreign currencies are translated at the exchange rate in effect on the transaction date.

FINANCIAL INSTRUMENTS - INITIAL AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group's financial assets are: derivatives, non-listed equity instruments, trade receivables and cash and cash equivalents.

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 classified its financial assets within 2 categories; financial assets at amortised cost and financial asset at fair value through profit and loss. The group does not apply hedge accounting.

Financial assets at amortised cost

The Group measures financial assets at amortised 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 amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and other short-term deposit. Trade receivables are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers. No significant financing components are identified.

Derivatives at fair value through profit and loss

Financial assets at fair value through profit and loss include financial assets held for trading, financial assets designated through profit or loss, or financial assets mandatorily required to

be measured at fair value. Financial assets are classified held for trading if they are acquired for the purpose of selling or repurchasing in the near terms. Derivatives, including separately embedded derivatives, are also classified as held for trading unless they are designed as effective hedging instruments.

Derivatives at fair value are carried in the statement of financial position at fair value with net changes in fair value in profit and loss.

The category includes derivatives instruments as foreign exchange contracts, interest rate swaps and salmon derivatives. The Group trades in salmon derivatives, both as an operational hedging activity and a financial activity. Operational trading of salmon derivatives is presented as other operating income, while financial trading of salmon derivatives is presented as other financial items.

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 derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- *The rights to receive cash flows from the asset have expired, or*
- *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:*
 - a. *the Group has transferred substantially all the risks and rewards of the asset, or*
 - b. *the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.*

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as financial liabilities at fair value through profit and loss (derivatives), as appropriate. Derivatives are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities

A financial liability is derecognised 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 recognised in the statement of profit or loss.

Impairment of financial assets

The Group recognises 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. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised 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). For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

REVENUE

Revenue from contracts with customers as defined in IFRS 15 is recognised when control of the goods 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. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

Sale of fish products

Revenue for the Group derives mainly from the sale of fish and elaborated fish products either on spot sales or from contracts. The Group recognises revenue from the sale of fish and elaborated fish products at the point in time when control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. Revenue is generally recognised on delivery of the goods (i.e. a certain point in time). Based on group business of sale of fish and elaborated fish products the customers do not pay any advances. The normal credit term is 30 days upon delivery, and based on the nature of the product there is generally no right of return or warranties. Refund is only given if delivered goods is damaged or delivered with discrepancy compared to agreement, such is immaterial.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated, currently no multiple performance obligations have been identified. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components and consideration payable to the customer (if any). At the balance sheet date the group has no outstanding performance obligations in contracts that have original duration of more than 1 year. Therefore no additional disclosures is provided on performance obligations.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contracts for the sale of goods may provide customers with retrospective volume rebates. The retrospective volume rebates give rise to variable consideration.

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contracts. Rebates are presented as reduction of revenue in the statement of comprehensive income, and other current liabilities in the statement of financial position. To estimate expected rebates, the Group applies the expected value method at the end of each reporting period. The amount of unsettled rebates in the statement of financial position per year-end is immaterial.

Balances related to revenue

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before

the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A trade receivable represents the Group's right to an amount of consideration that is unconditional.

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, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group fulfils the performance obligation(s) under the contract.

Refer to note 17 and 18, contract assets and liabilities are immaterial.

The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense such costs when the related revenue is expected to be recognised within one year, as such no assets have been presented in the statement of financial position.

Biomass

Changes in the estimated fair value of the biomass are recognised in profit or loss. The fair value adjustment is presented in the statement of comprehensive income as "Net fair value adjustment biomass". The net fair value adjustment consists of "fair value adjustment on biological assets", "fair value adjustment on harvested fish" and "fair value on incident based mortality", see Note 6. The fair value adjustment on biological assets represents the change in fair value of the biomass less the change in accumulated cost of production for the biomass. The fair value adjustment on harvested fish is the release from stock of the fair value adjustment related to the fish harvested in the period. The fair value adjustment on incident based mortality is the release from stock of the fair value adjustment related to the fish recognised as incident based mortality in the period. The accumulated cost of incident based mortality is included in "cost of materials" in the statement of comprehensive income.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in other financial items in the statement of comprehensive income.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when the dividend is approved by the investment's general meeting.

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and where the Company will be in compliance with all conditions attached thereto. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs that it is intended to compensate are expensed. When the grant relates to an asset, it is deducted from the carrying amount of the asset. The grant is then recognised in profit or loss over the useful life of a depreciable asset by way of a reduced depreciation charge.

GOODWILL AND LICENSES

Goodwill

Goodwill is initially measured at cost, and is the excess of the aggregate of the consideration transferred and the amount recognised for a non-controlling interest in the net identifiable assets acquired and liabilities assumed through a business combination.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in such circumstance is measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained. Goodwill is tested for impairment annually as at December 31, and when circumstances otherwise indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets (licenses)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. The value of licenses acquired by Mowi (mainly licenses for salmon farming) in Norway, Chile, Ireland, the Faroe Islands, Scotland and Canada are considered indefinite. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or when circumstances otherwise indicate that the carrying value may be impaired, either individually or at the cash-generating unit level. The indefinite life classification is reviewed annually to determine whether it continues to be

appropriate. If not, the change in useful life from indefinite to finite is made on a prospective basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment. Costs associated with normal maintenance and repairs are expensed as incurred. Costs of major replacements and renewals that substantially extend the economic life and functionality of the asset are capitalised. Assets are normally considered property, plant and equipment if the useful economic life exceeds one year. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Straight-line depreciation is applied over the useful life of property, plant and equipment, based on the asset's historical cost and estimated residual value at disposal. If a substantial part of an asset has an individual and different useful life, this part is depreciated separately. The asset's residual value and useful life are evaluated annually. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

At the end of the reporting period, the carrying amounts of the Group's assets are reviewed to determine whether there are indications that specific assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of net present value of discounted cash flows (value in use).

IMPAIRMENT OF NON-CURRENT ASSETS

Annually or upon indication, each cash generating unit, CGU, is tested for impairment. If the recoverable amount of a cash-generating unit is estimated to be less than the carrying amount of the net assets of the cash-generating unit, impairment to the recoverable amount is recognised. If impairment is required, goodwill is written down first, thereafter other intangible assets. If further impairment is required, other assets will be written down on a pro-rata basis.

Impairment losses recognised in previous periods are reversed if the recoverable amount in a later period exceeds the carrying amount. The reversal will not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

LEASING

The determination of whether a contract is, or contains, a lease is assessed at the inception of the lease and is based on whether the contract conveys a right to control the use of an identified asset or assets for a period of time in exchange for consideration. For contracts where the Group is the lessee, right-of-use assets and lease liabilities are recognised at the commencement of the lease.

Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses. Right-of-use assets are

depreciated over the shorter of the lease term and the useful life of the asset. When a purchase option has been included in the cost at recognition, the right-of-use asset is depreciated over the estimated useful life of the asset.

The lease liabilities at commencement date is measured at the present value of the lease payments. The lease payments are discounted using the Group's incremental borrowing rate as the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate for each business unit is based on LIBOR with an addition of a country specific margin.

Short term leases (lease term less than 12 months) and leases of low-value assets are not recognised as right-of-use assets and lease liabilities, as the recognition exemptions for these leases is applied. Lease payments of such leases are recognized as expense over the lease term.

For leasing contracts with optional renewal period, and where we are reasonably certain to exercise this option, the renewal periods are included in the calculation of the lease liability and asset.

The Group has lease contracts for various assets used in its operation, the main asset group being transportation. Lease terms and other conditions vary. Refer to note 29 for further information.

INVENTORY

Inventories mainly comprise feed, goods in progress, packaging materials and finished goods. Inventories of goods are measured at the lower of cost and net realisable value.

The cost of finished goods includes direct material costs, direct personnel expenses and indirect processing costs (full production cost). Interest costs are not included in the inventory value. The cost price of purchased goods is the actual purchase price. The cost is based on the principle of first-in first-out, except for feed and value-added-products, where a weighted average is used.

If fish farmed by the Group is included in inventory as a raw material for further processing in one of the Group's processing entities, such fish is included in inventory at fair value less cost to sell at harvest.

BIOLOGICAL ASSETS

Fair value of biological assets is calculated based on a present value model which does not rely on historical cost. Fish ready for harvest (mature fish), are valued at expected sales price with a deduction of cost related to harvest, transport etc. For fish not ready for harvest (immature fish), cost to completion is also deducted. The model uses an interpolation methodology where the known data points are the value of the fish when put to sea and when recognised as mature fish. Technically, the interpolation is calculated per location. The effect of this is that fish that have the same weight and quality are valued similarly. The interpolation model has a natural interpretation in the form of a present value calculation where an imputed rent of assets (i.e. theoretical license

rent) per location is included as part of the rate of return. Thus, the value is to a lesser degree affected by the site because low production cost at a high quality site is offset by a higher imputed rent and vice versa. All surplus return in the future is assigned to the licenses through a similarly high imputed rent of assets, and where any shortage in return is recognised in profit and loss immediately. The interpolation model is updated every month, with best estimates for time of harvest, remaining months at sea, expected price at time of harvest and estimated residual cost to grow the fish to harvest weight. The methodology has the effect that any changes in price will have full effect on the biomass at hand, while the price effect on increased weight going forward will be allocated to the license and recognised over time as remaining time at sea decreases. An effect of this is that even with high salmon prices there is no profit at the time the fish is put to sea because all surplus return is assigned to future periods (licenses). Correspondingly the fair value of small fish is rather insensitive to price fluctuations.

An interpolation model as described works best if important variables such as pace of growth, mortality and feed conversion ratios are constant per unit of time or weight increase. Experience shows that in particular there is a deviation from an even development the first period in sea relating to increased value among other due to reduced risk after handling of the fish, vaccination and mortality related to the transfer to sea. This has been adjusted for.

Biological assets comprise eggs, juveniles, smolt and fish in the sea. Biological assets are, in accordance with IAS 41 and IFRS 13, measured at fair value less cost to sell. In line with IFRS 13, the highest and best use of the biological assets is applied for the valuation. In accordance with the principle for highest and best use, the fish is considered to have optimal harvest weight at 4 kg gutted. This corresponds to that a live weight of approximately 4.8 kg (there may be regional variances) or more are classified as mature fish, while fish that have still not achieved this weight are classified as immature fish. All fish at sea are subject to a fair value calculation, while broodstock and smolt are measured at cost less impairment losses. Cost is deemed a reasonable approximation for fair value for broodstock and smolt. Historically the market prices for eggs (broodstock are not traded) and smolt have not departed significantly from own production cost.

Transactions with live fish rarely take place, partly due to regulatory constraints, so the valuation of live fish under IAS 41 implies the establishment of an estimated fair value of the fish in a hypothetical market. The calculation of the estimated fair value is based on market prices for harvested fish and adjusted for estimated differences in accordance with IFRS 13. The prices are reduced for harvesting costs and freight costs to market, to arrive at a net value back to farm. The valuation reflects the expected quality grading and size distribution. The valuation is completed for each Business Unit and is based on the biomass in sea for each seawater site and the estimated market price in each market derived from the development in recent contracts as well as spot prices. Where reliable forward prices are available, those have been used. The change in estimated fair value is recognised in profit or loss based on measurement as of each period, and is

classified separately. At harvest, the fair value adjustment is classified as fair value adjustment on harvested fish. In cases of incident based mortality, the fair value adjustment is classified as fair value adjustment on incident based mortality when occurring. Both are included in net fair value adjustment of biological assets in the statement of comprehensive income.

ONEROUS CONTRACTS

At each reporting date, management assesses if there are contracts in which the unavoidable costs of meeting the Group's obligations under the contract exceed the economic benefits expected to be received in accordance with IAS 37. Fair value adjustment of biological assets is included in the unavoidable cost. This implies that the contract may be considered onerous even though the actual production cost of the products sold is lower than the contract price. Volumes used in the calculation is based on estimated remaining volumes for the contracts. Onerous contracts are classified as provisions in the statement of financial position.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets and disposal groups as held for sale or for distribution to parent company shareholders if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value, less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to distribution, excluding finance costs and income tax expenses.

The criteria for classification as held for sale are 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.

A disposal group qualifies as a discontinued operation if all of the above are met:

- *A component of the Group that is a CGU or a group of CGUs, and*
- *Classified as held for sale or distribution or already disposed in such a way, and*
- *A major line of business or major geographical area.*

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

TAXES

Income taxes comprise taxes on the taxable profit for the year, changes in deferred taxes and any adjustments in prior years' taxes. Taxes on transactions that are recorded in other

comprehensive income or directly in equity do not form part of the tax expense in profit or loss.

Tax payable is calculated using the nominal tax rate for the relevant tax jurisdiction at the end of the reporting period.

Deferred tax is calculated on the basis of temporary differences between accounting and taxation values at the close of the accounting year. Deferred tax assets arise from temporary differences that give rise to future tax deductions. Deferred tax assets are recognised to the extent that it is probable that a taxable profit will arise, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised.

Tax increasing and tax decreasing temporary differences are offset against each other to the extent that the taxes can be netted within one tax regime.

PROVISIONS

A provision is recognised if the Company has a legal or constructive obligation related to a past event, and it is likely that the obligation will lead to a financial outflow for the Company. Long-term provisions are valued on the basis of discounted expected cash flows.

RESTRUCTURING COSTS

Provisions for restructuring costs will be recognised if the Company has, within the reporting period, published or initiated a restructuring plan, which identifies which parts of the Company and approximately how many employees will be affected, the actions that will be taken and when the plan will be implemented. Provisions are recognised only for costs that cannot be associated with future earnings. Costs related to restructuring are presented on a separate line in the statement of profit or loss.

SHARE OPTION SCHEMES

The Group has share option schemes from 2017, 2018, 2019 and 2020 which will be settled in shares (equity settlement). The cost of equity-settled transactions is recognised as a payroll expense over the vesting period. The cumulative expense is recognised in other equity reserves within equity.

CASH FLOW STATEMENT AND CASH

The cash flow statement is prepared in accordance with the indirect method. Cash comprises cash and bank deposits, except restricted funds.

NOTE 3 - ESTIMATES AND JUDGMENTS

ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make accounting estimates and judgments that affect the recognised amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and information perceived to be relevant and probable when the judgments are made. Estimates are reviewed on an on-going basis and actual values and results may deviate from these estimates. Adjustments to accounting estimates are recognised in the period in which the estimates are revised.

Mowi is exposed to a number of underlying economic factors which affect the overall results, such as salmon prices, foreign exchange rates and interest rates, as well as financial instruments with fair values derived from changes in these factors.

The matters described below are considered to be the most important in understanding the key sources of estimation uncertainty that are involved in preparing these consolidated financial statements and the uncertainties that could most significantly impact the amounts reported on the result of operations, financial position and cash flows.

INTANGIBLE ASSETS - GOODWILL AND FARMING LICENSES

The annual impairment test on intangible assets is based on a discounted cash flow model per cash-generating unit (CGU). The cash flows used in the calculations represent management's best estimate at the time of reporting. The assumptions used rest on uncertainty with regard to product prices, input prices, biological performance and future regulatory frameworks. Costs can normally be estimated with a higher degree of accuracy than income.

As profitability in the salmon farming industry historically has been very volatile, depending on developments in the price of salmon, Mowi uses budgets and long-term plans for the analysis.

The WACC model is used for estimating the discount rate. The input data for the model is updated every year for the annual impairment test. The choice of input data for the model significantly influences the outcome of the model, and to ensure that there is as little uncertainty as possible with regards to the calculation of the WACC, third-party sources are used where available (interest, inflation, beta). The WACC is calculated separately for the different CGUs. Indications of impairment that initiate testing beyond the year-end test include a significant reduction in the profitability of the CGU compared to previous periods, negative deviations from budgets, changes in the use of assets, market changes and regulatory changes.

For further information about uncertainty in the valuation of intangible assets and impairment testing, please see Note 8,

Impairment testing. Note 9, Intangible assets, illustrates the specification of intangible assets in the Group.

BIOLOGICAL ASSETS

Biological assets comprise eggs, juveniles, smolt and fish in the sea. These assets are measured at fair value less cost to sell, unless the fair value cannot be measured reliably. The estimation of the fair value relies on a series of uncertain assumptions, e.g., biomass volume, biomass quality, size distribution, market prices, expected future costs, remaining time to harvest and total time to harvest.

Mowi measures all deviations in biomass volume compared to estimates when a site is harvested out. Except for situations where there has been an incident causing mass mortality, particularly early in the cycle, combined with an inability to count and weigh fish after the event in fear of further stressing the fish, volume deviations are normally minor. Similarly, excluding the effects of soft flesh and melanin, the quality of the fish can normally be estimated with a relatively high degree of accuracy. Categorisation of quality is normally set per country based on averages, but can be set individually per site when needed. The size distribution shows some degree of variation but normally not to an extent that significantly changes the estimated value of the biomass (the value of two fish at five kg is very similar to the value of two fish weighing four and six kg, respectively).

The accumulated cost of the fish per kg will only deviate from the estimate if the volume is different from the estimate. For the estimation of future costs, there is uncertainty with regard to feed prices, other input costs and biological development. Mowi measures cost deviations vs. budget as part of the follow up of Business Units. Excluding special situations (incidents etc.), the deviations in costs vs budgets are normally limited for a group of sites, although individual sites might show deviations. The estimation of costs influences the biomass value through the recognised fair value adjustment in the statements of comprehensive income and financial position (calculated as fair value less accumulated biological costs).

The key element in the estimation of fair value is the assumed market price. The assumed market price is the price that we expect to receive on the future date when the live fish is harvested. We derive these prices from a variety of sources, normally a combination of the prices achieved in the previous month and the contracts most recently entered into. For salmon of Norwegian, Scottish and Faroese origin, quoted forward prices (Nasdaq) are used in the estimation, see Note 2. The use of third-party forward prices improves the reliability and comparability of the price estimation.

For further information about biological asset values please see Note 6, Biological assets.

JUDGMENTS

The matters described below are considered to be the most important in understanding the key sources of judgments that are involved in preparing these consolidated financial statements and the uncertainties that could most significantly impact the amounts reported on the result of operations, financial position and cash flows.

LICENSES

The Group has assessed that all fish farming licenses have indefinite lives and, as such, are not amortised. Most of the jurisdictions in which the Group operates require us to obtain a license for each fish farm owned and operated in that jurisdiction. The Group has obtained and currently holds a license to own and operate each of our fish farms where a license is required. These licenses have indefinite lives or require renewal after a specific time period, but normally with automatic renewal and, as such, we have assessed that they have indefinite lives. However, the Group's licenses in each country are subject to certain requirements, and we risk penalties (including, in some cases, criminal charges), sanctions or even license revocation if we fail to comply with license

requirements or related regulations. Also, local government may change the way licenses are renewed.

SUPPLY CHAIN FINANCING

Two companies in the Group hold Supply Chain Finance (SCF) agreements meaning that some vendors will indirectly offer extended credit terms to the company through a separate agreement with a financial institution. The vendors sell their trade receivables to the financial institution in order to receive payment immediately. Payment terms under the SCF agreement are in line with industry practice. The transaction is still between the company and its suppliers, and the company does not waive the right to claim any refund on quality issues, return goods etc. towards the supplier.

The refinancing by vendors has no cash-flow impact on the company, and only when the trade payable is settled with the bank will the cash flow statement be impacted, with a operating cash flow charge. The group's assessment is that the liabilities under these SCF agreements are presented as trade payables.

NOTE 4 - BUSINESS SEGMENTS

For management purposes, Mowi is organised into three Business Areas: Feed, Farming and Sales & Marketing.

Business segments are components of a business that are regularly reviewed by its chief operating decision-makers for the purpose of assessing performance and allocating resources. The term business segments corresponds to operating segments as defined in IFRS 8. The Group Management Team is the Group's chief operating decision-maker.

In Mowi the Feed Business Area consist of the feed factories in Norway and Scotland. Feed is considered to be a separate business segment due to the nature of the business (different economic characteristics (e.g similar long term average gross margin) compared to other business segments in the Group and separate management follow up).

The Farming Business Area consists of the farming and primary processing operations in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands. The Farming operations are, due to similar production processes, a global market for both salmon feed and sales of salmon, in addition to similar biological risk factors, considered to have similar economic characteristics (e.g similar long term average gross margin). The farming units are therefore aggregated into one business segment.

The Sales & Marketing Business Area consists of the Markets operations in the Americas and Europe, as well as Consumer Products. As the Markets operations are considered to have similar economic characteristics (e.g similar long term average gross margin), due to similar production processes and operational risk factors, and a common set of key performance indicators, they are presented as one reporting segment.

Consumer Products, which comprises the value-added operations in Europe, Asia and America, is presented as a single separate reporting segment due to similar production processes, operational risk factors and a common set of key performance indicators (e.g similar long term average gross margin). From 2020 the Consumer Products reporting segment includes the operations in Asia which were previously included in the Markets reporting segment. Additionally, Mowi Turkey, which was previously included in the Markets reporting segment, is now included in Consumer

Products. Comparison figures for 2019 have been re-presented accordingly.

The business segment "Other" consists of corporate functions and holding companies.

The business segments' performance is monitored in order to achieve the overall objective of maximising the operational EBIT per kg and margins. Consequently, reporting focuses on measuring and illustrating the overall profitability of the harvested volume, based on source of origin (operational EBIT per kg) and operational EBIT margin for the business segments Markets and Consumer Products. Legal entities with activities in both Farming and Sales & Marketing do not split their financial items or their statement of financial position. The net effects of Investments in these entities are recognised in the business segment Farming.

The pricing principle between Feed and Farming is set at market terms and benchmarked against third parties. The pricing principle between Farming and Sales & Marketing is based on market reference prices for spot sales, while contracts are at market terms, with the target for Sales & Marketing to maximise profit beyond these terms.

The same accounting principles as described for the consolidated financial statements have been applied to the business segment reporting. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions, and the measurements used in the business segment reporting are the same as those used for the third-party transactions.

In the business segment reporting internal profit related to unrealised gains from intra-group transactions are included in Operational EBIT for the relevant business segments, but eliminated in EBIT.

Operational EBIT and Operational EBITDA are non-IFRS financial measures. Operational EBIT is calculated by excluding certain items, according to the reconciliation below, from earnings before financial items and taxes (EBIT). Operational EBITDA is calculated by adding depreciation and amortisation to Operational EBIT, however Operational EBITDA excludes the effects of IFRS 16. For further explanations, see section Analytical information in this report.

KEY BUSINESS SEGMENT FIGURES (EUR MILLION)							
2020	FEED	FARMING	MARKETS	CONSUMER PRODUCTS	OTHER	ELIMINATIONS	TOTAL
External revenue	25.2	47.6	1 053.7	2 634.9	—	—	3 761.4
Internal revenue	656.2	2 156.4	1 379.4	—	20.6	-4 212.6	—
Operational revenue	681.4	2 204.0	2 433.1	2 634.9	20.6	-4 212.6	3 761.4
Derivatives and other items	—	-1.7	0.7	-0.4	—	0.1	-1.2
Revenue and other income	681.4	2 202.3	2 433.8	2 634.5	20.6	-4 212.5	3 760.2
Operational EBITDA	46.3	302.9	64.0	107.2	-15.9	—	504.6
Operational EBIT	31.2	179.2	63.5	81.8	-17.9	—	337.7
Change in unrealised internal margin	—	-1.8	—	—	—	15.9	14.1
Gain/loss from derivatives	—	-0.1	0.7	-0.3	-4.8	—	-4.4
Net fair value adjustment biomass	-0.5	-145.1	—	—	—	—	-145.6
Onerous contract provisions	—	2.1	—	—	—	—	2.1
Restructuring cost	—	-9.2	—	-5.3	—	—	-14.5
Other non-operational items	—	-7.3	—	0.6	-2.9	—	-9.5
Income from associated companies and joint ventures	—	20.5	—	—	1.3	—	21.8
Impairment losses and write-downs	—	-13.1	—	-5.0	—	—	-18.1
EBIT	30.7	25.3	64.2	71.8	-24.3	15.9	183.5
Gross investments	8.6	263.3	0.2	43.6	—	—	315.8
Number of FTEs 31.12	169	5 207	210	9 006	54	—	14 645

KEY BUSINESS SEGMENT FIGURES (EUR MILLION)							
2019	FEED	FARMING	MARKETS	CONSUMER PRODUCTS	OTHER	ELIMINATIONS	TOTAL
External revenue	30.6	102.3	1 390.6	2 611.8	—	—	4 135.4
Internal revenue	488.8	2 521.6	1 368.7	—	28.5	-4 407.6	—
Operational revenue	519.4	2 623.8	2 759.3	2 611.8	28.5	-4 407.6	4 135.4
Derivatives and other items	—	-7.6	1.9	—	—	6.0	0.3
Revenue and other income	519.4	2 616.2	2 761.2	2 611.8	28.5	-4 401.6	4 135.6
Operational EBITDA	32.8	719.7	68.9	67.5	-14.3	—	874.5
Operational EBIT	22.4	602.2	68.4	45.4	-17.5	—	720.9
Change in unrealised internal margin	—	—	—	—	—	-5.1	-5.1
Gain/loss from derivatives	—	-6.0	2.1	6.0	0.4	—	2.4
Net fair value adjustment biomass	0.1	-127.7	—	—	—	—	-127.5
Onerous contract provisions	—	5.3	—	—	—	—	5.3
Restructuring cost	—	—	—	-18.9	-0.3	—	-19.2
Other non-operational items	—	-1.6	—	-0.9	-1.4	—	-4.0
Income from associated companies and joint ventures	—	48.2	—	0.3	0.1	—	48.7
Impairment losses and write-downs	—	-4.2	—	-0.3	—	—	-4.5
EBIT	22.6	516.2	70.4	31.6	-18.7	-5.1	617.0
Gross investments	26.2	217.4	—	48.3	0.9	—	292.7
Number of FTEs 31.12	172	5 386	193	9 175	72	—	14 998

NON-CURRENT ASSETS BY COUNTRY LOCATION (EUR MILLION)	2020	2019
Norway	1 764.9	1 631.3
Poland	119.1	127.4
Scotland	473.6	508.1
Belgium	78.7	78.7
France	50.2	40.0
Rest of Europe	96.2	88.2
Chile	224.3	224.1
Canada/USA	491.8	477.2
Asia	10.4	13.6
Non-current assets	3 309.3	3 188.6
Other non-current assets ¹⁾	28.0	21.8
Total non-current assets	3 337.3	3 210.4

1) Deferred tax assets and other non-current financial assets

NOTE 5 - DISAGGREGATION OF REVENUE

BUSINESS AREAS (EUR MILLION)	Note	Feed		Farming		Sales & Marketing		Total	
		2020	2019	2020	2019	2020	2019	2020	2019
Geographical markets									
Europe		22.5	29.2	26.3	60.4	2 539.1	2 658.5	2 587.9	2 748.1
Americas		—	—	0.8	1.9	756.3	868.9	757.0	870.8
Asia		—	—	—	—	338.1	371.7	338.1	371.7
Rest of the world		—	—	—	0.7	50.3	82.8	50.3	83.4
Revenue from contracts with customers		22.5	29.2	27.0	62.9	3 683.8	3 981.9	3 733.3	4 074.0
Other income		2.7	1.4	20.6	39.4	4.8	20.6	28.1	61.4
Operational revenue	4	25.2	30.6	47.6	102.3	3 688.6	4 002.5	3 761.4	4 135.4

SOURCE OF REVENUE

The main source of revenue for the Group is sales of Atlantic salmon, including elaborated products.

The business area Sales & Marketing represents the majority of the Group's external revenue. The revenue distribution for Sales & Marketing according to product categories was as follows in 2020 (2019): Fresh bulk 32% (39%), smoked/marinated 19% (18%), fresh MAP 17% (14%), fresh prepared 16% (14%), frozen prepared 4% (5%), frozen bulk 1% (1%) and other 11% (8%). The revenue distribution for Sales & Marketing according to customer categories was as follows in 2020 (2019): Retail 59% (50%), Distributors 23% (31%), Industry 8% (9%), Foodservice 5% (7%) and Smoke houses 4% (4%).

In 2020 the business area Farming has no external revenue related to sales of Atlantic salmon (EUR 35.8 million in 2019). Revenue for the Farming business area includes insurance income and rental income from sales of surplus primary processing capacity, as well as revenue from sales of eggs and cleanerfish. Revenue from customers in the Business Area Feed is related to sales of feed to external parties.

No customers accounts for 10% or more of the Group's revenues.

NOTE 6 - BIOLOGICAL ASSETS

VALUATION OF BIOLOGICAL ASSETS

Biological assets are, in accordance with IAS 41, measured at fair value less cost to sell. All fish at sea are subject to a fair value calculation, while broodstock and smolt are measured at cost less impairment losses. Cost is deemed a reasonable approximation for fair value for broodstock and smolt as there is little biological transformation (IAS 41.24).

Biomass measured at fair value, is categorised at Level 3 in the fair value hierarchy, as the input is mostly unobservable. In line with IFRS 13, the highest and best use of the biological assets is applied for the valuation. In accordance with the principle for highest and best use, we consider that the fish have optimal harvest weight when they have a live weight corresponding to 4 kg gutted weight. This corresponds to a live weight of 4.8 kg (there may be regional variances). Fish of this weight or above 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 valuations are carried out at business unit level based on a common model and basis for assumptions established at group level. All assumptions are subject to monthly quality assurance and analysis at the group level.

The valuations are based on an income approach and takes into consideration unobservable input based on biomass in the sea, the estimated growth rate and cost to completion at site level. Mortality, quality of the fish going forward and market price are considered at business unit level. A special assessment is performed for sites with high/low performance due to disease or other deviating factors. The market prices are derived from observable market prices where available.

ASSUMPTIONS USED FOR DETERMINING FAIR VALUE OF LIVE FISH

The estimated fair value of the biomass will always be based on uncertain assumptions, even though the group has built substantial expertise in assessing these factors. Estimates are applied to the following factors; biomass volume, the quality of the biomass, size distribution, cost, mortality and market prices.

Biomass volume: The biomass volume is in itself an estimate based on the number of smolt released into the sea, the estimated growth from the time of stocking, estimated mortality based on observed mortality in the period, etc. There is normally little uncertainty with regard to biomass volume.

The level of uncertainty will, however, be higher if an incident has resulted in mass mortality, especially early in the cycle, or if the fish's health status restricts handling. If the total biomass at sea was 1% lower than our estimates, this would result in an decrease in value of EUR 4.2 million.

The quality of the biomass: The quality of the biomass can be difficult to assess prior to harvesting, if the reason for downgrading is related to muscle quality (e.g. the effect of Kudoa in Canada). In Norway downgraded fish is normally priced according to standard rates of deduction compared to a Superior quality fish. For fish classified as Ordinary grade, the standard rate of reduction is EUR 0.15 to EUR 0.21 per kg gutted weight. For fish classified as Production grade, the standard rate of reduction is EUR 0.5 to EUR 1.5 per kg gutted weight, depending on the reason for downgrading. In our fair value model for salmon of Norwegian origin, we have used EUR 0.21 and EUR 0.61 as deductions from Superior grade for Ordinary and Production grade quality respectively. In other countries the price deductions related to quality are not as standardised. The quality of harvested fish has been good in 2020. For the Group as a whole, 91% of the fish were graded as Superior quality. A one percentage point change from Superior quality to Production grade quality would result in a change in value of EUR -3.5 million.

The size distribution: Fish in sea grow at different rates, and even in a situation with good estimates for the average weight of the fish there can be a considerable spread in the quality and weight of the fish. The size distribution affects the price achieved for the fish, as each size category of fish is priced separately in the market. When estimating the biomass value, a normal size distribution is applied.

Cost: For the estimation of future costs, there is uncertainty with regard to feed prices, other input costs and biological development. Mowi measures cost deviations vs. budget as part of the follow up of business units. Excluding special situations (incidents etc.), the deviations in costs vs budgets are normally limited for a group of sites, although individual sites might show deviations. The estimation of costs influences the biomass value through the recognised fair value adjustment in the statements of comprehensive income and financial position (calculated as fair value less accumulated biological costs).

Mortality: Normalised mortality will affect the fair value estimates both as a reduction of estimated harvesting volumes and because cost to completion includes cost incurred on fish that eventually will perish.

Market price: The market price assumption is very important for the valuation and even minor changes in the market price will result in significant changes in the valuation. The methodology used for establishing the market price is explained in Note 2. A EUR 0.1 decrease in the market price would result in a decrease in value of EUR 20.2 million.

The market price risk is reduced through fixed price/volume customer contracts and financial contracts, as well as our downstream integration as explained in Note 13.

WRITE-DOWN OF BIOMASS AND INCIDENT-BASED MORTALITY

Incident-based mortality is accounted for when a site either experiences elevated mortality over time or substantial mortality due to an incident at the farm (outbreak of disease, lack of oxygen etc). The cost of incident based mortality is included in “cost of

materials” in the statement of comprehensive income, see Note 33. The fair value element is adjusted through fair value adjustment on incident based mortality, and included in net fair value adjustment in the statement of comprehensive income.

RECONCILIATION OF CHANGES IN THE CARRYING AMOUNT OF BIOLOGICAL ASSETS (EUR MILLION)	2020	2019
Carrying amount as of 01.01	1 522.4	1 559.3
Cost to stock	1 770.6	1 685.0
Net fair value adjustment	-145.6	-127.5
Mortality for fish in sea	-62.9	-86.2
Cost of harvested fish	-1 619.5	-1 551.8
Write-down of smolt	-3.3	—
Effects of business combinations	—	11.7
Currency translation differences	-45.2	31.8
Total carrying amount of biological assets as of 31.12	1 416.6	1 522.4

FAIR VALUE ADJUSTMENT ON BIOLOGICAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	2020	2019
Mowi Norway	128.3	236.1
Mowi Chile	37.0	10.8
Mowi Canada	0.2	33.0
Mowi Scotland	23.7	41.1
Mowi Faroe Islands	2.6	9.5
Mowi Ireland	9.1	11.2
Mowi Feed	—	0.5
Total fair value adjustment included in carrying amount in the statement of financial position	201.0	342.2
Biomass at cost	1 215.5	1 180.2
Total biological assets	1 416.6	1 522.4

FAIR VALUE ADJUSTMENT ON BIOLOGICAL ASSETS IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR MILLION)	2020	2019
Mowi Norway	127.3	414.6
Mowi Chile	36.4	56.6
Mowi Canada	-40.8	27.8
Mowi Scotland	4.8	94.0
Mowi Faroe Islands	-2.3	9.3
Mowi Ireland	27.2	26.3
Mowi Feed	—	0.3
Total fair value adjustment in the statement of comprehensive income	152.5	628.9

FAIR VALUE ADJUSTMENT ON HARVESTED FISH IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR MILLION)	2020	2019
Mowi Norway	-232.3	-452.0
Mowi Chile	-7.3	-84.1
Mowi Canada	-5.4	-72.3
Mowi Scotland	-19.0	-111.7
Mowi Faroe Islands	-4.6	-6.3
Mowi Ireland	-27.3	-18.3
Mowi Feed	-0.5	-0.1
Total fair value uplift in the statement of comprehensive income	-296.4	-744.9

FAIR VALUE ADJUSTMENT ON INCIDENT BASED MORTALITY IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR MILLION)	2020	2019
Mowi Norway	-2.6	-7.6
Mowi Chile	0.1	-0.7
Mowi Canada	3.8	4.5
Mowi Scotland	-1.1	-3.8
Mowi Faroe Islands	—	—
Mowi Ireland	-2.0	-4.0
Mowi Feed	—	—
Total fair value uplift in the statement of comprehensive income	-1.7	-11.6

NET FAIR VALUE ADJUSTMENT IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR MILLION)	2020	2019
Mowi Norway	-107.6	-45.0
Mowi Chile	29.2	-28.1
Mowi Canada	-42.4	-40.0
Mowi Scotland	-15.3	-21.5
Mowi Faroe Islands	-6.9	3.0
Mowi Ireland	-2.1	4.0
Mowi Feed	-0.5	0.2
Total fair value uplift in the statement of comprehensive income	-145.6	-127.5

VOLUMES OF BIOMASS (TONNES)	2020	2019
Volume of biomass harvested during the year (gutted weight)	439 829	435 904
Volume of biomass in the sea at year-end (live weight)	325 845	289 824

SENSITIVITY EFFECT ON FAIR VALUE (SALMON ONLY) AT YEAR-END (EUR MILLION)	PRICE -0.1 EUR	BIOMASS -1% LWT	QUALITY -1% SUP
Mowi Norway	-9.4	-2.4	-0.6
Mowi Chile	-3.1	-0.7	-0.2
Mowi Canada	-4.4	-0.6	-1.9
Mowi Scotland	-2.2	-0.4	-0.7
Mowi Faroe Islands	-0.9	—	-0.1
Mowi Ireland	-0.2	-0.1	-0.1
Mowi Feed	—	—	—
Total sensitivity effect on fair value	-20.2	-4.2	-3.5

INCIDENT-BASED MORTALITY 2020 (SALMON ONLY)	INCIDENT-BASED MORTALITY (1000 TONNES)	INCIDENT-BASED MORTALITY IN % OF TOTAL MORTALITY (VOLUME)
Mowi Norway	4.2	12.9%
Mowi Chile	0.1	1.9%
Mowi Canada	3.5	37.6%
Mowi Scotland	2.8	35.7%
Mowi Faroe Islands	—	—
Mowi Ireland	1.7	64.5%
Mowi Feed	—	—
Mowi Group	12.2	21.5%

FORWARD PRICES USED IN FAIR VALUE CALCULATION ¹⁾ QUARTER	EUR/KG
Q1 2021	4.85
Q2 2021	5.39
Q3 2021	5.10
Q4 2021	5.25
Q1 2022	5.90
Q2 2022	5.90

1) Norway and Faroe Islands only. Before reduction of export costs.

NOTE 7 - INVENTORY

INVENTORY (EUR MILLION)	2020	2019
Raw materials and goods in process	165.5	148.5
Finished goods	168.7	172.1
Total inventory	334.1	320.7

The amounts above are net after provision for obsolete goods, EUR 25.2 million (EUR 23.6 million). The amount of inventory recognised as an expense during the period totalled EUR 1 613.5 million (EUR 1 602.0 million).

NOTE 8 - IMPAIRMENT TESTING OF INTANGIBLE ASSETS

At year-end 2020, the market value of the Group's equity was significantly higher than the carrying amount of equity, which is an indication that the market considers the value of the Group's assets to exceed the carrying amount. For all cash generating units (CGUs), the recoverable amount has been determined based on a value-in-use calculation using cash flow projections based on approved budgets for the first year. The three next years are based on the approved long-term plan. The cash flow projections beyond the fourth year and beyond the fifth year are estimated by extrapolating the projections reflecting steady-state operations. The net present value of the cash flow is compared to the carrying amount in the CGU. If the carrying amount is higher than the calculated value in use, an impairment loss is recognised in profit or loss, reducing the asset value to the calculated value in use. The estimated cash flows are based on the assumption of continued operation as part of the Mowi Group.

There has been no changes in the identified CGUs for the year 2020.

KEY ASSUMPTIONS

The key assumptions used in the calculation of value in use are harvested volume, EBIT(DA)/margins, capital expenditure, discount rates and the terminal growth rates. Please see the table below for a summary of the key assumptions for each CGU.

Harvest volume

The expected harvest volume is based on the fish currently being held at sea, forward stocking plan and adjusted for the expected future increase in production given today's licenses. This evaluation has been performed CGU by CGU and is updated yearly.

EBIT(DA)/Margins

The key profit target for salmon farming and sales is EBIT per kg, while value-added operations are measured in terms of EBIT/EBITDA in % of sales. EBIT per kg is highly volatile due to fluctuations in the price of salmon. Costs can under normal circumstances be forecast with a relatively high level of accuracy. As Mowi has entered into long-term sales contracts for a proportion of the volume to be harvested in 2021, the margin for 2021 can be forecasted with a higher level of accuracy than the margin for the years beyond (2022–2025). With regards to the terminal, an expected long-term EBIT per kg has been used in the Farming entities and an expected EBIT in % of sales has been used for other operations. In the calculation we have used the EBIT margin from the Long Term Plan per entity, and reduced this to 90%. This principle has been applied in all Farming entities for the terminal value.

Capital expenditure

In the five-year forecast period, the capital expenditure necessary to meet the expected growth in revenue and profit is taken into consideration. Consistent with the Group's plan, the capital expenditure level for 2021 is high to further grow the operations. Beyond 2021, capital expenditures are aligned with growth and

replacement plans. Capital expenditure to comply with current laws and regulations has been included. Capital expenditure related to committed and approved efficiency improvement programs has also been included to support the inclusion of the benefits in the applied margin.

Changes in applicable laws and regulations may affect future estimated capital expenditure needs; this is not reflected in the figures used in the impairment test. Beyond the forecast period, capital expenditure will in general equal depreciation and relate to maintenance investments.

Discount rate

The discount rates are based on the Weighted Average Cost of Capital (WACC) methodology. The cost of equity is based on Capital Asset Pricing Model (CAPM). The cost of debt is based on the risk-free rate in the applicable country. In the model, a five-year average of the ten-year risk-free rate has been used. Calculation of the final discount rates (WACC) also takes into account market risk premium, debt risk premium, gearing and beta value. In the calculations, the Group has applied estimated cash flows before tax and the corresponding discount rates before tax.

Terminal growth rates

Growth after the five-year forecast period has in general been set independently for each cash-generating unit based on the five year average historic inflation rate. The maximum growth rate applied beyond the forecast period is 1.51%. This is lower than the expected growth rates in the first five years and lower than the historic growth rate in salmon demand.

Impairment of licenses in CGU Farming Canada

During the fourth quarter of 2020 an impairment loss of EUR 5.7 million on specific farming licenses in Canada was recognised, based on an updated assessment of the recent regulatory changes for fish farming in Canada, and the assumptions from the Long Term Plan have been adjusted accordingly. The main changes in the assumptions for Mowi Canada, are estimated harvest volumes in the future periods and the corresponding negative effects on the cash flow projections. After the recognition of the impairment loss, book value of our farming licenses in Canada is EUR 145.6 million. The remaining book value of licenses in Mowi Canada is approximately 17% of the license value for the group.

Sensitivity

With regard to the assessment of recoverable amount, the Group is of the view that no reasonably likely change in any of the above key assumptions would cause the carrying value to materially exceed the recoverable amount for any of the CGUs. We have also included the potential effects of the Covid-19 pandemic both in the updated budget assumptions for 2021 and long term plan for 2022–2025. In general we expect a market recovery during 2021.

The significant key assumptions with regards to sensitivity are expected harvest volumes and EBIT(DA)/Margins.

The impairment test performed for CGU Canada Farming after write-down of the specific licenses as described above, indicates that there are some headroom on the CGU as a whole for changes in the main assumptions. Sensitivity analysis shows that a 21%

decrease in harvest volume in the terminal would have brought the value in use to the same level as book value. Similarly, a 21% decrease of the EBIT/kg in the terminal would have brought the value in use to the same level as book value.

ASSUMPTIONS CASH GENERATING UNITS	HARVEST VOLUME 2020 (GWT)	WACC		TERMINAL	
		BEFORE TAX		VALUE GROWTH %	
		2020	2019	2020	2019
Mowi Norway Farming	262 016	8.8%	9.1%	0.8%	0.8%
Mowi Chile Farming	64 570	10.6%	11.7%	1.5%	1.5%
Mowi Canada Farming	43 953	9.4%	9.7%	0.8%	0.8%
Mowi Scotland Farming	52 739	8.2%	8.5%	0.6%	0.6%
Mowi Ireland Farming	7 961	7.2%	7.4%	0.3%	0.3%
Mowi Faroe Islands Farming	8 590	8.6%	8.8%	0.8%	0.8%
Mowi Consumer Products Europe	—	8.1%	8.6%	0.2%	0.2%
Mowi Asia	—	9.1%	9.2%	0.8%	0.8%
Mowi USA	—	10.1%	10.9%	1.5%	1.5%
Mowi Feed	—	8.7%	9.1%	0.8%	0.8%
Total	439 829				

Please see table below for an overview of the CGU's with allocated intangible assets as of December 31, 2020 and 2019.

CASH GENERATING UNITS (EUR MILLION)	GOODWILL		LICENSES	
	2020	2019	2020	2019
Mowi Norway Farming	181.6	181.6	543.6	498.0
Mowi Scotland Farming	7.2	6.9	61.6	65.2
Mowi Canada Farming	36.0	38.6	145.6	162.0
Mowi Chile Farming	—	—	113.3	124.1
Mowi Ireland Farming	—	—	2.2	2.2
Mowi Faroe Islands Farming	—	—	6.5	6.5
Mowi Consumer Products	88.6	90.9	—	—
Total	313.4	317.9	872.9	858.0

NOTE 9 - INTANGIBLE ASSETS

SPECIFICATION OF INTANGIBLE ASSETS 2020 (EUR MILLION)	GOODWILL	LICENSES	OTHER INTANGIBLE ASSETS ¹⁾	TOTAL
Acquisition cost as of 01.01	583.7	1 030.5	68.3	1 682.4
Additions in the year as a result of acquisitions ²⁾	0.7	—	—	0.7
Additions in the year ³⁾	—	46.2	1.9	48.1
Reclassification	—	0.1	0.2	0.3
Disposals / scrapping in the year	-0.5	-4.7	—	-5.2
Foreign currency adjustments	-14.2	-34.0	-11.2	-59.4
Total acquisition cost as of 31.12	569.7	1 038.1	59.1	1 666.9
Accumulated amortisation and impairment losses as of 01.01	265.8	172.5	43.4	481.7
Amortisation in the year	—	—	3.9	3.9
Impairment losses in the year ⁴⁾	0.7	5.9	0.6	7.2
Disposals/ scrapping in the year	-0.5	-4.4	—	-4.9
Foreign currency adjustments	-9.8	-8.7	-12.9	-31.4
Total accumulated amortisation and impairment losses as of 31.12	256.3	165.2	35.0	456.5
Total carrying amount as of 31.12	313.4	872.9	24.1	1 210.4
Estimated lifetime			3 - 25 years	
Amortisation method			Linear	

1) Other intangible assets includes assets under construction.

2) Mainly related to the acquisition of Finfish Ltd.

3) Additions on Licenses are mainly related to the purchase of increased capacity in farming Norway.

4) Impairment losses on Licenses are mainly related to write-down in Canada West. For more information see Profit section.

SPECIFICATION OF INTANGIBLE ASSETS 2019 (EUR MILLION)	GOODWILL	LICENSES	OTHER INTANGIBLE ASSETS ¹⁾	TOTAL
Acquisition cost as of 01.01	552.7	949.5	65.0	1 567.1
Additions in the year as a result of acquisitions	25.8	60.9	—	86.7
Additions in the year	—	1.8	2.8	4.5
Divestment	-0.2	—	-0.1	-0.4
Foreign currency adjustments	5.4	18.4	0.6	24.4
Total acquisition cost as of 31.12	583.7	1 030.5	68.3	1 682.4
Accumulated amortisation and impairment losses as of 01.01	263.4	168.0	38.8	470.2
Amortisation in the year	—	0.2	4.3	4.5
Impairment losses in the year	—	2.2	0.3	2.5
Divestment	-0.1	—	-0.1	-0.2
Foreign currency adjustments	2.5	2.0	0.3	4.8
Total accumulated amortisation and impairment losses as of 31.12	265.8	172.5	43.4	481.7
Total carrying amount as of 31.12	317.9	858.0	24.8	1 200.7
Estimated lifetime			3 - 25 years	
Amortisation method			Linear	

1) Other intangible assets includes assets under construction.

SPECIFICATION OF SEAWATER LICENSES	NUMBER OF LICENSES/ TENURES	NUMBER OF LICENSES/ TENURES IN USE	TOTAL CURRENT PRODUCTION CAPACITY ³⁾ (T TONNES)	OTHER LIMITATIONS
Mowi Norway ¹⁾	234.9	234.9	300	MAB limitation per license
Mowi Chile	186	30-40	120-130	
Mowi Scotland	78	49	89	MAB limitation per license
Mowi Canada	105	53	100	MAB limitation per license
Mowi Ireland	24	15	13	
Mowi Faroe Islands ²⁾	3	3	11	

1) CAC licenses not included.

2) Total capacity is 16 tonnes over a 18 month cycle.

3) Total production capacity HOG, full utilization.

SPECIFICATION LICENSES 2020	TOTAL CURRENT PRODUCTION CAPACITY ²⁾ (T TONNES)	HARVEST VOLUME (SALMON ONLY)	UTILISATION BASED ON PRODUCTION CAPACITY	BOOK VALUE (EUR MILLION) ¹⁾	BOOK VALUE PER PRODUCTION VOLUME
Mowi Norway	300	262 016	87%	543.6	2.1
Mowi Chile	120-130	64 570	50% -54%	113.3	1.8
Mowi Scotland	89	52 739	59%	61.6	1.2
Mowi Canada	100	43 953	44%	145.6	3.3
Mowi Ireland	13	7 961	61%	2.2	0.3
Mowi Faroe Islands	11	8 590	78%	6.5	0.8
Total		439 829		872.9	2.0

1) Book value includes freshwater licenses in addition to seawater licenses.

2) Total production capacity HOG, full utilisation.

The recognised value of our fish farming licenses in our Statement of Financial Position was EUR 872.9 million and EUR 858.0 million in December 31, 2020 and 2019 respectively. Measured in EUR per kg salmon harvested the values were EUR 2.0 and EUR 2.0 respectively.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

SPECIFICATION OF PPE 2020 (EUR MILLION)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	UNDER CONSTRUCTION /PREPAYMENTS	OTHER TANGIBLE	TOTAL
Acquisition cost as of 01.01	813.6	1 152.1	242.2	390.5	211.3	70.6	2 880.4
Acquisitions through business combinations	1.6	2.7	—	—	—	—	4.3
Additions in the year	74.5	75.8	46.3	77.5	-10.0	-5.1	259.0
Reclassification	6.2	-25.6	12.1	-4.8	0.4	-0.1	-11.8
Disposals / scrapping in the year	-5.8	-15.9	-5.6	-17.3	-0.1	-1.3	-45.9
Foreign currency adjustments	-26.1	-48.6	-4.8	-16.5	-17.1	-5.9	-119.2
Total acquisition cost as of 31.12	864.0	1 140.4	290.3	429.3	184.6	58.2	2 966.8
Accumulated depreciation and impairment losses as of 01.01	303.1	799.2	116.8	235.1	7.3	57.3	1 518.8
Depreciation in the year	34.1	71.0	21.6	39.2	—	2.9	168.8
Impairment losses and reversal of previous write-downs in the year	4.1	2.2	0.6	0.7	—	—	7.7
Reclassification	2.1	-23.1	5.5	10.7	—	-6.8	-11.6
Disposals/ scrapping in the year	-4.8	-14.8	-5.3	-17.0	—	-1.2	-43.0
Foreign currency adjustments	-8.1	-34.4	-1.7	-10.2	-8.4	-5.7	-68.5
Total accumulated depreciation and impairment losses as of 31.12	330.6	800.2	137.4	258.5	-1.0	46.5	1 572.1
Total carrying amount as of 31.12	533.4	340.3	152.8	170.8	185.6	11.7	1 394.7
Estimated lifetime	Land; infinite Buildings; 0-20 years	5-20 years	3-10 years	5-10 years	NA	3-10 years	
Depreciation method	Linear	Linear	Linear	Linear	NA	Linear	

SPECIFICATION OF PPE 2019 (EUR MILLION)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	UNDER CONSTRUCTION /PREPAYMENTS	OTHER TANGIBLE	TOTAL
Acquisition cost as of 01.01	661.5	1 052.1	209.8	358.1	301.0	58.3	2 640.7
Acquisitions through business combinations	1.0	3.2	0.3	—	—	—	4.5
Additions in the year	149.6	122.2	32.4	59.5	-103.3	14.2	274.5
Reclassification	—	-2.4	0.3	—	0.6	—	-1.6
Transfer of assets held for sale	—	—	—	—	—	—	—
Disposals / scrapping in the year	-8.3	-41.5	-2.5	-36.4	—	-2.6	-91.3
Divestments	-3.1	-3.9	-1.2	-1.4	—	-0.1	-9.7
Foreign currency adjustments	13.0	22.6	3.1	10.7	13.0	0.9	63.3
Total acquisition cost as of 31.12	813.6	1 152.1	242.2	390.5	211.3	70.6	2 880.3
Accumulated depreciation and impairment losses as of 01.01	277.6	764.6	101.3	228.9	2.6	49.6	1 424.7
Depreciation in the year	30.6	70.0	17.1	36.6	—	3.4	157.8
Impairment losses and reversal of previous write-downs in the year	0.8	0.2	0.8	—	0.2	—	2.0
Reclassification	0.2	-5.3	-1.0	0.1	—	6.0	—
Disposals /scrapping in the year	-7.7	-41.2	-1.9	-35.8	—	-2.5	-89.1
Divestments	-2.0	-3.3	-1.2	-1.4	—	-0.1	-8.0
Foreign currency adjustments	3.5	14.1	1.7	6.7	4.5	0.9	31.4
Total accumulated depreciation and impairment losses as of 31.12	303.1	799.2	116.8	235.1	7.3	57.3	1 518.8
Total carrying amount as of 31.12	510.5	352.9	125.4	155.4	204.0	13.3	1 361.6
Estimated lifetime	Land; infinite Buildings; 0-20 years	5-20 years	3-10 years	5-10 years	NA	3-10 years	
Depreciation method	Linear	Linear	Linear	Linear	NA	Linear	

Sale of non-current assets

Non-current tangible assets have been sold during the year, and the net gain on the sale of assets (included in the line item Other operating expenses in the consolidated statement of comprehensive income) amounts to EUR 3.3 million in 2020. The corresponding figure for 2019 is EUR 4.7 million.

Impairment testing of non-current assets

Impairment tests for specific non-current assets are performed when there are indications of impairment. In 2020, a net loss in fixed assets of EUR 2.9 million was booked in Canada, EUR 2.4 million in France, EUR 1.3 million in Poland, EUR 0.8 million in Norway and EUR 0.3 million in Japan.

Contractual commitments

Mowi has entered into significant contractual commitments for the acquisition of property, plant and equipment at year-end 2020.

The significant commitments are related to Farming Norway with EUR 38.5 million, Farming Scotland with EUR 1.1 million, Farming Canada with EUR 8.3 million, Farming Faroese with EUR 3.75 million, Farming Chile with EUR 3.3 million and Consumer Products Europe with EUR 12.3 million.

NOTE 11 - INTEREST-BEARING DEBT

INTEREST-BEARING DEBT (EUR MILLION)	2020	2019
Non-current interest-bearing bank debt	1 019.7	1 119.0
Bond	199.2	198.6
Schuldschein loan	148.5	148.2
Green Bond	198.2	—
Total non-current interest-bearing debt	1 565.5	1 465.8
Total interest-bearing debt	1 565.5	1 465.8

Financing of the Mowi Group is mainly carried out through the parent company Mowi ASA. External financing is obtained by subsidiaries only if this is optimal for the Group. Mowi complied with its covenants at the end of 2020.

The following programmes are the main sources of financing for the Mowi Group as of December 31, 2020:

EUR 1 406 MILLION SYNDICATED CREDIT FACILITY

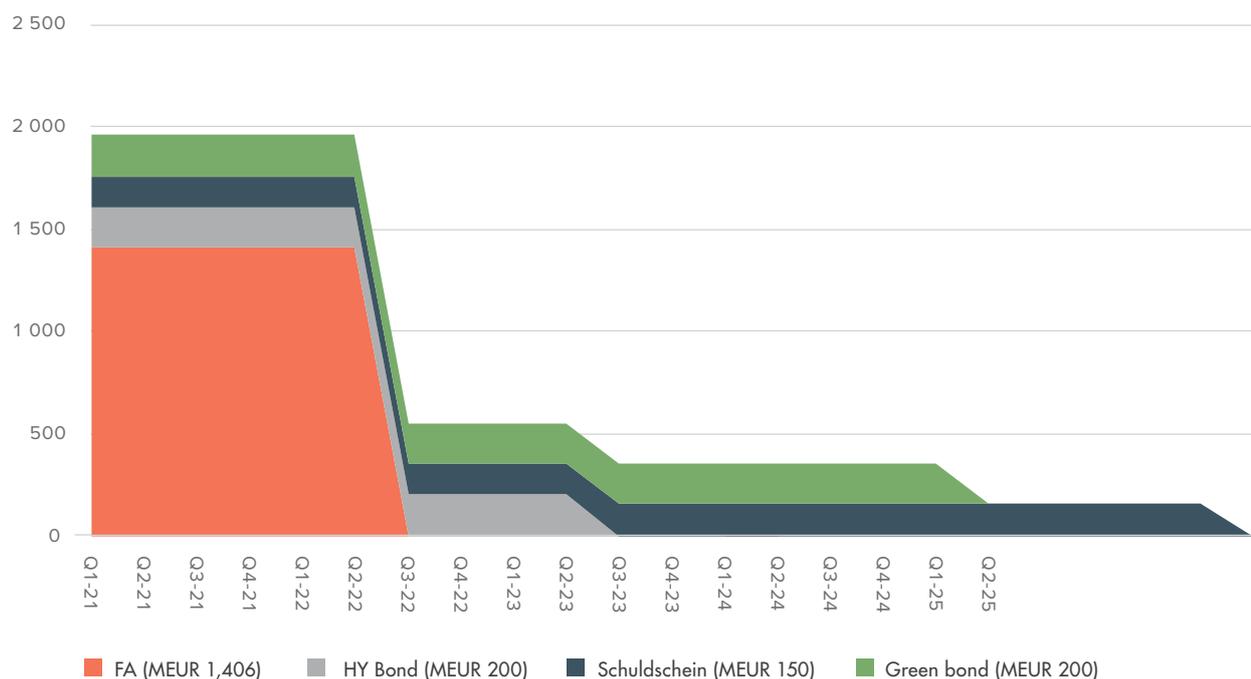
In June 2017, Mowi signed a senior secured five-year, EUR 1 206 million multicurrency revolving credit facility (the "Facility Agreement") with DNB, Nordea, ABN Amro, Rabobank, Danske Bank and SEB. The Facility Agreement included an accordion increase option, which was executed in December 2018, increasing the size of the Facility Agreement by an additional EUR 200

million to EUR 1 406 million. The principal financial covenant of the Facility Agreement is an equity ratio of minimum 35%, but the calculation of the ratio is to be adjusted for the effects of IFRS 16. Furthermore, the ability of the Group to take on new debt is regulated by the loan agreement. The facility has final maturity in June 2022.

The facility is available to Mowi ASA and selected subsidiaries. In addition, part of the revolving credit facility may be allocated as bilateral credits (including overdraft facilities and facilities for the issuance of guarantees) between syndicate banks and group companies.

Drawings at year end 2020 on the syndicated credit facility amount to EUR 1 018.8 million, down from 1 118.3 million at year end 2019.

Financing lines available (committed) and maturity



EUR 200 MILLION BOND

In June 2018, Mowi issued an unsecured bond with a principal amount of EUR 200 million. The bond issue carries a coupon of three-month EURIBOR (floored at 0%) plus 2.15% p.a., payable quarterly, and the sole financial covenant is an equity ratio of minimum 30%. The bond is repayable in June 2023 with no interim instalments. The bond is listed on the Oslo Stock Exchange with ISIN: NO 0010824006.

EUR 150 MILLION SCHULDSCHEIN LOAN

In May 2019, Mowi entered into a EUR 120 million, seven-year senior unsecured loan in the German Schuldschein market, increased to EUR 150 million in August 2019. The loan consists of two floating-rate tranches of EUR 99 million and EUR 30 million, and a fixed-rate tranche of EUR 21 million, and the sole financial covenant is an equity ratio of minimum 30%. Mowi pays semi-annual interest of six-month EURIBOR (floored at 0%) plus 1.70% p.a. on

the floating-rate tranches and, through a corresponding interest rate swap, six-month EURIBOR plus 1.705% p.a. on the fixed-rate tranche. All tranches are non-amortising and are repayable in May 2026.

EUR 200 MILLION GREEN BOND

In January 2020, Mowi issued the first green bond in the seafood sector, with a principal amount of EUR 200 million. The bond issue carries a coupon of three-month EURIBOR (floored at 0%) plus 1.60% p.a., payable quarterly, and the sole financial covenant is an equity ratio of minimum 30%. The green bond is unsecured and is repayable in January 2025 with no interim instalments. The proceeds from the green bond issue will be used to finance or refinance green projects as further defined by Mowi's green bond framework, which received a medium green shading from CICERO. The bond is listed on the Oslo Stock Exchange and in Euronext ESG Bonds section with ISIN: NO 0010874050

CASH MOVEMENTS FINANCING ACTIVITIES

CASH MOVEMENTS FINANCING ACTIVITIES (EUR MILLION)	NON-CURRENT INTEREST-BEARING DEBT	DERIVATIVES
Balance at January 1, 2020	1 465.8	34.1
Proceeds from loans and borrowings	-89.5	—
Proceeds from Green bond	200.0	—
Transaction cost related to loans and borrowings	-2.2	—
Total changes from financing cash flows	108.3	—
The effect of changes in foreign exchange rates	-12.0	—
Changes in fair value	—	-4.0
Liability-related	-12.0	-4.0
Capitalised borrowing cost	3.4	—
Interest expense	28.2	17.6
Interest paid	-28.3	-17.6
Total liability-related other changes	3.4	—
Balance at December 31, 2020	1 565.5	30.1

In addition Mowi has paid EUR 13.4 million in interest expenses for leasing during 2020- For cash details in regards to leasing, please see note 29.

CASH MOVEMENTS FINANCING ACTIVITIES (EUR MILLION)	NON-CURRENT INTEREST-BEARING DEBT	DERIVATIVES
Balance at January 1, 2019	1 142.5	77.3
Net proceeds from loans and borrowings	318.3	—
Transaction cost related to loans and borrowings	-1.9	—
Total changes from financing cash flows	316.4	—
The effect of changes in foreign exchange rates	3.5	—
Changes in fair value	—	-43.2
Liability-related	3.5	-43.2
Capitalised borrowing cost	3.1	-0.1
Interest expense	21.4	33.1
Interest paid	-21.1	-33.0
Total liability-related other changes	3.4	—
Balance at December 31, 2019	1 465.8	34.1

NOTE 12 - FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS IMPACT ON COMPREHENSIVE INCOME (EUR MILLION)	2020	2019
Interest expenses	-45.9	-55.8
Interest expenses leasing (IFRS 16)	-13.5	-11.3
Amortised interest cost	-3.7	-3.1
Interest expenses	-63.0	-70.2
Net currency effects on interest-bearing debt	5.2	-8.4
Net currency effects on cash, trade receivables and trade payables	-9.4	21.0
Gain/loss on short-term currency swaps	1.6	5.8
Gain/loss on long-term currency swaps	-20.3	10.0
Currency effects on leasing (IFRS 16)	10.0	3.3
Net currency effects	-12.9	31.6
Interest income	0.7	1.5
Gain/loss on salmon derivatives non-operational	—	-1.0
Change in fair value other financial instruments	12.8	29.4
Net other financial items	-0.5	-0.8
Other financial items	13.0	29.0
Total financial items	-62.9	-9.5

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	FINANCIAL ASSETS AND LIABILITIES			TOTAL
	DEBT INSTRUMENTS AT AMORTISED COST	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	NON-FINANCIAL ASSETS AND LIABILITIES	
DECEMBER 31, 2020				
Non-current assets				
Other non-current financial assets	—	1.9	—	1.9
Current assets				
Trade receivables	454.0	—	—	454.0
Other receivables	55.8	—	70.0	125.8
Other current financial assets	—	11.1	—	11.1
Cash	107.2	—	—	107.2
Non-current liabilities				
Non-current interest-bearing debt	-1 565.5	—	—	-1 565.5
Current liabilities				
Current interest-bearing debt	—	—	—	—
Trade payables	-316.5	—	—	-316.5
Other current financial liabilities	—	-30.1	—	-30.1
Other current liabilities	-75.1	—	-92.8	-167.9
Total	-1 340.1	-17.1		
Fair value¹⁾	-1 350.5	-17.1		

1) Difference in fair value is related to Non-current interest-bearing debt (Bond).

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	FINANCIAL ASSETS AND LIABILITIES			TOTAL
	DEBT INSTRUMENTS AT AMORTISED COST	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	NON-FINANCIAL ASSETS AND LIABILITIES	
31 DECEMBER 2019				
Non-current assets				
Other non-current financial assets	—	1.9	—	1.9
Current assets				
Trade receivables	504.8	—	—	504.8
Other receivables	113.1	—	33.1	146.2
Other current financial assets	—	6.9	—	6.9
Cash	128.6	—	—	128.6
Non-current liabilities				
Non-current interest-bearing debt	-1 465.8	—	—	-1 465.8
Other non-current financial liabilities	—	—	—	—
Current liabilities				
Current interest-bearing debt	—	—	—	—
Trade payables	-296.8	—	—	-296.8
Other current financial liabilities	—	-34.1	—	-34.1
Other current liabilities	-70.4	—	-129.5	-199.9
Total	-1 086.5	-25.3		
Fair value¹⁾	-1 091.2	-25.3		

1) Difference in fair value is related to Non-current interest-bearing debt (Bond).

There has not been any reclassification between the categories of financial assets or liabilities in 2020, or 2019. Details regarding the criteria for recognition and the basis for measurement of each class of financial instrument are disclosed in Note 2 Significant accounting principles.

OTHER CURRENT FINANCIAL ASSETS (EUR MILLION)	2020	2019
Market value of other financial instruments	—	0.2
Currency swaps	11.1	6.8
Other current financial assets as of 31.12	11.1	6.9

OTHER CURRENT FINANCIAL LIABILITIES (EUR MILLION)	2020	2019
Currency swaps	7.1	4.6
Interest rate swaps	16.7	29.5
Market value of other financial instruments	6.3	—
Other current financial liabilities as of 31.12	30.1	34.1

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments carried at amortised cost

The Group considers that the carrying amount of financial assets and liabilities recognised at amortized cost in the financial statements approximates their fair value.

Fair value measurements recognised in the statement of financial position

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy of three different levels, based on the degree to which the fair value is observable:

Level 1:

Fair value determined directly by reference to published quotations.

Level 2:

Fair value estimated using valuation technique based on input other than quoted prices included in level 1 that are observable

Level 3:

Fair value estimated using a valuation technique based on unobservable data.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (EUR MILLION)	2020			2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<i>Financial assets/liabilities to fair value through profit or loss:</i>						
Other financial instruments	—	-6.3	—	—	0.2	—
Current currency swaps	—	11.1	—	—	6.8	—
Interest swaps	—	-16.7	—	—	-29.5	—
Current currency swaps	—	-7.1	—	—	-4.6	—
BONDS AT AMORTISED COST, FAIR VALUE	—	-556.2	—	—	-354.7	—

The own non-performance risk as at December 31, 2020 was assessed to be insignificant. There were no transfers between the levels in 2020 or 2019.

NOTE 13 - CAPITAL MANAGEMENT AND RISK MANAGEMENT

LEVERAGE AND CAPITAL ACCESS

Leverage and Capital access (i.e. Capital management) refers to the process of acquiring and utilising capital in the most efficient manner compared to the available alternatives. The primary objective of the Group's capital management is to ensure access to capital contributing to satisfactory operations and maximum generation of shareholder value. The Group manages its capital structure and makes adjustments in light of changes in underlying economic conditions. Access to borrowed capital is continuously monitored and the Group has a continuous dialogue with its lenders. The syndicated loan facility sets forth an equity ratio as the only financial covenant. The remaining portfolio of interest bearing debt does not include more restrictive financial covenants. Mowi complied with the financial covenants in its loan agreements during and at the end of 2020. Details relating to the main loan programmes in the Group are described in Note 11.

Mowi intends to maintain an equity base suited to the characteristics of its operations, taking into consideration that fish farming is a cyclical business. At year-end 2020, the equity of Mowi amounted to EUR 2 764.1 million. The equity share, defined by equity/total assets, was at the same time 47.3%. Net interest bearing debt, defined as total interest-bearing debt less cash was EUR 1 458.4 million at year-end, above the long-term target of EUR 1 400 million, excluding effects of IFRS 16. The Board of Directors of Mowi ASA considers the equity in the Group appropriate for the scale of the operation.

Dividend has been an important component of Mowi's financial strategy and to make dividend payments more predictable and transparent the Board decided in 2020 to operationalise the dividend policy by introducing ordinary and extraordinary dividends.

Mowi's ambition is to create long-term value for the shareholder through both positive share price development and a growing dividend in line with long-term earnings. The policy states that:

- *The quarterly ordinary dividend shall under normal circumstances be at least 50% of underlying earnings per share (EPS).*
- *Excess capital will be paid out as extraordinary dividends.*
- *When deciding excess capital the Board of Directors will take into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. Further to this a long-term target level for net interest-bearing debt is determined, reviewed and updated on a regular basis.*
- *Shareholder returns are distributed primarily as cash dividends with the option of using share buybacks as a complementary supplement on an ad-hoc basis.*

The Board of Directors of Mowi ASA has been given proxies from the Annual General Meeting in June 2020 to:

- *(1) To approve the distribution of dividends based on the Company's annual accounts for 2020. The authority may be used to approve the distribution of dividends up to an aggregate amount of NOK 7 500 000 000. The authority is valid for dividends from and including the second quarter of 2021 until the AGM in 2021, however no later than June 30, 2021.*
- *(2) To purchase up to 51 711 109 shares in the Company (representing 10% of the shares in issue at the time) during the period up until the AGM in 2021, however no later than June 30, 2021.*
- *(3a) To increase the Company's share capital by up to 51 711 109 shares (representing 10% of the shares in issue at the time) provided that the the combined number of shares that are issued pursuant to this authorisation and the authorisation in item 3b below shall not in aggregate exceed 10% of the Company's current share capital. The authority did not define the purpose(s) of such a capital increase. The authority expires at the AGM in 2021, however no later than June 30, 2021.*
- *(3b) To take up convertible bond loans of up to NOK 3 200 million (par value), convertible to a share capital equivalent of up to 51 711 109 shares provided that the the combined number of shares that are issued pursuant to this authorisation and the authorisation in item 3a above shall not in aggregate exceed 10% of the Company's current share capital. The authority expires at the AGM in 2021, however no later than June 30, 2021.*

The Group's principal financial liabilities, other than loans, consist of non-convertible bonds, derivatives and trade payables. These financial liabilities constitute the majority of the Group's third party financing. The Group holds financial assets such as trade receivables, cash and shares.

The Group uses financial derivatives, mainly currency forward contracts, interest rate swaps and financial salmon futures, using large international banks and Fish Pool ASA as counterparts. The purpose of these derivatives is to manage the interest rate, currency and salmon price risks arising from the operations of the Group. With the exception of financial salmon futures, no trading activities in financial instruments are undertaken. On a selective basis, the Group also enters into other financial derivatives such as equity forward contracts.

Details regarding significant accounting policies for financial assets and liabilities are disclosed in Note 2 Significant accounting policies.

FINANCIAL RISK MANAGEMENT

The Group monitors and manages financial risks arising from operations. These include currency risks, interest rate risk, credit risk and price/liquidity risk.

The Group seeks to manage these risks through operational measures or (where such measures are not available) through the use of financial derivatives.

A policy on the management of these risks has been approved by the Board of Directors. The policy includes principles on currency risk, interest rate risk, price risk, the use of financial instruments and other operational means as well as limits on the maximum and minimum levels of these exposures.

CURRENCY RISK

In the Mowi Group, several Business Units carry out a large number of business transactions in currencies different from the domestic currency. For the Group, the relative importance of these transactions is substantially larger on the revenue side than on the cost side. To mitigate the potential fluctuation effects on its cash flows, the Group maintains a foreign exchange strategy designated to manage these exposures both in the short and long term. For each of Mowi's units, the Group has defined a hedging strategy not designated for hedge accounting. According to the hedging strategy, units located in the following regions generate cash flow in currencies (main hedging currencies) according to the below table.

REGION	HEGDING CURRENCY
Europe ex. UK	EUR
UK	GBP
Americas	USD
Asia	USD

For some units the main hedging currency is different from the functional currency.

Transaction exposures arise from firm commitments made to transact in a currency different from the main currency. The transaction exposure depends on the duration of the commitment, but will normally be of relatively short duration. Hedging transactions designated to manage transaction exposures are referred to as transaction hedges.

Through hedging of transaction exposures, each Business Unit aims to ensure that its net cash flows in currencies other than its main hedging currency are hedged towards this currency. Further exposures arise from structural imbalances between the main currencies on the revenue side versus the expense side. These imbalances are predominantly a result of production taking place in a country different from where the product is sold. Due to their structural nature, the exposures are of a longer horizon than for transaction exposures and are therefore quantified on the basis of estimates for future revenues and expenses. In this estimation, focus is kept on the underlying currency structure of the individual revenue and cost item and the actual currency in which transactions are invoiced is of lesser importance.

The Mowi Group normally has a net positive cash flow exposure towards EUR, GBP, USD and JPY and a net negative cash flow exposure towards NOK, CAD and CLP. To hedge Group cash flows against exchange rate fluctuations Mowi has a policy for long-term hedging of the most predominant net exposures. The Group currently hedges up to 30% of its underlying exposure between EUR/NOK and USD/CAD with a horizon of two years.

As of December 31, 2020 the Group held a portfolio of derivative instruments designed to mitigate transaction and cash flow exposure with a total contract value of EUR 628.4 million (EUR 628.7 million). Instruments equivalent to 62% (61%) of the contract value mature in 2021 and no instrument matures beyond December 2022. The portfolio had a net positive market value of EUR 3.8 million (2.2 million) at year-end.

Currency exposure in the statement of financial position

As a consequence of the Group's net cash flows being generated in EUR, GBP and USD, the interest-bearing debt should reflect this currency structure. On December 31, 2020, the portfolio was in line with policy.

CURRENCY STRUCTURE OF NET INTEREST-BEARING DEBT (EUR MILLION)	NOK	USD	EUR	GBP	JPY	DKK	CAD	PLN	OTHER	TOTAL
Cash and cash equivalents	31.5	3.0	55.4	-3.0	3.7	0.2	9.9	-0.5	6.8	107.1
Non-current interest-bearing debt	77.3	48.9	1 394.8	44.5	—	—	—	—	—	1 565.5
Net interest-bearing debt	45.8	45.9	1 339.4	47.5	-3.7	-0.2	-9.9	0.5	-6.8	1 458.4

The carrying amount of interest-bearing debt has been reduced by EUR 5.2 million (EUR 6.6 million) in transaction costs. There are no significant differences between the carrying amount and the fair value of non-current interest-bearing debt and leasing.

SENSITIVITY ANALYSIS - CHANGE IN EXCHANGE RATES IMPACT ON RESULT

The main sources of sensitivity to exchange rate movements are the long-term hedges of exposure to EUR/NOK and USD/CAD and loans in NOK, USD and GBP under the multicurrency revolving credit facility. Based on the exposure as of December 31, 2020, the effect of a 15% change in exchange rates on the long-term currency hedges and the multicurrency loan positions has been estimated:

CURRENCY PAIR (EUR MILLION)	EUR/NOK	EUR/USD	EUR/GBP	USD/CAD
Effect in EUR from a 15% increase in the value of	EUR	EUR	EUR	CAD
Financial items	-42.7	6.4	5.8	9.9

INTEREST RATE RISK

Mowi ASA shall over time hedge 0%-35% of the Group's long-term interest bearing debt by currency with fixed interest or interest rate derivatives for the first 5 years, and 0% thereafter. Interest-bearing debt includes external interest-bearing debt and leasing in the parent company or subsidiaries. The interest rate hedges shall be based on the targeted currency composition. Interest rate exposure in other currencies than EUR, USD, GBP and NOK shall not be hedged. All interest rate hedging shall be executed from the parent company. At year-end 2020 the Group had a hedging portfolio of strategic interest rate swaps with a negative market value of EUR -17.7 million (EUR -29.8 million), while the Group's overall interest rate swap portfolio had a net negative market value of EUR -16.7 million.

The hedging portfolio held at the end of 2020 will ensure the payment of the following weighted fixed rates against receipt of three month EURIBOR/LIBOR for each of the below currencies and periods:

NOMINAL AMOUNT OF INTEREST RATE SWAPS AND WEIGHTED AVERAGE FIXED RATE (EUR MILLION)	EUR		USD		GBP	
	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE
UNTIL MARCH 2021	380.0	2.13%	78.3	2.31%	23.5	2.83%
MARCH 2021- MARCH 2022	380.0	2.20%	78.3	2.31%	23.5	2.83%
MARCH 2022- MARCH 2023	—	—	60.0	4.13%	—	—

MARKET VALUE (EUR MILLION)	2020	2019
EUR	-13.1	-27.4
USD	-3.6	-1.1
GBP	-0.9	-1.2
TOTAL	-17.7	-29.8

A 0.50% point parallel increase in all relevant yield curves will cause a EUR 2.6 million (5.0 million) increase in the market value. This change would be recognised through profit and loss. Based on the long-term debt and interest rate swaps outstanding as of December 31, 2020 a 0.50% point parallel increase in all relevant yield curves would result in an estimated decrease in the Group's annual interest cost of EUR 1.4 million.

CREDIT RISK

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and as a main rule the Group's trade receivables are fully credit insured. The Group is monitoring exposure towards individual customers closely and is not substantially exposed in relation to any individual customer or contractual partner as of December 31, 2020. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables, with reference to Note 17. The Group considers concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in different markets.

The Group only enters into derivative transactions with counterparties with an established business relationship to the Group.

PRICE/LIQUIDITY RISK

The Group is continuously monitoring liquidity and estimates expected liquidity development on the basis of budgets and monthly updated forecasts from the units. Mowi's financial position and development depend significantly on the spot price developments for salmon, and these prices have historically been volatile. As such Mowi is exposed to movements in supply and demand for salmon. Mowi has to some extent mitigated its exposure to spot prices by entering into bilateral fixed price/volume contracts with its' customers. The contract share has normally varied between 20% and 50% of our sold volume, however hedged volumes

can increase up to 65% under special circumstances, and the duration of the contracts has typically been three to eighteen months. Furthermore Mowi is reducing the exposure to spot price movements through the value added processing activities and tailoring of products for its customers. Other key liquidity risks are fluctuations in production and harvest volumes, biological issues, and changes in the feed price, which is the most important individual factor on the cost side. Feed costs are correlated to the marine and agricultural commodity prices of the ingredients.

Mowi's aim is to maintain a balance between long-term financing and flexibility by using credit facilities, new borrowings and bonds.

COVID-19

Covid-19 impacted market dynamics materially in 2020, and the consumption pattern changed during the pandemic. We saw a shift towards higher retail share and more elaborated products as demand from the foodservice market was reduced. About half of the increase stems from increased penetration, i.e. new customers who have not previously purchased salmon through retail, which we believe will have a long-term positive effect on the demand for salmon. The strength of Mowi's integrated value chain was evident throughout 2020 as our Consumer Products division capitalised on the shift in consumer demand from food service to retail. The company produced more value-added products than ever through our downstream facilities. Mowi believes that the market will recover from the pandemic and return to normality in 2021, with positive long-term demand effects in the retail market.

MATURITY PROFILE OF THE FINANCIAL LIABILITIES AND DERIVATIVES BASED ON CONTRACTUAL UNDISCOUNTED PAYMENTS, INCLUDING INTEREST: 2020 (EUR MILLION)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	WITHIN 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Syndicated loan	1 019.3	-1 046.9	-17.7	-1 029.2	—	—
Unsecured bond	199.4	-210.8	-4.3	-4.3	-202.2	—
Unsecured Schuldschein loan	149.1	-163.4	-2.4	-2.4	-7.3	-151.2
Unsecured Green bond	198.7	-214.4	-3.2	-3.2	-208.0	—
Other debt	0.8	-0.8	-0.8	—	—	—
Trade payables and other liabilities	316.5	-316.5	-316.5	—	—	—
Derivative financial liabilities						
Interest rate swaps	17.7	-17.4	-12.4	-4.5	-0.5	—
Cash flow instruments	5.3	-5.3	-4.7	-0.6	—	—
Transaction instruments	1.8	-1.8	-1.7	—	—	—
Total financial liabilities ¹⁾	1 908.6	-1 977.3	-363.7	-1 044.2	-418.0	-151.2

MATURITY PROFILE OF THE FINANCIAL LIABILITIES AND DERIVATIVES BASED ON CONTRACTUAL UNDISCOUNTED PAYMENTS, INCLUDING INTEREST: 2019 (EUR MILLION)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	WITHIN 1 YEAR	1-2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Syndicated loan	1 119.0	-1 162.9	-16.1	-16.1	-1 130.6	—
Unsecured bond	198.9	-215.3	-4.3	-4.3	-206.7	—
Unsecured Schuldschein loan	148.8	-166.1	-2.5	-2.5	-7.4	-153.7
Other debt	0.7	-0.7	-0.6	—	—	—
Trade payables and other liabilities	296.4	-296.4	-296.4	—	—	—
Derivative financial liabilities						
Interest rate swaps	29.5	-31.7	-17.3	-10.6	-3.8	—
Cash flow instruments	2.5	-2.5	-1.7	-0.8	—	—
Transaction instruments	2.1	-2.1	-1.9	-0.3	—	—
Total financial liabilities ¹⁾	1 797.8	-1 877.6	-340.8	-34.6	-1 348.5	-153.7

1) For maturity profile of financial liabilities related to leasing debt, please see note 29

NOTE 14 - REMUNERATION

SALARY AND PERSONNEL EXPENSES (EUR MILLION)	2020	2019
Salaries	-377.2	-376.6
Cash bonuses	-20.4	-23.5
Social security taxes	-51.9	-53.0
Pension expenses	-13.4	-15.5
Share price based bonus	-2.8	-1.5
Temporary labor	-66.6	-68.4
Other benefits	-26.1	-25.1
Total salary and personnel expenses	-558.5	-563.5
Average number of FTEs	14 821	14 767

At year-end 2020 there were 14 645 FTEs (full-time employee equivalent) in the Group.

REMUNERATION TO SENIOR EXECUTIVES ¹⁾ (EUR MILLION)	2020	2019
Salaries and other short-term employee benefits	-3.5	-4.3
Post-employment benefits	—	-0.1
Share-based payments	-2.0	-3.5
Total remuneration to senior executives	-5.6	-7.9

¹⁾ See Note 15 to the financial statements for Mowi ASA for a specification of senior executives.

SHARE OPTION SCHEME

Mowi Group has a share-price based bonus scheme for Senior Executives, and management and key experts of Business Areas, subsidiaries and group functions:

OUTSTANDING OPTIONS PER ALLOTMENT	2020-ALLOTMENT OF CALL OPTIONS	2019-ALLOTMENT OF CALL OPTIONS	2018-ALLOTMENT OF CALL OPTIONS	2017-ALLOTMENT OF CALL OPTIONS
Distributed options	1 125 000	1 470 000	1 500 000	1 460 000
Forfeited options	—	-370 000	-515 000	-590 000
Dividend adjustment	—	39 112	91 515	155 730
Total options outstanding at year end ¹⁾	1 125 000	1 139 112	1 076 515	1 025 730
Strike price December 31, 2020 (NOK)	209.81	214.77	162.98	137.20
Number of employees in the scheme at year end	32	25	21	17

¹⁾ None of the options were exercisable at year-end 2020.

The Share-Price-Based Bonus Scheme comprises annual allocations by the Board of Directors of a number of European call options with a strike price of 107.5% of the share price of Mowi's shares at the date of the annual general meeting authorising allocations under the scheme. The options have a term of four years but will become exercisable immediately if a mandatory bid is made for all of the shares in Mowi or if Mowi is the non-surviving entity in a merger with another company. If the holder of the options exercises the options, the company may settle its obligation through the issue of new shares or, alternatively, by selling treasury shares to the option holder. There will be no lock-up obligation on the shares the option holder receives through the

exercise of the option. The exercise of the option is conditional upon the option holder being employed in a non-terminated position in the Group on the date of exercise.

The number of shares and the strike price will be adjusted for dividends and changes in equity capital during the term of the option in accordance with Oslo Stock Exchange derivative rules (A.2.2.8(1)b). Total profit through the exercise of the option in a year is capped at two years' salary for the option holder. If the profit exceeds this limit, the number of shares to be issued will be reduced accordingly. Following the 2020 annual general meeting (the "AGM"), the Board of Directors allocated 1 125 000

options with a strike price corresponding to 107.5% of the volume-weighted average share price on the OSE on the day of the AGM (NOK 209.8076) to a total of 32 individuals.

Eligibility to the senior executive share option scheme is limited to: Group CEO, other Senior Executives and management and key experts of Business Areas, subsidiaries and group functions, based on the following criteria:

- *the position and individual is important in realising the Mowi Group ambitions;*
- *the individual is considered critical for the Business Unit(s);*
- *the individual is expected to continue in a role covered by the scheme;*
- *the individual will not retire during the first year of the scheme*

SHARE PURCHASE PROGRAM

All permanent employees in Mowi ASA and its Norwegian subsidiaries have the opportunity to acquire shares in the Company within the scope of the Norwegian Tax Act Section 5-14. These provisions entitle this group of employees to receive a tax-free benefit of NOK 5 000 in connection with their participation in such a scheme.

Permanent employees in Mowi Scotland and Mowi Canada have also been offered the opportunity to buy shares, though without any element of tax-free discount. All employees are offered funding of the purchase price through an interest-free advance on salary from Mowi.

No other loans or guaranties have been granted to key management personnel.

PENSION PLANS

Pension plans in the Group are mainly defined contribution plans. There are a few defined benefits plans, which are considered to be immaterial for the Group's financial statements.

PENSION PLANS (EUR MILLION)	PENSION COST	PENSION NET LIABILITY (FUND) 31.12
Mowi Norway ¹⁾	-6.1	4.7
Mowi Scotland	-2.2	-12.5
Mowi Canada	-2.2	—
Other entities	-3.0	3.0
Total 2020	-13.4	-4.7
Total 2019	-15.5	0.6

1) The term Mowi Norway includes all Norwegian entities including corporate.

NOTE 15 - TAXES

INCOME TAXES FOR THE YEAR IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR MILLION)	2020	2019
Norway	-19.5	-91.1
Foreign units	-22.8	-39.4
Tax on profits (current tax)	-42.3	-130.5
Norway	15.6	-3.5
Foreign units	25.3	2.9
Change in deferred tax	40.9	-0.6
Total income taxes related to profit for the year	-1.4	-131.2

RECONCILIATION BETWEEN NOMINAL AND EFFECTIVE TAX RATES (EUR MILLION)	2020	2019
Profit before tax	120.6	607.4
Nominal tax rate	22%	22%
Tax calculated with nominal tax rate	-26.5	-133.6
Non-taxable income/loss on sale of shares	—	-0.1
Non-taxable income/loss from associated companies and joint ventures	10.3	20.2
Effect of changed tax rate on deferred tax positions	-2.5	-2.3
Effect of adjustment of income tax from previous years	5.5	-0.9
Effect of recognition of previously non-recognised tax assets	3.7	—
Effect of non-recognition of losses and tax assets	0.6	-1.2
Withholding tax	-2.8	-2.5
Other permanent differences	1.7	-15.7
Effect of different tax rates compared to nominal rate	8.7	5.0
Total income taxes	-1.4	-131.2

TAX PREPAID/RECEIVABLE IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	2020	2019
Tax prepaid/receivable in Norway	6.2	5.4
Tax prepaid/receivable in foreign units	19.9	—
Total tax prepaid/receivable in the statement of financial position	26.1	5.4

TAX PAYABLE IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	2020	2019
Tax payable in Norway	19.9	95.8
Tax payable in foreign units	6.4	3.8
Total tax payable in the statement of financial position	26.3	99.6

SPECIFICATION OF DEFERRED TAX AND BASIS FOR DEFERRED TAX/TAX ASSETS TAX INCREASING/REDUCING TEMPORARY DIFFERENCES (EUR MILLION)	2020	2019
Non-current assets	428.8	612.1
Current assets	1 306.8	1 294.5
Debt	-37.6	-23.5
Pension obligation	-6.9	-6.8
Tax losses carried forward	-76.4	-70.7
Other differences	-3.8	-2.2
Total temporary differences	1 610.9	1 803.4
Tax losses carried forward in Norway	-12.7	-19.7
Other temporary differences in Norway	1 192.3	1 273.6
Tax losses carried forward abroad	-63.8	-51.0
Other temporary differences abroad	495.0	600.5
Total temporary differences	1 610.9	1 803.4

TOTAL DEFERRED TAX ASSET/LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	2020	2019
Deferred tax assets	26.1	19.9
Deferred tax liabilities	-392.2	-436.0
Net deferred tax in the statement of financial position	-366.1	-416.1

Mowi has recognised deferred tax assets related to tax losses carried forward. This is based on the expectation of probable sufficient earnings in the future. The expectations are based on current earnings and approved budgets. Deferred tax assets related to tax losses carried forward at a total of EUR 102.5 million have not been recognised due to uncertain utilisation.

Deferred tax assets linked to tax losses are offset against deferred tax liabilities in the tax jurisdictions, where acceptable.

MATURITY OF TAX LOSSES WHERE DEFERRED TAX LOSS IS RECOGNISED TO YEAR (EUR MILLION)	NORWAY	ABROAD	TOTAL
2021	—	—	—
2022	—	—	—
2023	—	1.1	1.1
2024	—	7.2	7.2
2025	—	—	—
2026	—	—	—
2027	—	—	—
2028	—	—	—
2029	—	5.1	5.1
2030+	—	—	—
Unlimited	12.7	50.3	63.0
Total 2020	12.7	63.8	76.4
Total 2019	19.7	51.0	70.7

MATURITY OF TAX LOSSES FOR WHICH NO DEFERRED TAX ASSET IS RECOGNISED TO YEAR (EUR MILLION)	NORWAY	ABROAD
2021	—	—
2022	—	—
2023	—	0.3
2024	—	—
2025	—	—
2026	—	—
2027	—	3.2
2028	—	18.6
2029	—	1.6
2030+	—	—
Unlimited	—	78.7
Total 2020	—	102.5
Total 2019	—	100.6

TAX RATES APPLIED (SELECTED COUNTRIES)	2020	2019
Japan	30.6%	30.6%
USA	21.0%	21.0%
Belgium	25.0%	29.6%
Germany	30.5%	29.3%
France	28.0%	31.0%
Norway	22.0%	22.0%
China	25.0%	25.0%
Netherlands	25.0%	25.0%
Scotland	19.0%	19.0%
Canada West	27.0%	27.0%
Canada East	29.0%	29.0%
Faroe Islands	18.0%	18.0%
Chile	27.0%	27.0%
Poland	19.0%	19.0%
Ireland	12.5%	12.5%

NOTE 16 - CASH

CASH (EUR MILLION)	2020	2019
Cash in bank	100.3	117.5
Employees' tax deduction	6.7	6.4
Other restricted cash ¹⁾	0.2	4.7
Total cash	107.1	128.6

1) Other restricted cash is mainly composed of deposits to fulfil collateral requirements for financial instruments.

NOTE 17 - TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

SPECIFICATION OF RECEIVABLES (EUR MILLION)	2020	2019
Trade receivables	457.7	509.3
Provisions for expected credit losses	-3.8	-4.5
Net trade receivables	454.0	504.8
Prepayments	30.6	18.8
Pension fund	13.0	8.1
Tax prepaid/receivable	26.1	5.4
Other	56.1	113.9
Trade receivables, other receivables and prepayments	125.8	146.2
Total trade receivables, other receivables and prepayments	579.8	651.0

Based on the nature of business, the Group does not have any material contract assets.

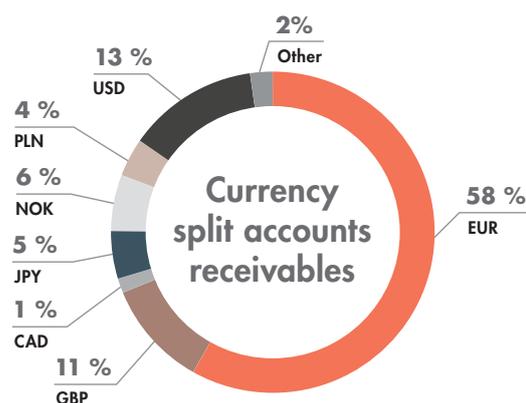
AGE DISTRIBUTION OF TRADE RECEIVABLES (EUR MILLION)	2020	2019
Receivables not overdue	410.0	444.4
Overdue 0-6 months	42.6	59.4
Overdue more than 6 months	5.1	5.5
Total trade receivables	457.7	509.3

MOVEMENT IN PROVISIONS FOR CREDIT LOSSES (TRADE RECEIVABLES)

At the beginning of 2020, provisions for credit losses amounted to EUR 4.5 million. During 2020, EUR 1.3 million were considered lost. Adjusted for additional provisions for credit losses of EUR 0.8 million other adjustments of EUR 0.3 the provision at year-end amounted to EUR 3.8 million for 2020. See also Note 13.

CURRENCY EXPOSURE TO TRADE RECEIVABLES

The Business Units generally complete their sales in the main trading currency in the country of destination. The carrying amount of trade receivables per currency is presented below.



NOTE 18 - TRADE PAYABLES AND OTHER CURRENT LIABILITIES

CURRENT LIABILITIES (EUR MILLION)	2020	2019
Trade payables ¹⁾	316.5	296.8
Other current liabilities		
Salaries and vacation pay due	50.7	44.5
Social security and other taxes	18.3	23.7
Accrued expenses	73.1	68.3
Other liabilities	25.9	63.4
Total other current liabilities	167.9	199.9

¹⁾ As of year-end 2020 the payable related to the Supply Chain Financing was 56.5 million EUR (39.6 million EUR at year-end 2019).

Based on the nature of business, the Group does not have any material contract liabilities.

CURRENT LEASING LIABILITIES (EUR MILLION)	2020	2019
Current part (first year) leases	153.2	127.1
Total current leasing liabilities	153.2	127.1

UNUSED DRAWING RIGHTS (EUR MILLION)	2020	2019
Unused part of bank overdraft facility (to be renewed within one year)	7.0	7.0
Unused part of bank overdraft facility (to be renewed in more than one year)	47.6	47.6
Unused part of other drawing rights (to be renewed in more than one year)	326.1	224.2
Total unused drawing rights	380.7	278.8

NOTE 19 - SECURED LIABILITIES AND GUARANTEES

DEBT SECURED BY MORTGAGES AND PLEDGES (EUR MILLION)	2020	2019
Debt to financial institutions	1 093.1	1 169.6
Leasing debt	0.8	0.7
Total debt secured by mortgages and pledges	1 093.9	1 170.3
Guarantee commitments	16.5	19.1

The Mowi Group syndicated loan facility has been established with security in current assets, licenses (where applicable), fixed assets and guarantees from some of the entities in the Group. In addition the shares in larger subsidiaries have been pledged in favor of the bank syndicate.

ASSETS PLEDGED AS SECURITY FOR DEBT (EUR MILLION)	2020	2019
Tangible non-current assets and licenses	1 470.5	1 395.5
Inventory and biological assets	1 475.0	1 557.3
Trade receivables	299.1	322.4
Other assets	100.7	199.4
Total assets pledged as security	3 345.3	3 474.7

NOTE 20 - OTHER NON-CURRENT LIABILITIES

OTHER NON-CURRENT LIABILITIES (EUR MILLION)	2020	2019
Net pension obligations	8.2	8.6
Other non-current liabilities	16.5	1.9
Total other non-current liabilities	24.8	10.5

NOTE 21 - INVESTMENTS IN ASSOCIATED COMPANIES AND INTEREST IN JOINT VENTURES

Associated companies are recorded in Mowi Group statements in accordance with the equity method. None of the associated companies are listed.

ASSOCIATED COMPANIES ²⁾ (EUR MILLION)	HEAD OFFICE	OWNER-SHIP	OWNED BY	AQUISITION COST	CARRYING AMOUNT 01.01.20	SHARE OF PROFIT 2020	DIVIDENDS RECEIVED 2020	OTHER CHANGES 2020 ¹⁾	CARRYING AMOUNT 31.12.20
Nova Sea AS	Lovund	48%	Marine Harvest Holding AS	28.2	169.0	20.2	-23.8	-8.2	157.2
Finnøy Fisk AS	Finnøy	45%	Mowi ASA	2.4	8.1	0.8	-1.4	-0.9	6.7
Others				0.3	2.6	0.4	—	—	3.0
Total				30.9	179.8	21.4	-25.2	-9.1	166.9

1) Other changes mainly relates to foreign currency adjustments and movements in loans.

ASSOCIATED COMPANIES 100 % BASIS (EUR MILLION)	DIVIDEND RECEIVED	FAIR VALUE ADJUSTMENT BIOMASS ¹⁾	TOTAL REVENUE	TOTAL PROFIT AND LOSS	TOTAL NON-CURRENT ASSETS	TOTAL BIOLOGICAL ASSETS	TOTAL OTHER CURRENT ASSETS	TOTAL NON-CURRENT LIABILITIES	TOTAL CURRENT LIABILITIES
2020									
Nova Sea AS	23.8	8.4	248.7	59.9	177.9	76.9	67.0	23.6	38.0
Finnøy Fisk AS	1.4	0.5	4.7	2.0	5.6	2.1	6.8	5.4	3.1
2019									
Nova Sea AS	43.7	18.4	297.8	89.3	177.9	76.3	84.0	25.1	51.1
Finnøy Fisk AS	0.7	0.6	6.8	3.5	2.1	1.9	7.6	0.5	3.4

1) Effect of adjusting Mowi's share of total biological assets as of December 31 presented above to fair value. The effect is shown after tax.

Per 31 December 2020 Mowi had a 50% interest in DESS Aquaculture Shipping AS that provides vessel operations to the aquaculture industry, located in Grimstad, Norway. During 2020 the interest in DESS Aquaculture Shipping AS was reported as a joint venture and accounted for using the equity method in

the consolidated financial statements. In December 2020 Mowi entered into an agreement to divest its 50% stake in DESS Aquaculture Shipping AS (see note 35), and in the statement of Financial position per 31 December the investment is reclassified from an interest in a joint venture to an Asset held for sale.

Summarised financial information of the consolidated DESS Aqua Culture Shipping and reconciliation with the carrying amount of the investment are set out below:

DESS AQUACULTURE SHIPPING AS - SUMMARISED STATEMENT OF FINANCIAL POSITION (EUR MILLION)	2020	2019
Non-current assets	253.9	190.4
Cash and cash equivalents	11.5	23.3
Other current assets	8.8	5.0
Non-current liabilities	137.3	91.1
Current liabilities	16.9	10.2
Equity	120.1	117.4
Mowi group's share in equity (50%)	60.0	58.7
Group's carrying amount of the investment	60.0	58.7

Summarised statement of profit or loss: (EUR MILLION)	2020	2019
Revenue	33.1	13.1
Operating expenses	-18.5	-9.1
Depreciation and amortisation	-8.8	-2.6
Net financial items	-2.7	-1.5
Profit before tax	3.1	—
Income tax expense	-0.4	-0.2
Profit for the year (continuing operations)	2.7	-0.2
Total comprehensive income for the year (continuing operations)	2.7	-0.2
Group's share of profit for the year	1.4	-0.1

NOTE 22 - BUSINESS COMBINATIONS, ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

BUSINESS COMBINATIONS

Mowi had no material business combinations in 2020.

ASSETS HELD FOR SALE

In December 2020 Mowi entered into an agreement to divest its 50% stake in DESS Aquaculture Shipping, please refer to note 35. The book value of the investment has been reclassified from Investments in associated companies and joint ventures to Assets held for sale as of December 2020. The Investment has been reported as income from associated companies and joint ventures in the business segment other. Please refer to note 21 for more information on the investment.

Mowi had no Assets held for sale at year end 2019.

DISCONTINUED OPERATIONS

Mowi had no material results from discontinued operations in 2020 and 2019.

NOTE 23 - CONSOLIDATED ENTITIES

The consolidated financial statements include the following companies:

PARENT COMPANY	COUNTRY
Mowi ASA*	Norway

SUBSIDIARIES - NORWAY	COUNTRY	OWNERSHIP %
Mowi AS	Norway	100.00%
Mowi Feed AS	Norway	100.00%
Mowi Genetics AS	Norway	100.00%
Marine Harvest Holding AS	Norway	100.00%
Marine Harvest Minority Holding AS	Norway	100.00%
Mowi Markets Norway AS	Norway	100.00%
Mowi Norway FOU AS	Norway	100.00%
Waynor Trading AS	Norway	100.00%
Centre for Aquaculture Competence AS	Norway	33.30%

SUBSIDIARIES - AMERICAS	COUNTRY	OWNERSHIP %
Mowi North America Inc.	Canada	100.00%
Mowi Canada West Inc.	Canada	100.00%
Marine Harvest Atlantic Canada Inc.	Canada	100.00%
Northern Harvest Sea Farms New Foundland Inc.	Canada	100.00%
Northern Harvest Smolt Inc	Canada	100.00%
Englewood Packing Company Ltd.	Canada	100.00%
Mowi Chile S.A	Chile	100.00%
Salmones Tecmar S.A	Chile	100.00%
Processadora De Productos Marinos Delifish S.A	Chile	100.00%
Salmoamerica Corp.	Panama	100.00%
Mowi Ducktrap LLC	USA	100.00%
Mowi USA Holding LLC	USA	100.00%
Mowi USA LLC	USA	100.00%

SUBSIDIARIES - ASIA	COUNTRY	OWNERSHIP %
Mowi China Co. Ltd	China	100.00%
Marine Harvest Hong Kong Ltd	Hong Kong	100.00%
Mowi Japan Co. Ltd	Japan	100.00%
Mowi Korea Co. Ltd	Korea	100.00%
Mowi Singapore Pte Ltd	Singapore	100.00%
Morpol Holdings Singapore Pte Ltd	Singapore	100.00%
Mowi Taiwan Co. Ltd	Taiwan	100.00%
Mowi Vietnam Company Ltd	Vietnam	100.00%

SUBSIDIARIES - EUROPE	COUNTRY	OWNERSHIP %
Mowi Belgium NV	Belgium	100.00%
Mowi Czech s.r.o.	Czech Republic	100.00%
Mowi Faroe Islands P/F	Faroese	100.00%
Mowi France SAS	France	100.00%
Mowi Dunkerque SAS	France	100.00%
Mowi Boulogne SAS	France	100.00%
Marine Harvest Kritsen SAS	France	100.00%
Mowi Rennes SAS	France	100.00%
Mowi Cuisery SAS	France	100.00%
Laschinger Seafood GmbH	Germany	100.00%
Mowi Harsum DACH GmbH	Germany	100.00%
Belisco Ehf	Iceland	100.00%
Comhlucht Iascaireachta Fanad Teoranta	Ireland	100.00%
Bradán (Maoil Rua) Teoranta	Ireland	100.00%
Bradán Fanad Teoranta	Ireland	100.00%
Fanad Pettigo Teoranta	Ireland	100.00%
Feirm Farraige Oilean Chliara Teoranta	Ireland	92.03%
Silverking Seafoods Ltd	Ireland	100.00%
Mowi Italia S.R.L.	Italy	100.00%
Mowi Netherlands BV	Netherlands	100.00%
Mowi Lemmer BV	Netherlands	100.00%
Mowi Poland S.A	Poland	100.00%
Mowi Lebork Sp. z.o.o.	Poland	100.00%
Mowi Technology Sp. z.o.o.	Poland	100.00%
Mowi Strzelino Sp. z.o.o.	Poland	100.00%
Mowi Poland Sales SA	Poland	100.00%
Mowi Turkey Su Ürünleri Ticaret A.Ş.	Turkey	100.00%
Mowi Scotland Ltd	UK	100.00%
Meridian Salmon Group Ltd	UK	100.00%
Meridian Salmon Processing Ltd	UK	100.00%
Meridian Salmon Farms (Argyll) Ltd	UK	100.00%
Lakeland Smolt Ltd	UK	100.00%
Mowi Consumer Products UK Ltd	UK	100.00%
Dorseth Cleanerfish Ltd	UK	51.00%
Anglesey Aquaculture Ltd	UK	100.00%
Ocean Matters Ltd	UK	100.00%
OM Penmon Ltd	UK	100.00%
Ferguson Salmon Ltd	UK	100.00%
Finfish Limited	UK	100.00%
Mowi Iberia SLU	Spain	100.00%
Mowi Sweden AB	Sweden	100.00%

* K Strømmen Lakseoppdrett AS was merged with Mowi ASA in February 2020. Mowi Japan Food Service Co. LTD was merged with Mowi Japan in 2020. Marine Harvest Holland BV and Marine Harvest International BV was merged with Marine Harvest Holding during 2020.

Mowi Group has no material partly-owned subsidiaries, and the non-controlling interests are immaterial. Additional financial information is therefore not disclosed.

NOTE 24 - SHARE CAPITAL

SHARE CAPITAL	2020	2019
Total number of shares as of 01.01	517 111 091	516 039 719
Shares issued during the year	—	1 071 372
Total number of shares as of 31.12	517 111 091	517 111 091
Treasury shares as of 01.01	—	—
Treasury shares purchased during the year	1 152 463	589 534
Treasury shares sold during the year	-1 152 463	-589 534
Treasury shares as of 31.12	—	—
Nominal value as of 31.12 (NOK)	7.50	7.50
Share capital (total number of shares at nominal value) (EUR million)	404.8	404.8
Other paid-in capital (EUR million)	1 274.7	1 274.7

OVERVIEW OF THE LARGEST SHAREHOLDERS 31.12.20	NUMBER OF SHARES	SHAREHOLDING %
Geveran Trading Co Ltd ¹⁾	74 289 287	14.37%
Folketrygdfondet	51 727 162	10.00%
UBS Switzerland AG	29 683 434	5.74%
State Street Bank and Trust Comp	23 326 406	4.51%
Clearstream Banking S.A.	20 318 358	3.93%
State Street Bank and Trust Comp	12 532 501	2.42%
Euroclear Bank S.A./N.V.	10 103 220	1.95%
State Street Bank and Trust Comp	8 361 070	1.62%
Citibank, N.A.	8 254 397	1.60%
SIX SIS AG	7 614 563	1.47%
J.P. Morgan Chase Bank, N.A., London	7 352 525	1.42%
The Northern Trust Comp, London Br	5 729 058	1.11%
State Street Bank and Trust Comp	5 353 144	1.04%
Verdipapirfondet KLP Aksjenorge In	4 825 423	0.93%
State Street Bank and Trust Comp	4 450 529	0.86%
J.P. Morgan Bank Luxembourg S.A.	4 026 368	0.78%
Citibank, N.A.	3 544 247	0.69%
State Street Bank and Trust Comp	3 491 206	0.68%
Verdipapirfondet DNB Norge	3 401 581	0.66%
Danske Invest Norske Instit. II.	3 360 709	0.65%
Total 20 largest shareholders	291 745 188	56.42%
Total other shareholders	225 365 903	43.58%
Total number of shares 31.12.20	517 111 091	100.00%

¹⁾ In addition to the shares included above Geveran Trading Co Ltd had per 31 December 2020 entered into a Total Return Swap ("TRS") agreement with underlying exposure to 4 000 000 shares in Mowi. Expiry date for the TRS agreement was 8 March 2021 and the TRS price was NOK 178.4448 per share.

SHAREHOLDERS PER COUNTRY	NUMBER OF SHARES	SHARE %
Norway	130 581 215	25.25%
Cyprus	73 090 369	14.13%
USA	85 710 185	16.57%
Great Britain	51 434 844	9.95%
Other countries	176 294 478	34.09%
Total number of shares 31.12.20	517 111 091	100.00%

SHARES OWNED BY BOARD MEMBERS, GROUP MANAGEMENT AND THEIR RELATED PARTIES AS OF 31.12.20	NUMBER OF SHARES
Board of Directors	
Ole-Eirik Lerøy (Chair) ¹⁾	1 500 964
Alf-Helge Aarskog	10 338
Lisbet K. Nærø	964
Cecilie Fredriksen ²⁾	964
Kristian Melhuus	964
Solveig Strand	2 338
Bjarne Tellmann	902
Anders Sæther	1 079
Kari Bjørgan	—
Hans Jakob Lande	503
Total number of shares held by Board members	1 519 016
Group Management	
Ivan Vindheim, CEO	7 413
Kristian Ellingsen, CFO	753
Catarina Martins, Chief Technology Officer and Chief Sustainability Officer	2 216
Øyvind Oaland, COO Farming Norway	5 141
Ben Hadfield, COO Farming Scotland, Ireland and Faroes	7 623
Fernando Villarroel, COO Farming Americas	165
Ola Brattvoll, COO Sales and Marketing	9 984
Atle Kvist, COO Feed	296
Anne Lorgen Riise, Chief HR Officer	1 111
Total number of shares held by Group management	34 702
Total number of shares held by Board members and Group management	1 553 718
Total number of shares held by Board members and Group management in % of total outstanding shares	0.30%

1) Sterna Finance Ltd, which is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family, has entered into a commercial two-and-a-half-year marine sector consultancy agreement with Framar AS (Famar), a company owned by Ole-Eirik Lerøy. In connection with the consultancy agreement, Sterna Finance and Framar have entered into a separate dividend adjusted option agreement whereby Sterna Finance has granted Framar an option to acquire 750 000 shares in Mowi. The premium paid by Framar for the option is NOK 3 750 000. The option may be exercised by Framar once, and only for the full number of shares, between May 11, 2019 and May 11, 2021. The strike price is set at NOK 229.90 per share, reflecting the last closing price of the Mowi share on the date of the agreement plus a 5 % annual interest component till maturity.

2) Cecilie Fredriksen is a member of the class of Beneficiaries of the Trusts which indirectly control Geveran Trading Co Limited.

SHAREHOLDERS RIGHTS

There are no current limitations on voting rights or trade limitations related to the Mowi share.

The Board of Directors has been granted the following authorisations which may impact the share capital:

- 1) *To acquire shares in the company ("own shares") on behalf of the company with a total nominal value of up to NOK 387 833 318. The authorisation is valid until the ordinary general meeting in 2021, however no longer than 30 June 2021."*
- 2) *To increase the company's share capital by up to NOK 387 833 318 provided that the combined number of shares that are issued pursuant to this authorisation and the authorisation 3) below shall not in aggregate exceed 10% of the Company's current share capital. The authorisation is valid until the ordinary general meeting in 2021, however no longer than 30 June 2021."*
- 3) *To take up convertible loans with a total principal amount of up to NOK 3,200,000,000. Upon conversion of loans taken up pursuant to this authorisation, the company's share capital may be increased by up to NOK 387 833 318, provided that the combined number of shares that are issued pursuant to this authorisation and the authorisation 2) above shall not in aggregate exceed 10% of the Company's current share capital. The authorisation is valid until the ordinary general meeting in 2021, however no longer than 30 June 2021."*

NOTE 25 - EARNINGS PER SHARE

BASIC AND DILUTED EARNINGS PER SHARE	2020	2019
Profit for the year attributable to owners of Mowi ASA		
Profit from continuing operations attributable to the owners of the parent (EUR million)	117.5	477.6
Profit for the year attributable to owners of Mowi ASA (EUR million)	117.5	477.6
Time-weighted average of shares issued and outstanding (million)	517.1	516.4
Basic earnings per share attributable to the owners of Mowi ASA		
Basic earnings per share from continuing operations (EUR)	0.23	0.92
Basic earnings per share (EUR)	0.23	0.92
Diluted earnings per share attributable to the owners of Mowi ASA		
Diluted earnings per share from continuing operations (EUR)	0.23	0.92
Diluted earnings per share (EUR)	0.23	0.92

Basic Earnings per share (EPS) is calculated on the weighted average number of shares outstanding during the period.

NOTE 26 - RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH ASSOCIATED COMPANIES

The figures presented below are with associated companies, mainly Nova Sea AS and Finnøy Fisk.

RELATED PARTY TRANSACTIONS (EUR MILLION)	2020	2019
Revenue	19.0	18.3
Purchase	-3.7	-39.5
Trade receivables	3.4	3.0
Trade payables	—	8.1

All significant transaction are mainly related to the sale or purchase of fish or smolt and related services.

SHAREHOLDERS

In 2020 and 2019 Mowi Group had no material transaction with any of its shareholders.

At year-end 2020, Geveran Trading's affiliated ownership in Mowi was 74 289 287 shares, constituting 14.37% of the total share capital. Geveran Trading Co Ltd is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family.

NOTE 27 - CONTINGENT LIABILITIES AND PROVISIONS

UPDATE ON THE ALLEGATIONS OF PRICE COLLUSION

Further to the European Commission inspection in February 2019, Mowi was named as a defendant in class action complaints in the US. In the fourth quarter of 2019, Mowi was one of several Norwegian salmon companies which received a subpoena from the Antitrust Division of the Department of Justice in the US informing about the opening of a criminal investigation involving allegations of possible collusion between Norwegian producers of farmed Atlantic salmon.

Furthermore, Mowi has also been notified that the company is one of the salmon companies which are defendants in civil class action lawsuits in Canada related to price collusion.

The European Commission has not initiated formal proceedings in the case, and no decision has been taken. Mowi considers that there is no basis for any competition concerns and that the investigation clearly lacks merit and is entirely unsubstantiated. This equally applies to any criminal investigation in the US and the civil lawsuits in the US and Canada.

OTHER CASES

Mowi Chile has been fined for an escape incident from 2018. Mowi has a target of zero fish escapes and is constantly striving to prevent escapes. Unfortunately, Mowi Chile experienced a major escape of fish from the Punta Redonda site in Region X in July 2018 following unusually harsh weather conditions. Further to this, the Superintendency of Environment has fined Mowi EUR 5.7 million on the grounds of environmental damage. Mowi has operated in line with all regulations and best practices. Mowi therefore considers the fine disproportionate and will pursue its interests through an appeal. For the sake of prudence, Mowi has recognised a provision of EUR 5.7 million impacting financial EBIT in 2020.

We are routinely involved in various legal matters arising from the normal course of business, with the exception of the matter described above, no material provisions are made in the financial statements. While the outcome of these proceedings cannot be predicted with certainty, we believe that, when resolved, they will not have any material adverse effect on our operating results, financial position or liquidity. For further information, please see note 30.

NOTE 28 - OTHER OPERATING EXPENSES

SPECIFICATION OF OTHER OPERATING EXPENSES (EUR MILLION)	2020	2019
Maintenance	-205.2	-189.7
Electricity and fuel	-87.7	-94.9
Rent and leases	-38.8	-9.5
Third-party services	-24.6	-44.5
Insurance	-39.1	-29.9
Consultancy and audit fees	-44.8	-44.4
IT costs	-25.1	-23.8
Travel cost	-7.6	-18.3
Sales and marketing costs	-14.5	-11.1
Other operating costs	-60.2	-119.4
Total other operating expenses	-547.6	-585.6

NOTE 29 - LEASES

SPECIFICATION OF RIGHT OF USE ASSET 2020 (EUR MILLION)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	OTHER	TOTAL
Opening balance	62.6	21.1	422.9	2.7	3.2	512.4
New contracts	2.1	2.5	294.9	5.0	0.6	305.1
Extension and other adjustments of existing agreements	1.5	0.3	20.8	—	0.7	23.3
Termination of agreements	-0.3	-0.1	-1.0	—	—	-1.4
Foreign currency adjustments	-2.3	-1.0	-11.6	-0.1	-0.1	-15.1
Total acquisition cost as of 31.12	63.6	22.8	726.0	7.6	4.4	824.3
Accumulated depreciation and impairment losses as of 01.01	8.8	7.5	108.0	0.7	0.7	125.6
Depreciation in the year	9.5	7.3	145.9	1.8	0.9	165.4
Accumulated depreciation on terminated contracts	—	—	—	—	—	—
Foreign currency adjustments	-0.4	-0.4	-2.4	—	—	-3.3
Total accumulated depreciation as of 31.12	17.9	14.4	251.5	2.5	1.6	287.9
Total carrying amount as of 31.12	45.7	8.4	474.5	5.1	2.8	536.4
Depreciation method	Linear	Linear	Linear	Linear	Linear	

SPECIFICATION OF RIGHT OF USE ASSET 2019 (EUR MILLION)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	OTHER	TOTAL
Opening balance	55.7	16.6	296.8	2.2	2.0	373.3
New contracts	5.0	5.1	112.8	0.5	1.2	124.4
Extension and other adjustments of existing agreements	1.6	—	11.8	—	—	13.4
Termination of agreements	-0.1	-0.8	-2.3	—	—	-3.2
Foreign currency adjustments	0.5	0.2	3.7	—	—	4.5
Total acquisition cost as of 31.12	62.6	21.1	422.9	2.7	3.2	512.4
Depreciation in the year	8.8	7.4	107.3	0.7	0.7	124.8
Foreign currency adjustments	0.1	0.1	0.7	—	—	0.8
Total accumulated depreciation as of 31.12	8.8	7.5	108.0	0.7	0.7	125.6
Total carrying amount as of 31.12	53.8	13.6	314.9	2.0	2.5	386.8
Depreciation method	Linear	Linear	Linear	Linear	Linear	

RECONCILIATION RIGHT-OF-USE LIABILITIES (EUR MILLION)	2020	2019
Opening balance	386.0	373.3
New contracts	305.1	124.4
Extensions and other adjustments of existing agreements	23.3	13.4
Termination of agreements	-1.4	-3.2
Down payment leasing debt (cash movement)	-156.9	-122.2
Currency effects	-23.0	0.3
Closing balance 31.12	533.1	386.0
Of which non-current liabilities	379.9	258.9
Of which current liabilities	153.2	127.1

MATURITY ANALYSIS COMMENCED LEASES (EUR MILLION)	2020	2019
Less than 1 year	166.1	129.1
1-2 years	134.0	95.5
2-3 years	96.0	68.0
3-4 years	70.9	40.6
4-5 years	40.2	29.1
More than 5 years	65.0	52.1
Sum 31.12	572.2	414.4

Commenced leases consists of future cash flow related to down payment of leases and interest.

The group has various contracts that have not yet commenced as of 31 December 2020. The future lease payments for these non-cancellable lease contracts are EUR 9.0 million within one year (EUR 16.2 million in 2019), EUR 116.6 million within five years (EUR 111.7 million in 2019) and EUR 66.2 million thereafter (EUR 39.6 million in 2019).

LEASES EXPENSED (EUR MILLION)	2020	2019
Leases not reported as right of use assets ¹⁾	-40.7	-62.0

1) Short term leases with contract period less than one year and low value leases.

SUBLEASES (EUR MILLION)	2020	2019
Income from subleases	5.5	5.2

NOTE 30 - PROVISIONS

SPECIFICATION OF PROVISIONS 2020 (EUR MILLION)	RESTRUCTURING	ONEROUS CONTRACTS	OTHER	TOTAL PROVISIONS
Provisions as of 01.01	11.7	2.2	4.9	18.7
New provisions in the year	14.5	—	7.5	21.9
Utilised provisions	-12.4	—	—	-12.3
Non cash utilisation	—	-2.1	-0.1	-2.2
Currency adjustment	-0.2	—	-0.5	-0.7
Provisions as of 31.12	13.7	—	11.8	25.4

Provisions related to onerous contracts are mainly due to the technical accounting treatment of fair value of biomass. The majority of restructuring cost in 2020 was related to Mowi Canada West with the amount EUR 8.3 million. EUR 4.8 million was related to the fire at the old plant in Kritsen, France and the subsequent reorganization of the business entity.

SPECIFICATION OF PROVISIONS 2019 (EUR MILLION)	RESTRUCTURING	ONEROUS CONTRACTS	OTHER	TOTAL PROVISIONS
Provisions as of 01.01	3.1	7.3	2.6	13.0
New provisions in the year	19.2	—	2.5	21.7
Utilised provisions	-10.6	—	-0.2	-10.8
Non cash utilisation	—	-5.3	—	-5.3
Currency adjustment	—	0.2	—	0.2
Provisions as of 31.12	11.7	2.2	4.9	18.7

The majority of restructuring cost in 2019 was related to Mowi Kritsen and the consequence of one of the factories destroyed in fire in 2018 with the amount EUR 18.7 million.

NOTE 31 - RESEARCH AND DEVELOPMENT

RESEARCH AND DEVELOPMENT EXPENSES (EUR MILLION)	2020	2019
R&D expenses	36.4	46.5

The reported expenditures are gross values, and exclude any related income from our R&D activities. In addition, a fee of 0.3% of Mowi Norway's export value is paid to the Norwegian Seafood Research Fund (EUR 3.6 million for 2020, and EUR 3.9 million for 2019). This fee is not included in the R&D expenses. Mowi Group has not capitalised any R&D expenditures during 2020 or 2019.

NOTE 32 - AUDITOR'S FEES

FEES TO AUDITORS 2020 (EUR MILLION)	EY	OTHER APPOINTED AUDITORS
Audit services	-1.5	—
Tax advisory services	-1.1	—
Other non-audit fees	-0.1	—
Total fees for 2020	-2.7	—

FEES TO AUDITORS 2019 (EUR MILLION)	EY	OTHER APPOINTED AUDITORS
Audit services	-1.4	-0.1
Tax advisory services	-1.2	—
Other non-audit fees	-0.2	—
Total fees for 2019	-2.8	-0.1

Auditor's fees is stated exclusive value added tax.

NOTE 33 - EXCEPTIONAL ITEMS

The 2020 financial statements contain several items that are considered exceptional relative to the normal business operations. The total effect of exceptional items included in operational EBIT

was EUR 166.4 million (EUR 146.3 million) for the year. Exceptional items are mainly included in the line item Cost of materials in the consolidated statement of comprehensive income.

EXCEPTIONAL ITEMS INCLUDED IN OPERATIONAL EBIT (EUR MILLION)	2020	2019
Sea lice mitigation Mowi Norway	112.3	85.7
Incident-based mortality Mowi Norway	17.1	16.1
Incident-based mortality Mowi Scotland	10.9	20.2
Net one-off effects Mowi Canada	16.9	12.0
Incident-based mortality Mowi Chile	1.4	2.9
Incident-based mortality Mowi Faroes	0.1	—
Incident-based mortality Mowi Ireland	7.7	9.3
Exceptional items in Operational EBIT	166.4	146.3

NOTE 34 - NEW IFRS STANDARDS

NEW STANDARDS APPLIED

No new standards have been applied in 2020.

NEW STANDARDS - NOT YET IMPLEMENTED

At the end of 2020, there are some amendments to existing standards/interpretations that are not yet effective, but will be relevant for Mowi Group at implementation. Mowi Group intends to adopt these standards, if applicable, when they become effective. There are no amendments that is expected to have a significant impact on the Group's financial statements.

NOTE 35 - SUBSEQUENT EVENTS

In December 2020 Mowi entered into an agreement to divest its 50% stake in DESS Aquaculture Shipping to an entity controlled by Antin Infrastructure Partners. The book value of Mowi's investment in Dess Aquaculture Shipping was EUR 60 million at year end 2020. Closing was performed in January 2021. Mowi will recognise a gain of EUR 54 million in Financial EBIT in the first quarter of 2021.



Mowi ASA

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STATEMENT OF PROFIT AND LOSS

MOWI ASA (EUR MILLION)	NOTE	2020	2019
Revenue	1,2,9	1 249.8	1 382.4
Other income	1,9	35.3	39.0
Revenue and other income		1 285.1	1 421.4
Cost of materials	9	-689.8	-569.5
Salary and personnel expenses	15	-151.1	-160.5
Other operating expenses	16,17	-239.4	-238.0
Depreciation and amortisation	11,12	-64.7	-61.0
Impairment losses	11,12	-1.0	-0.9
Income/loss from associated companies	10	1.4	0.9
Restructuring and other non-operational items		-2.9	-1.7
Earnings before financial items		137.6	390.8
Interest expenses	4	-62.3	-70.3
Net currency effects	4	-44.5	22.1
Other financial items	4	51.3	476.1
Earnings before taxes (EBT)		82.1	818.7
Income taxes	8	-9.9	-90.8
Profit or loss for the year		72.2	727.9
Allocation of profit			
To other equity		72.2	727.9
Profit or loss for the year		72.2	727.9

STATEMENT OF FINANCIAL POSITION

MOWI ASA (EUR MILLION)	NOTE	2020	2019
ASSETS			
<i>Non-current assets</i>			
Licenses, goodwill and other intangible assets	11	312.8	190.8
Total intangible assets		312.8	190.8
Property, plant and equipment	12	456.8	401.8
Total tangible assets		456.8	401.8
Investments in subsidiaries	10	2 399.7	2 480.6
Investment in associated companies	10	0.9	1.0
Intercompany non-current receivables	9	359.5	391.5
Other non-current financial assets	9	3.5	2.4
Total financial assets		2 763.7	2 875.4
Total non-current assets		3 533.3	3 468.0
<i>Current assets</i>			
Inventory	3	20.5	22.0
Biological assets	3	617.4	592.3
Trade receivables	9	9.5	8.3
Intercompany current receivables	9	803.7	763.2
Other current receivables	9	12.1	25.6
Other current financial assets		10.9	6.9
Restricted cash	13	5.4	9.6
Cash in bank	13	20.0	31.0
Total current assets		1 499.5	1 459.0
Total assets		5 032.7	4 927.0

MOWI ASA (EUR MILLION)	NOTE	2020	2019
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital		404.8	404.8
Other paid-in capital		1 274.7	1 274.7
Total paid-in capital		1 679.5	1 679.5
Other equity		691.3	756.9
Total equity		2 370.8	2 436.4
<i>Non-current liabilities</i>			
Deferred tax liabilities	8	153.1	127.8
Non-current interest-bearing debt	6	1 565.5	1 465.2
Other non-current liabilities	14	3.1	3.2
Total non-current liabilities		1 721.7	1 596.2
<i>Current liabilities</i>			
Trade Payables		33.2	35.3
Intercompany current liabilities	9	811.9	674.7
Other current liabilities	9,14	95.1	184.5
Total current liabilities		940.3	894.4
Total liabilities		2 662.0	2 490.6
Total equity and liabilities		5 032.7	4 927.0

BERGEN, MARCH 23, 2021



Ole-Eirik Lerøy
Chair of the Board



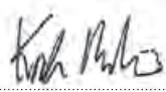
Alf-Helge Aarskog
Vice Chair of the Board



Cecilie Fredriksen



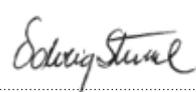
Lisbet K. Næro



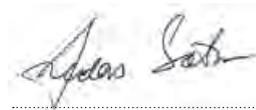
Kristian Melhuus



Bjarne P Tellmann



Solveig Strand



Anders Sæther
Employee representative



Kari Bjørgan
Employee representative



Hans Jakob Lande
Employee representative



Ivan Vindheim
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

SPECIFICATIONS OF CHANGES IN EQUITY IN 2020 (EUR MILLION)	SHARE CAPITAL	OTHER PAID IN CAPITAL	SHARE BASED PAYMENT	OTHER EQUITY	TOTAL EQUITY
Equity 01.01.20	404.8	1 274.7	5.4	751.5	2 436.4
Dividend	—	—	—	-132.9	-132.9
Other changes 1)	—	—	—	-4.9	-4.9
Profit or loss for the year	—	—	—	72.2	72.2
Total Equity 31.12.20	404.8	1 274.7	5.4	685.8	2 370.7

1) Effect from merger with K Strømmen Lakseoppdrett AS is -1.1 MEUR.

SPECIFICATIONS OF CHANGES IN EQUITY IN 2019 (EUR MILLION)	SHARE CAPITAL	OTHER PAID IN CAPITAL	SHARE BASED PAYMENT	OTHER EQUITY	TOTAL EQUITY
Equity 01.01.19	404.0	1 251.0	5.9	464.1	2 125.0
Issue of shares	0.8	23.7	—	—	24.5
Share based payment	—	—	-0.5	-4.2	-4.7
Dividend	—	—	—	-544.9	-544.9
Other changes	—	—	—	0.1	0.1
Effect of merger	—	—	—	108.5	108.5
Profit or loss for the year	—	—	—	727.9	727.9
Total Equity 31.12.19	404.8	1 274.7	5.4	751.5	2 436.4

SHARE CAPITAL

For information related to shareholders and share capital reference is made to Note 24 in Mowi Group financial statements.

STATEMENT OF CASH FLOW

MOWI ASA (EUR MILLION)	NOTE	2020	2019
Cash flow from operations			
Earnings before taxes		82.1	818.7
Interest expenses	4	62.3	70.3
Net currency effects	4	44.5	-22.1
Other financial items	4	-51.3	-476.1
Impairment losses, depreciation and amortization	11,12	65.7	61.9
Taxes paid	8	-83.1	-103.1
Change in inventory, acc. payables and acc. receivables		-38.7	-33.0
Change in restricted cash	13	4.3	0.8
Restructuring and other non-operational issues		1.2	0.8
Other adjustments		-13.3	6.2
Cash flow from operations		73.7	324.4
Cash flow from investments			
Payments from sale of fixed assets	12	0.8	1.0
Payments made for purchase of fixed assets	11,12	-157.9	-93.8
Purchase of shares and other investments		—	-57.1
Cash flow from investments		-157.1	-150.0
Cash flow from financing			
Proceeds from bond		200.0	—
Proceeds (payments of) interest-bearing debt (current and non-current)		-89.8	314.6
Paid interest (net)		-50.1	-57.3
Received interest group internal (net)	9	24.7	33.7
Net change in intercompany balances		131.3	85.2
Realised currency effects		-12.2	-2.8
Dividends received	4	1.4	0.9
Dividend paid		-132.9	-544.9
Cash flow from financing		72.4	-170.6
Net change in cash in period		-11.0	3.9
Cash - opening balance		31.0	27.0
Net cash from merger		—	0.1
Cash - closing balance total	6,13	20.0	31.0

NOTE 1 - GENERAL INFORMATION AND ACCOUNTING POLICIES

Mowi ASA is the parent company in the Mowi Group and consists of corporate management and the farming business in Norway. In 2020 Mowi ASA was merged with K Strømmen Lakseoppdrett AS. The merger is recognised by continuation of group carrying amounts, with effect from January 1, 2020. Comparable figures have not been restated. The effect of the merger on the different accounting lines is presented in relevant notes.

The separate financial statements of Mowi ASA have been prepared in accordance with the Norwegian Accounting Act from 1988 and Generally Accepted Accounting Principles in Norway. The financial statements for Mowi Group have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (EU-IFRS).

For accounting policies used, reference is made to Note 2 in Mowi Group financial statements. The accounting principles used in the financial statements for Mowi ASA are similar to the accounting principles used for Mowi Group's financial statements, except for:

- *Acquisition costs in Business Combinations are in the Group financial statements recognised as expenses in profit and loss in the periods in which the cost are incurred and the services are received. In the separate financial statements for Mowi ASA these expenses are included as part of the acquisition price.*
- *Biological assets are valued at the lower of cost and net realisable value. Acquisition cost are direct costs and a proportional part of indirect variable and fixed costs. Proportion of fixed costs is limited to utilisation of normal capacity.*
- *The investment in Centre for Aquaculture Competence AS is reported as investment in associated companies. In the Group financial statement the investment is fully consolidated as the Group consider to have significant influence in this company.*
- *Goodwill is depreciated over its estimated useful life.*
- *Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the entity, are capitalised at the commencement of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability. A leased asset is depreciated over the useful life of the asset. Operational lease payments are recognised as an operating expense on a straight-line basis over the lease term.*

Investment in subsidiaries and intercompany loans are measured to the lowest of fair value and cost. Financial derivatives within Mowi Group are measured to fair value. The statements of profit and loss and changes in equity in the separate financial statement divert from the statements for Mowi Group as other comprehensive income still is treated as equity transactions in the separate financial statements.

Other income consists mainly of management fee charged to the Business Units, in addition to income from sale of smolt, roe, by-products and slaughter services.

Mowi ASA is responsible for external financing of the Mowi Group.

NOTE 2 - BUSINESS SEGMENTS

The main source of revenue for Mowi ASA is sales of Atlantic salmon. In 2020 Mowi ASA had a revenue from sale of Atlantic salmon of EUR 1 249.8 million (EUR 1 382.4 million in 2019). The sale of Atlantic salmon is mainly to Mowi Markets Norway AS.

NOTE 3 INVENTORY AND BIOLOGICAL ASSETS

INVENTORY (EUR MILLION)	2020	2019
Raw materials	20.5	21.4
Finished goods	—	0.6
Total inventory	20.5	22.0

The amounts above are net after provision for obsolete goods. Value of inventory is manufacturing cost. Raw materials are packing material, fish feed and health articles. Finished goods are slaughtered and processed salmon.

Biological assets consist of living salmon in sea, broodstock, smolt and roe in hatchery with the value of EUR 617.4 million (EUR 592.3 million in 2019).

NOTE 4 - FINANCIAL ITEMS

FINANCIAL ITEMS (EUR MILLION)	2020	2019
Interest expense	-62.3	-70.3
Net currency effects	-44.5	22.1
Dividend from subsidiaries ¹⁾	1.0	401.2
Interest income from subsidiaries	37.4	45.4
Change in fair value - other financial instruments	12.8	29.1
Other financial items	—	0.4
Net other financial items	51.4	476.0

1) Dividend from subsidiaries in 2019 was settled by transfer of shares in Mowi Norway AS prior to merger.

NOTE 5 - FINANCIAL INSTRUMENTS

FOREIGN EXCHANGE RISK

At the end of 2020 Mowi ASA had a portfolio of currency hedging instruments against third party counterparts with a total contract value of EUR 628.4 million (EUR 751.5 million). The portfolio had a net positive market value of EUR 3.8 million (EUR 2.2 million). The portfolio is described in further detail in Note 13 to Mowi Group financial statements.

The subsidiaries are required to do all their currency hedging with Mowi ASA as their counterparty. In addition to the portfolio of external derivatives, Mowi ASA also holds a portfolio of foreign exchange hedges with its subsidiaries as counterparty. This portfolio offsets the external portfolio with respect to amounts, maturities and market values.

The forward contracts are recognised at fair value in the statement of financial position.

INTEREST RATE RISK

Mowi ASA hedges all interest rate risk on behalf of Mowi Group. For positions held in interest rate derivatives and their value, reference is made to Note 12 and Note 13 of Mowi Group financial statements.

SALMON PRICE RISK

At the end of 2020, Mowi ASA held a portfolio of financial forward contracts for purchase and sale of salmon with third parties. The portfolio had a negative market value of EUR 6.3 million (EUR 0.2 million). Subsidiaries are required to do their financial hedging of salmon prices with Mowi ASA as their counterparty, and Mowi ASA then enters into corresponding forward contracts with third parties. Therefore the portfolio of third-party forward contracts is largely offset with respect to amounts, maturities and market values, by the portfolio of internal contracts.

NOTE 6 - INTEREST-BEARING DEBT

INTEREST-BEARING DEBT (EUR MILLION)	2020	2019
Non-current interest-bearing debt ¹⁾	1 019.6	1 118.3
Bond	199.2	198.7
Schuldschein loan	148.5	148.2
Green Bond	198.2	—
Total non-current interest-bearing debt	1 565.5	1 465.2
Current interest-bearing debt ¹⁾	—	—
Total interest-bearing debt	1 565.5	1 465.2

1) For specification of interest-bearing debt reference is made to Note 11 to Mowi Group financial statements.

NOTE 7 - ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES

ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES

The syndicated loan facility in Mowi is secured by guarantees from, as well as certain assets pledged by, the larger subsidiaries in the Group. The pledges are set up partly as a pledge in favour

of a third party and partly as security for the fulfilment of the guarantee obligations. Mowi ASA has pledged the ownership in its subsidiaries, as well as certain assets.

ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES (EUR MILLION)	2020	2019
Secured Group debt	1 018.8	1 118.3
<i>Carrying amount of assets pledged as security</i>		
Receivables	1 065.5	1 029.0
Shares in subsidiaries	2 399.0	2 480.6
Total carrying amount of assets pledged as security	3 464.5	3 509.6
Guarantee liabilities	12.5	13.4
Nominal value of guarantee liabilities	12.5	13.4

NOTE 8 - TAXES

TAXES (EUR MILLION)	2020	2019
<i>Specification of this year's tax expense</i>		
Withholding tax	-2.8	-2.5
Payable tax	0.6	-76.0
Changes in deferred taxes	-7.7	-12.3
Total income tax expense	-9.9	-90.8
<i>Specification of temporary differences and losses carried forward</i>		
Non-current assets	-82.9	-86.1
Current assets	788.8	668.8
Debt	-0.9	—
Pension obligation	-3.1	-3.2
Other differences	-6.1	1.5
Total basis for deferred tax	695.8	581.0
Nominal tax rate	22%	22%
Deferred taxes asset/deferred tax liability	-153.1	-127.8
Total recognised deferred tax asset/deferred tax liability (-)	-153.1	-127.8
<i>Reconciliation between nominal and effective tax rate</i>		
Profit before tax	82.1	818.7
Nominal tax rate	22%	22%
Tax calculated with nominal tax rate	-18.1	-180.1
Withholding tax	-2.8	-2.5
Correction of earlier year 's taxes	1.9	2.1
Dividends	0.5	88.3
Effect of conversion to NOK	7.9	-2.2
Other differences	0.7	3.6
Total income tax expense in the statement of profit and loss	-9.9	-90.8

NOTE 9 - INTERCOMPANY TRANSACTIONS

INTERCOMPANY TRANSACTIONS (EUR MILLION)		2020	2019
Group internal receivables and liabilities			
Intercompany non-current receivables	Group companies	359.5	391.5
Other non current financial assets	Associated companies	2.3	2.3
Net intercompany non-current receivables	Group companies	359.5	391.5
	Associated companies	2.3	2.3
Group internal revenue and cost			
Trade receivables	Group companies	42.2	12.1
	Associated companies	4.3	4.0
Trade payables	Group Companies	-15.4	-13.5
	Associated companies	—	-6.8
Group Financing Receivable	Group Companies	757.0	750.9
	Associated companies	9.2	14.4
Group Financing Payable	Group Companies	-794.3	-656.9
Other current receivables	Group Companies	4.5	0.2
Other current liabilities	Group Companies	-2.2	-4.2
Net current receivables/liabilities	Group Companies	-8.3	88.6
	Associated companies	13.5	11.6
Group internal financial income and expense			
Revenue	Group companies	1 243.1	1 379.1
	Associated companies	3.4	2.5
Other income	Group companies	18.6	24.6
Cost of materials	Group companies	-458.2	-388.3
	Associated companies	-26.6	-7.0
Dividend from subsidiaries ¹⁾		1.0	401.2
Interest income group companies		37.5	45.4
Interest expense group companies		-12.7	-11.7

1) Dividend from subsidiaries in 2019 was settled by transfer of shares in Mowi Norway AS prior to merger.

NOTE 10 - SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES AND OTHERS

Shares in subsidiaries

COMPANY (EUR MILLION)	BUSINESS ADDRESS	DATE OF PURCHASE	OWNER- SHIP %	NUMBER OF SHARES	EQUITY AS OF 31.12.20	PROFIT THIS YEAR	CARRYING AMOUNT 31.12.20
Marine Harvest Holding AS	Oslo, Norway	07.04.2006	100%	590 452 560	1 003.8	136.3	2 353.0
Mowi Faroe Islands P/F	Kollafjordur, Faroes	01.11.1999	100%	10	83.8	8.9	31.9
Marine Harvest Kritsen SAS	Pollaouen, France	11.04.1997	100%	7 005 366	-22.5	-16.6	11.8
Mowi Norway FoU AS	Bergen, Norway	10.7.2017	100%	30 000	2.0	-0.5	3.1
Total					1 067.1	128.2	2 399.7

Shares in subsidiaries are recognised according to the cost method and yearly tested for impairment. The ownership share listed above are equal to the voting rights for each company.

Associated companies

COMPANY (EUR MILLION)	BUSINESS ADDRESS	DATE OF PURCHASE	OWNER- SHIP %	NUMBER OF SHARES	EQUITY AS OF 31.12.20	PROFIT THIS YEAR	CARRYING AMOUNT 31.12.20
Finnøy Fisk AS	Finnøy	09.15.1996	45%	473	6.0	2.0	0.5
Namdal Rensefisk AS	Flatanger	09.30.2015	24.76%	1 921	5.7	0.2	0.3
Centre for Aquaculture Competence AS	Hjelmeland	09.10.2001	33.33%	150	1.0	2.0	—
Blue Revolution Center AS	Frøya	05.24.2017	33.33%	10 000	—	—	—
Nordland Rensefisk AS	Lovund	08.01.2010	20%	1 640	4.1	0.5	0.2
Total					16.8	4.7	1.0

NOTE 11 - INTANGIBLE ASSETS

SPECIFICATION OF INTANGIBLE ASSETS 2020 (EUR MILLION)	GOODWILL	LICENSES	OTHER INTANGIBLE ASSETS ²⁾	TOTAL
Acquisition cost as of 01.01	5.1	199.4	22.0	226.5
Acquisitions through merger ¹⁾	17.9	60.9	—	78.9
Additions in the year	—	46.1	1.4	47.5
Disposals / scrapping in the year	-0.5	—	—	-0.5
Reclassification	—	-0.6	2.5	2.0
Total acquisition cost as of 31.12	22.6	306.0	25.9	354.4
Accumulated amortisation and impairment losses as of 01.01	4.8	13.9	17.0	35.7
Amortisation in the year	4.0	—	2.1	6.2
Impairment losses in the year	—	—	0.2	0.2
Disposals / scrapping in the year	-0.5	—	—	-0.5
Total accumulated amortisation and impairment losses as of 31.12	8.4	14.0	19.3	41.6
Total carrying amount as of 31.12	14.2	292.0	6.6	312.8
Estimated useful life	10 years	20 years/unlimited	3-5 years	
Amortisation method	Linear	Linear	Linear	

1) Related to merger of Mowi ASA and K Strømmen Lakseoppdrett AS. See note 1 for more information.

2) Other intangible assets includes assets under construction.

SPECIFICATION OF INTANGIBLE ASSETS 2019 (EUR MILLION)	GOODWILL	LICENSES	OTHER INTANGIBLE ASSETS ²⁾	TOTAL
Acquisition cost as of 01.01	—	—	19.3	19.3
Acquisitions through merger ¹⁾	5.1	197.7	2.0	204.8
Additions in the year	—	1.7	0.7	2.4
Total acquisition cost as of 31.12	5.1	199.4	22.0	226.5
Accumulated amortisation and impairment losses as of 01.01	—	—	13.3	13.3
Accumulated amortisation and impairment losses through merger ¹⁾	4.8	13.7	0.6	19.2
Amortisation in the year	—	0.2	3.1	3.3
Total accumulated amortisation and impairment losses as of 31.12	4.8	13.9	17.0	35.8
Total carrying amount as of 31.12	0.3	185.5	5.0	190.7
Estimated useful life	10 years	20 years/unlimited	3-5 years	
Amortisation method	Linear	Linear	Linear	

1) Related to merger of Mowi ASA with Mowi Norway AS.

2) Other intangible assets includes assets under construction.

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

SPECIFICATION OF PPE 2020 (EUR MILLION)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	UNDER CONSTRUCTION /PREPAYMENTS	OTHER TANGIBLE	TOTAL
Acquisition cost as of 01.01	230.1	269.8	176.7	151.6	61.7	11.2	901.1
Acquisitions through merger ¹⁾	0.9	1.6	0.3	—	—	—	2.8
Additions in the year	43.2	19.3	22.5	25.0	1.2	0.6	111.8
Reclassification	—	—	—	—	—	-0.1	-0.1
Disposals / scrapping in the year	-4.1	-9.5	-1.2	-13.3	—	-0.5	-28.6
Total acquisition cost as of 31.12	270.1	281.2	198.3	163.3	62.9	11.3	987.1
Accumulated depreciation and impairment losses as of 01.01	107.9	209.6	78.3	94.5	2.0	7.1	499.3
Depreciation in the year	12.3	18.7	12.5	14.4	—	0.6	58.5
Impairment losses and reversal of previous write-downs in the year	0.8	—	—	—	—	—	0.8
Disposals / scrapping in the year	-4.1	-9.5	-1.2	-13.2	—	-0.5	-28.5
Total accumulated depreciation and impairment losses as of 31.12	116.9	218.8	89.6	95.7	2.0	7.2	530.1
Total carrying amount as of 31.12	153.2	62.4	108.7	67.7	60.9	4.1	456.9
Estimated lifetime	Land; infinite Buildings; 10 years	3-10 years	3-10 years	5-10 years	NA	3-5 years	
Depreciation method	Linear	Linear	Linear	Linear	NA	Linear	

1) Related to merger of Mowi ASA with K Strømmen Lakseoppdrett AS. See note 1 for more information.

Annual rent for leased assets that are not capitalised was EUR 28.3 million in 2020. There were no capitalised leases as of 31 December 2020.

SPECIFICATION OF PPE 2019 (EUR MILLION)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	UNDER CONSTRUCTION /PREPAYMENTS	OTHER TANGIBLE	TOTAL
Acquisition cost as of 01.01	—	—	—	—	—	3.4	3.4
Acquisitions through merger	191.9	260.9	151.5	137.3	72.7	5.8	820.2
Additions in the year	—	—	—	—	100.3	—	100.3
Reclassification	39.9	17.9	26.8	22.9	-111.3	2.0	-1.7
Disposals / scrapping in the year	-1.7	-9.0	-1.6	-8.7	—	—	-21.0
Total acquisition cost as of 31.12	230.1	269.8	176.7	151.6	61.7	11.2	901.1
Accumulated depreciation and impairment losses as of 01.01	—	—	—	—	—	2.8	2.8
Accumulated depreciation and impairment losses through merger	98.3	197.0	68.9	89.3	2.0	3.4	458.9
Depreciation in the year	10.4	21.6	11.0	13.9	—	0.8	57.7
Impairment losses and reversal of previous write-downs in the year	0.9	—	—	—	—	—	0.9
Accumulated depreciation and impairment losses on disposals	-1.7	-9.0	-1.6	-8.7	—	—	-21.0
Total accumulated depreciation and impairment losses as of 31.12	107.9	209.6	78.3	94.5	2.0	7.1	499.3
Total carrying amount as of 31.12	122.2	60.2	98.4	57.1	59.7	4.1	401.8
Estimated lifetime	Land; infinite Buildings; 10 years	3-10 years	3-10 years	5-10 years	NA	3-5 years	
Depreciation method	Linear	Linear	Linear	Linear	NA	Linear	

NOTE 13 - CASH

CASH (EUR MILLION)	2020	2019
Cash at bank	20.0	31.0
Restricted cash / withheld taxes	5.4	5.3
Other restricted cash	—	4.3
Cash	25.4	40.6

NOTE 14 - OTHER LIABILITIES

OTHER LIABILITIES (EUR MILLION)	2020	2019
Pension liability	3.1	3.2
Total other non-current liabilities	3.1	3.2
Financial instruments	30.1	34.1
Tax liabilities	3.2	76.0
Other accruals	63.5	74.4
Total other current liabilities	96.8	184.5

NOTE 15 - REMUNERATION

SALARY AND PERSONNEL EXPENSES (EUR MILLION)	2020	2019
Salaries and other short-term employee benefits	-118.0	-123.9
Social security taxes	-10.9	-13.8
Pension expenses	-5.1	-7.0
Share option scheme including social security taxes	-1.1	-0.2
3rd party staff	-11.8	-11.3
Other benefits	-4.1	-4.2
Total salary and personnel expenses	-151.1	-160.5
Average number of FTEs	2 060	1 954
FTEs at year-end	2 108	2 012

REMUNERATION TO SENIOR EXECUTIVES ¹⁾²⁾ (EUR THOUSAND)		SALARY	CASH BONUS	EXECUTED SHARE PRICE BASED BONUS	PENSION COST	OTHER	TOTAL 2020	TOTAL 2019
Ivan Vindheim	CEO ³⁾	606	282	655	6	1	1 551	1 434
Kristian Ellingsen	CFO ⁴⁾	184	40	—	6	1	232	207
Catarina Martins	CTO & Chief Sustainability Officer ⁸⁾	165	53	—	6	1	225	185
Øyvind Oaland	COO Farming Norway ⁵⁾	215	78	—	6	13	313	302
Ben Hadfield	COO Farming Scotland, Ireland and Faroes ⁶⁾	291	132	561	—	—	984	962
Fernando Villarroel	COO Farming Americas ⁷⁾	206	50	—	—	—	256	—
Ola Brattvoll	COO Sales & Marketing	243	115	480	6	1	846	887
Atle Kvist	COO Feed ⁶⁾	182	32	—	3	—	217	—
Anne Lorgen Riise	Chief HR Officer	149	71	—	6	1	228	242
Total		2 241	854	1 696	42	19	4 852	4 219

1) Senior Executives in Mowi ASA are remunerated in the local currency NOK, except Ben Hadfield and Fernando Villarroel who are remunerated in GBP and CLP respectively. The amounts in this note have been converted to EUR using yearly average rates for 2020 and 2019.

2) The positions Group Communication Director and Chief Strategy Officer were part of the Group Management Team until 1.4.2019 and 8.4.2019, respectively. Remuneration for former Group Communication Director Kristine Gramstad Wedler was KEUR 335 and remuneration for former Chief Strategy Officer Glenn Flanders was 403 KEUR for the full year 2019.

3) Ivan Vindheim replaced Alf-Helge Aarskog as CEO 12.11.2019. Ivan Vindheim previously held the position as CFO. Remuneration for the former CEO, Alf-Helge Aarskog, was KEUR 1 945 for 2019.

4) Kristian Ellingsen replaced Ivan Vindheim as CFO 12.11.2019. Remuneration for the previously held position as Group Accounting Director is included for the year 2019.

5) Øyvind Oaland was appointed COO Farming Norway 8.4.2020. Øyvind Oaland previously held the position as CTO.

6) Atle Kvist replaced Ben Hadfield as COO Feed 1.1.2020. Ben Hadfield became new COO Farming Scotland, Ireland and Faroes.

7) Fernando Villarroel replaced Per Roar Gjerde as COO Farming Americas 26.10.2020. For Fernando Villarroel the remuneration for the previously held position as Managing Director of Chile is included for the year 2020. Remuneration for the former COO Farming Americas, Per Roar Gjerde, was KEUR 723 for 2020 (KEUR 1 004 for 2019), of which salary of KEUR 284, cash bonus of KEUR 90, share price based bonus of KEUR 342, pension cost of KEUR 6 and other of KEUR 1.

8) From 8.4.2020 Catarina Martins held the position as CTO in addition to her previous position as Chief Sustainability Officer.

SHARE OPTION SCHEME - OPTIONS TO SENIOR EXECUTIVES		2020-ALLOTMENT OF CALL OPTIONS	2019-ALLOTMENT OF CALL OPTIONS	2018-ALLOTMENT OF CALL OPTIONS	2017-ALLOTMENT OF CALL OPTIONS
Ivan Vindheim	CEO	130 000	103 556	109 290	117 900
Kristian Ellingsen	CFO	55 000	—	—	—
Catarina Martins	CTO & Chief Sustainability Officer	25 000	25 889	—	—
Øyvind Oaland	COO Farming Norway	55 000	25 889	27 323	—
Ben Hadfield	COO Farming Scotland, Ireland and Faroes	55 000	103 556	109 290	117 900
Fernando Villarroel	COO Farming Americas	35 000	46 600	49 181	53 055
Ola Brattvoll	COO Sales & Marketing	55 000	103 556	109 290	117 900
Atle Kvist	COO Feed	55 000	25 889	—	—
Anne Lorgen Riise	Chief HR Officer	25 000	25 889	27 323	—
Total options		490 000	434 935	431 697	406 755
Strike price as of December 31, 2020 (NOK)		209.81	214.77	162.98	137.20

Pension plans

Mowi ASA has a defined contribution plan where the contribution is limited to 8% of salaries up to 12G. There were 2006 members in the plan as of December 31, 2020. The pension plan is in accordance with the legal requirements in Norway.

REMUNERATION TO BOARD OF DIRECTORS (EUR THOUSAND)		BOARD FEE	AUDIT COMMITTEE FEE ¹⁾	TOTAL 2020	TOTAL 2019
Ole-Eirik Lerøy	Chair of the Board	112	—	112	122
Alf-Helge Aarskog	Vice chair of the Board	36	—	36	—
Lisbet K. Nærø	Member of the Board and Chair of the Audit committee ²⁾	55	14	69	84
Cecilie Fredriksen	Member of the Board	47	—	47	51
Kristian Melhuus	Member of the Board	47	—	47	51
Solveig Strand	Member of the Board	28	—	28	—
Bjarne Tellmann	Member of the Board and member of the Audit committee	28	5	33	—
Anders Sæther	Member of the Board - employee representative	47	—	47	51
Torill Grønning	Member of the Board - employee representative	28	—	28	—
Hans Jakob Lande	Member of the Board - employee representative	28	—	28	—
Birgitte Ringstad Vartdal	Former member of the Board and former member of the Audit committee	19	5	23	61
Paul Mulligan	Former member of the Board	66	—	66	144
Jean-Pierre Bienfiat	Former member of the Board	19	—	19	51
Unni Sværen	Former member of the Board - employee representative	19	—	19	51
Jørgen Wenggaard	Former member of the Board - employee representative	19	—	19	51
		598	24	621	715

1) Bjarne Tellmann replaced Birgitte Ringstad Vartdal as member of the Audit committee from the second half of 2020.

2) Lisbet K. Nærø was vice chair of the Board in the first half of 2020.

None of the members of the Board received compensation from any other Group companies, except for the employee representatives. Their remuneration as employees is not included above.

THE BOARD OF DIRECTORS' STATEMENT ON THE PRINCIPLES APPLICABLE TO THE DETERMINATION OF SALARIES AND OTHER COMPENSATION FOR SENIOR EXECUTIVES

Pursuant to section 6-16a of the Public Limited Companies Act the Board of Directors of Mowi ASA is required to prepare a statement on the principles applicable to the determination of salaries and other compensation for senior executives.

1. Responsibility

The Board of Mowi ASA determines the principles applicable to the Group's policy for senior executive compensation.

The Board is directly responsible for the determination of the CEO's salary and other benefits. The CEO is, in consultation with the chair of the Board, responsible for the determination of the salary and other benefits for the Group's other senior executives. The Group's senior executives include the management team of each Business Area as well as the senior members of the corporate staff.

2. Goal

The purpose of Mowi's compensation principles for senior executives is to attract employees with the competence required by the Group, retain employees with important competence and motivate employees to contribute in the long-term in order to reach the Group's business goals.

The Group's most important competitive advantage shall be the ability to offer each employee meaningful and challenging responsibilities in a good working environment.

3. Guidelines

The following guidelines shall form the basis of the determination of compensation to the Group's senior executives:

The total compensation offered to senior executives shall be competitive, both nationally and internationally.

The compensation shall contain elements providing necessary financial security following termination of the employment, both before the age of retirement and in connection with this.

The compensation shall be motivating, both for the individual and for the Group's senior executives as a group.

Variable elements in the total compensation to the Group's senior executives shall be linked to the values generated by the Group for the benefit of Mowi ASA's shareholders.

The system of compensation shall be understandable and meet general acceptance internally in the Group, among the Company's shareholders and with the public.

The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Group.

4. Principles applicable to the determination of salary and other remuneration in 2020

4.1 Fixed salary

The fixed salary which each individual senior executive in the Group will receive in 2020 is a consequence of existing employment agreements. When recruiting, the salary level offered will reflect this. Adjustments of individual fixed salaries will be carried out in accordance with trends in local labor markets, the results achieved, and individual contributions to the development of the Group.

4.2 Benefits in kind

The Group's compensation schemes include only a limited number of benefits in kind. These benefits correspond to common practice in local labor markets and typically include personal communication equipment, access to media, and in some cases car and parking arrangements. These schemes will be continued in 2021 according to existing agreements. Such schemes will be included in the terms for new employees in accordance with established practice.

4.3 Pension

The Group currently operates a number of pension schemes for its employees. These are further described in Note 14 to the Group financial statements.

The pension schemes comply with such local statutory requirements as the individual companies in the Group are obliged to comply with. Schemes which go beyond what is required by law are mainly contribution based. These schemes will be continued in 2021. New employees will be included in the schemes in accordance with local practice.

4.4 Termination payments

The Group has individual agreements on termination payments upon dismissal with several of its senior executives. The right to receive a termination payment is linked to a waiver of the general protection against termination under applicable employment laws. The period of termination payment is normally up to 24 months from resignation. There are no plans to change existing agreements for senior executives in this area in 2021. The current practice on the use of termination payments will be continued in 2021 in relation to new recruits.

4.5 Bonus

The Group's senior executives have, as a part of their employment terms, a right to receive an annual bonus. The scheme is cash-based and is normally triggered for each individual if set goals for the Group, and for the individual entitled to bonus, are met. 70% of the bonus is linked to the target achievement of the Group and a Business Area, while 30% is linked to individual goal achievement. The size of the bonus is, for each individual, limited to a share of the person's fixed salary. Such bonus shall normally not exceed 50% of the fixed salary. Bonus for the CEO and the CFO is capped at 50% of the fixed salary. There are no plans to change the current bonus scheme. New permanent employees in 2021 will be included in this scheme.

4.6 Share option scheme

The Group has a share option scheme for senior executives, pursuant to which allocations were made in 2017, 2018, 2019 and in 2020. The scheme is based on annual allocations by the Board of Directors of a number of European call options with a strike price of 107.5% of the share price at the date of the annual general meeting authorising allocations under the scheme. The options have a term of four years but will become exercisable immediately if a mandatory bid is made for all of the shares in Mowi or if Mowi is the non-surviving entity in a merger with another company.

If the holder of the options exercises the options, the Company may settle its obligation through the issue of new shares or, alternatively, by selling treasury shares to the option holder. There will be no lock-up obligation on the shares the option holder receives through the exercise of the option. The exercise of the option is conditional upon the option holder being employed in a non-terminated position in the Group at the date of exercise. The number of shares and the strike price will be adjusted for dividends and changes in the equity capital during the term of the option according to the Oslo Stock Exchange's derivative rules. Total profit through the exercise of the option in a year is capped at two years' salary for the option holder. If the profit exceeds this limit, the number of shares to be issued will be reduced accordingly.

Following the 2020 annual general meeting (the "2020 AGM"), the Board of Directors allocated 1.125 million options with a strike price corresponding to 107.5% of the volume weighted average share price on OSE the day of the 2020 AGM, being NOK 209.8076, to a total of 32 individuals.

The Board of Directors will propose a continuation of the scheme to the 2021 annual general meeting (the "2021 AGM"). A total allotment of up to 1.6 million options will be proposed based on a strike price corresponding to 107.5% of the volume weighted average share price on OSE the day of the 2021 AGM.

Eligibility to the share option scheme is limited to: Group CEO, other Senior Executives and management and key experts of business areas, subsidiaries and group functions, based on the following criteria:

- *the position and individual is important in realising the Mowi Group ambitions;*
- *the individual is considered critical for the Business Unit(s);*
- *the individual is expected to continue in a role covered by the scheme;*
- *the individual will not retire during the first year of the scheme.*

4.7 Share purchase program

The Board will, annually, consider giving all permanent employees in Mowi ASA and its Norwegian, Scottish and Canadian subsidiaries the opportunity to acquire shares in the Company at a gross amount of up to NOK 30 000 at a discount of 20%.

5. Remuneration of senior executives in 2020

In the course of 2020 and the first quarter of 2021, the Group has complied with the policy for remuneration of senior executives that was presented at last year's general meeting.

NOTE 16 - OTHER OPERATING EXPENSES

SPECIFICATION OF OTHER OPERATING EXPENSES (EUR MILLION)	2020	2019
Maintenance	-81.8	-76.9
Electricity and fuel	-27.5	-31.0
Rent and leases	-28.3	-32.5
Consultancy and audit fees	-18.4	-19.4
IT costs	-12.1	-11.2
Travel costs	-2.4	-6.2
Other operating cost	-68.9	-60.7
Total other operating expenses	-239.4	-238.0

Mowi ASA has a significant activity in relation to Research and Development (R&D). Mowi ASA has in 2020 had a total cost of EUR 9.5 million (EUR 14.4 million) including salaries in relation to R&D projects. In 2020 EUR 0.2 million (EUR 1.3 million) has been booked as a cost reduction in the financial statement related to tax refunds.

NOTE 17 - AUDITORS FEES

FEES TO AUDITORS (EUR MILLION)	2020	2019
Audit services	-0.6	-0.6
Tax advisory services	-0.3	-0.2
Other non-audit fees	-0.1	-0.1
Total fees	-0.9	-0.8

Auditor 's fee is stated exclusive value added tax.

NOTE 18 - SUBSEQUENT EVENTS

Please refer to Note 35 of Mowi Group financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

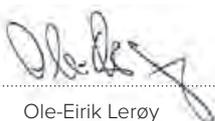
Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Director's report and the consolidated and separate annual financial statements for Mowi ASA, for the year ended December 31, 2020 (Annual report 2020).

Mowi ASA's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and applicable additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for Mowi ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of December 31, 2020. The Board of Directors' report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian accounting standard no 16, as of December 31, 2020.

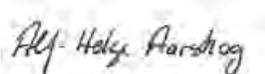
To the best of our knowledge:

- The consolidated and separate annual financial statements for 2020 have been prepared in accordance with applicable financial reporting standards
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of December 31, 2020 for the Group and the parent company
- The Board of Directors' report for the Group and the parent company includes a fair review of:
 - The development and performance of the business and the position of the Group and the parent company
 - The principal risks and uncertainties the Group and parent company face.

BERGEN, MARCH 23, 2021



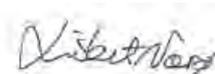
Ole-Eirik Lerøy
Chair of the Board



Alf-Helge Aarskog
Vice Chair of the Board



Cecilie Fredriksen



Lisbet K. Næro



Kristian Melhuus



Bjarne P. Tellmann



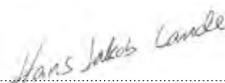
Solveig Strand



Anders Sæther
Employee representative



Kari Bjørgan
Employee representative



Hans Jakob Lande
Employee representative



Ivan Vindheim
Chief Executive Officer

Auditor's report, financial audit



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Mowi ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Mowi ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial positions as at 31 December 2020, the statement of profit and loss, and statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations
- ▶ the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- ▶ the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 for 2020. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.



2

Valuation of biological assets

The biological assets are valued at fair value less cost to sell in accordance with IAS 41 and IFRS 13. At December 31, 2020 biological assets amounted to EUR 1416,6 million, which is 24,2% of the Group's total assets. The fair value adjustment included in the carrying amount was EUR 201 million.

The estimation of fair value less cost to sell of biological assets is complex and requires significant judgment from management. For fish not ready for harvest (immature fish) the fair value less cost to sell was calculated using a model based on a net present value methodology. The calculation was based on assumptions of biomass volume, quality, market prices, remaining expenses and time in sea until the fish is ready for harvest.

Given the significant amount of biological assets and the degree of judgement involved in the estimation, we consider valuation of biological assets to be a key audit matter.

We evaluated the accounting principles, industry practice and assessed the model used for the fair value estimate. We compared the estimated future market prices applied with observable available market prices, achieved prices or recently agreed contract prices for the period when harvesting is expected. We evaluated the estimated remaining expenses to produce the harvest mature fish, including assumptions applied such as harvesting plans, estimated growth rate and estimates for mortality and quality. Furthermore, we analysed and evaluated the historical accuracy of prior periods' forecasts and we tested the mathematical accuracy of the model. We also performed a sensitivity analysis of the critical assumptions in the model.

We refer to note 2, 3 and 6 to the consolidated financial statements.

Impairment assessment of goodwill and licenses

At December 31, 2020, the carrying amount of the group's goodwill and licenses amounted to EUR 313,4 million and EUR 872,9 million. Impairment charge of EUR 5,7 million was recognised in 2020 on specific Canadian licences.

The goodwill and licenses with indefinite life are tested for impairment on at least annual basis. Management prepared an impairment assessment based on a value in use calculation using cash flows from approved budget and long-term plan for 2021 to 2025, where 2025 is the first year in the terminal value. These cash flows are based on key assumptions such as expected harvest volume, margins, capital expenditure from approved budget and long-term plan, discount rates and the growth rates in the terminal value. The estimates require considerable insight and judgement from management and uncertainty will exist with respect to harvesting volumes and regulatory impact for the fish farming industry. The impairment evaluation was a key audit matter due to significant judgments involved in the estimates used in the budgeted and forecasted cash flows.

We evaluated the value in use model, management's estimates relating to the future cash flows, and management's sensitivity analysis. We compared assumptions with external information, such as expected market conditions for licenses and the market development. We also performed analysis and evaluation of historical accuracy of prior year's budget. We further inquired and had discussion with both group and local management. We tested the mathematical accuracy of the value in use calculation in the model. We involved an internal valuation specialist in the evaluation of the methodology, growth rate and the discount rate applied in the value in use model.

We refer to note 2, 3, 8 and 9 to the consolidated financial statements.



Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the 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 law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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 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'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 to cease to continue as a going concern;



4

- ▶ 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 fair presentation;
- ▶ 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

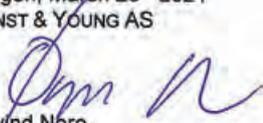
Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, March 23rd 2021
ERNST & YOUNG AS


Øyvind Nøre
State Authorised Public Accountant (Norway)

Auditor's report, GRI audit



Statsautoriserte revisorer
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Medlemmer av Den norske revisorforening

To the Board of Directors of Mowi ASA

Independent accountant's assurance report on Mowi ASA's Sustainability Reporting for 2020

We have been engaged by Mowi ASA to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Mowi ASA's Sustainability Reporting included within their annual report, as listed in their GRI index (the "GRI Reporting") as of 31 December, 2020 and for the year then ended.

Criteria applied by Mowi ASA

In preparing the GRI Reporting, Mowi ASA applied relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards, "Core" option ("GRI Standards" or "Criteria").

Mowi ASA's responsibilities

The Board of Directors and Chief Executive Officer (management) are responsible for selecting the Criteria, and for presenting the GRI Reporting in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GRI Reporting, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the GRI Reporting based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000')*. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the GRI Reporting is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Norwegian Law on Auditors and Auditing and other ethical requirements from the Code of Ethics of the Norwegian Institute of Public Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, 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.



2

Description of procedures performed

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 a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the GRI reporting and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Review of Mowi ASA's process for the preparation and presentation of the GRI Reporting to provide us with an understanding of how sustainability is ensured in practice within the business
- Interviewed those in charge of GRI Reporting to develop an understanding of the process for the preparation of the GRI Reporting
- Verified on a sample basis the information in the GRI Reporting against source data and other information prepared by Mowi ASA
- Assessed the overall presentation of the GRI Reporting against the criteria in GRI Standards including a review of the consistency of information

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to GRI reporting as of December 31, 2020 and for the year then ended, in order for it to be in accordance with the GRI Standards.

Bergen, 23. March 2021

Ernst & Young AS

Øyvind Nore

State Authorised Public Accountant

Trine Hansen Bjerkvik

State Authorised Public Accountant

Analytical and share information, APM, risk, GRI and TCFD

4



Analytical information	Share and shareholder information	Alternative performance measures (APM) – Non-IFRS measures	
260	270	275	
Risk and risk management	GRI Index	SASB Index	Task Force on Climate-related Financial Disclosures (TCFD) report
283	291	299	300

Analysing Mowi

We want to contribute to the correct pricing of our share by giving the market in-depth, relevant and accurate information about the salmon farming industry in general and our activities in particular. This is why we include an extensive overview of our industry, its key drivers and Alternative Performance Measures (APM) in a separate section of the integrated annual report. We use APMs in our operational follow up as we believe these provide additional insight when analysing our Group's development. For more information see also our industry handbook at mowi.com.

Share information and market capitalisation

At year-end 2020 the market capitalisation of Mowi was NOK 98.8 billion (118.0 billion). The share price year-end 2020 was NOK 191 (228.2). We paid NOK 2.60 (10.40) in dividend per share in 2020, translating into a dividend yield of 1.4% (4.6%) for the year.

Risk and risk management

Risk relates to the uncertainty and the factors that may prevent us from generating the expected returns, reaching our goals and deliver on our strategy. At Mowi, we split our defined risks into subcategories within our four guiding principles - Profit, Planet, Product and People - to ensure that they are addressed by our most capable people within each area.

Global Reporting Initiative (GRI)

Mowi uses the GRI Standards for voluntary reporting of sustainable development. The guidelines comprise economic, environmental and social dimensions relating to an enterprise's activities, products and services. GRI collaborates with the United Nations Environment Program and UN Global Compact. Mowi has reported according to GRI since 2010. The report is externally assured by our auditor Ernst & Young (EY).

Task force on climate-related financial disclosures (TCFD)

Mowi integrates climate-related disclosures in this Annual report (see our Planet and the Risk and Risk management sections) and in addition, we have also summarised the risks and opportunities arising from climate change, our strategic approach towards a low carbon economy and our corporate targets in this TCFD report. For a more extensive description of our GHG emissions and climate strategy please see our CDP report.

Analytical information

We want to contribute to the correct pricing of our share by giving the market in-depth, relevant and accurate information about the salmon farming industry in general and our activities in particular.

Farm-raised Atlantic salmon – a healthy source of protein

We engage in aquaculture, which involves cultivating aquatic organisms under controlled conditions. Aquaculture is a fast-growing food producing sector. 70% of our planet is covered with water, yet the United Nations Food and Agriculture organisation (FAO) estimates that only approximately 2% of the world's food supply comes from the ocean. In 2016, the aquaculture industry contributed 53% of the fish destined for human consumption. The aquaculture industry's output has soared since the mid-1990s, while the wild fish harvest in the same period has been stable.

It is estimated that the global population will grow from 7.7 billion to almost 9.7 billion by 2050, resulting in increased demand for protein-rich food. According to the FAO, at least an additional 50 million tonnes of aquatic food will be required by 2050.

Our main product is farm-raised Atlantic salmon. Consumption of Atlantic salmon is recognised as healthy because of its high content of protein, Omega-3 fatty acids, vitamins and minerals. Atlantic salmon farming started on an experimental level in the 1960s, and became an industry in Norway in the 1980s. Salmon farming consists of raising juvenile salmon, or smolt, to fully grown salmon in large pens located in the sea, fjords and bays. Salmon farming also includes raising smolt from salmon eggs, which takes place in freshwater, typically in lakes or tanks on land. Almost all commercially available Atlantic salmon is farmed. Due to biological constraints, seawater temperature requirements and other natural limitations, farm-raised salmon is produced in Norway, Chile, Scotland, North America, Faroe Islands, Ireland, Iceland and New Zealand/Tasmania.

Atlantic salmon is a small but growing part of the global protein supply. Despite an increase in production of Atlantic salmon of more than 950% since 1990 (according to the FAO), the total global supply of salmon is still marginal compared to most other major seafood categories. This is because the sector has reached a production level where biological boundaries are being pushed.

Future growth requires the implementation of measures to reduce the industry's biological footprint. This will necessitate progress in technology, non-pharmaceutical techniques, industry regulations and intercompany cooperation.

Our approach – an integrated protein provider

We are the world's largest producer of farm-raised salmon, both by volume and revenue, offering fresh, whole salmon, processed salmon and other processed seafood products to customers in 70 countries worldwide. We currently engage in three principal types of production activities:

- *salmon feed production in Norway and Scotland;*
- *salmon farming and primary processing of salmon in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands; and*
- *secondary processing of seafood in Norway, Chile, Ireland, the United States, Scotland, Canada, France, Belgium, the Netherlands, Poland, Germany, Spain, Turkey, Japan, Vietnam, Taiwan, China and South Korea.*

We continue the process of transforming ourselves from a production-driven fish farming company into an integrated marine protein provider, by expanding in fish feed and broadening our farming and secondary processing operations.

We opened our first feed factory in June 2014 to facilitate our control of the value chain, enable the rapid development of improved feed products and ensure quality throughout. Our feed plant at Valsneset, Norway, supplied almost all of our Norwegian fish feed requirements in 2020 and set a new production record at 389 750 tonnes of fish feed, close to full capacity of 400 000 tonnes.

The Scottish feed plant at Kyleakin on the Island of Skye, Scotland continued with its ramp-up phase, and volumes are expected to grow in the years to come from 150 576 (51 883) tonnes of feed produced towards full capacity of 240 000 tonnes. Through the gradual in-sourcing of feed, we expect to obtain lower feed costs as well as improved growth, lower feed conversion rates and higher end-product quality. Internal sourcing of feed is also an important element with regards to our sustainability and branding strategies.

Our fish farming operations cover the entire salmon life cycle from egg to harvest. We also have facilities for harvesting and primary processing of our fish. We have our own breeding and genetics department and our strategy is to produce our own eggs to secure the selection of the best genetic properties. We hold our own

brood stock and invest significant efforts and resources to improve the performance, disease resistance, quality and welfare of the fish. Juvenile fish (smolt) are transferred to the sea at different weights depending on the requirements of the sites to be stocked and our smolt production capacity. The average weight of smolt put to sea in 2020 was 172 grams, up from 154 grams in 2019. The fish are then nurtured in the sea for a period of 12-22 months depending on the size of the smolt stocked, the temperature of the seawater, our farming practices and the biological situation. At harvest weight, approximately five to six kilogram live weight equivalent, or LWE, the salmon undergoes primary processing into gutted weight equivalent (GWT) which is the main commodity marketed and used in most reference prices. The customers of our primary processed salmon are retailers, secondary processors, including our own operations, and distributors.

Our secondary processing operations turn the gutted fish into products such as fillets, steaks and other portions of fish - smoked, fresh and frozen. The broadening of our secondary processing operations started with the acquisition of Morpol, a world leading secondary processor of salmon, in 2012/2013. Reflecting the success of our sales of fresh prepacked products in the US market, we opened a new plant in Dallas, Texas in December 2016 and in Surrey, British Columbia, in December 2017. In September 2018 the expansion of the Ducktrap facility was completed, which increased Ducktrap's production capacity by 75%. In 2019 we expanded to a larger location in Florida, US and decided to rebuild the factory in Kritsen, France.

We currently operate 21 secondary processing facilities, the largest of which are located in Ustka, Poland; Bruges, Belgium; Rosyth, Scotland; and Boulogne, France. Secondary processing activities include further preparation to create ready-to-heat or ready-to-eat products and packaging the products. Purchasers of secondary processed salmon include retailers, such as grocery stores, food service providers such as hotels and other service and catering entities, as well as industry customers including meal and salad producers.

Business areas and segments

We are organised into three Business Areas: Feed, Farming and Sales & Marketing.

- 1. Fish feed production**, comprises our two feed plants in Norway and Scotland.
- 2. Farming** comprises a single operating segment composed of our farming operations in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands and our Breeding & Genetics program. This segment also includes primary processing activities and some filleting activities (a secondary processing activity).
- 3. Sales & Marketing** is composed of two operating segments:
 - *Markets: the segment comprises activities relating to sales of our primary processed products obtained from the Farming business and, to a lesser extent, purchased from third parties. It also includes logistics and delivery of our products to third-party customers, as well as to our internal secondary processing operations (including Consumer Products) and some secondary processing activities; and*
 - *Consumer Products: the segment includes our main secondary processing and value added operations, as well as end-product sales, including logistics. Branding is also part of the Sales & Marketing segment. Research & development supports all Business's segments.*

In addition to our principal operating segments, we have a group of "Other" activities, consisting of corporate functions.

The following illustration demonstrates activities conducted by our Business Areas.

The Mowi value chain



Activities conducted by our Business Areas, interacting with suppliers and customers.

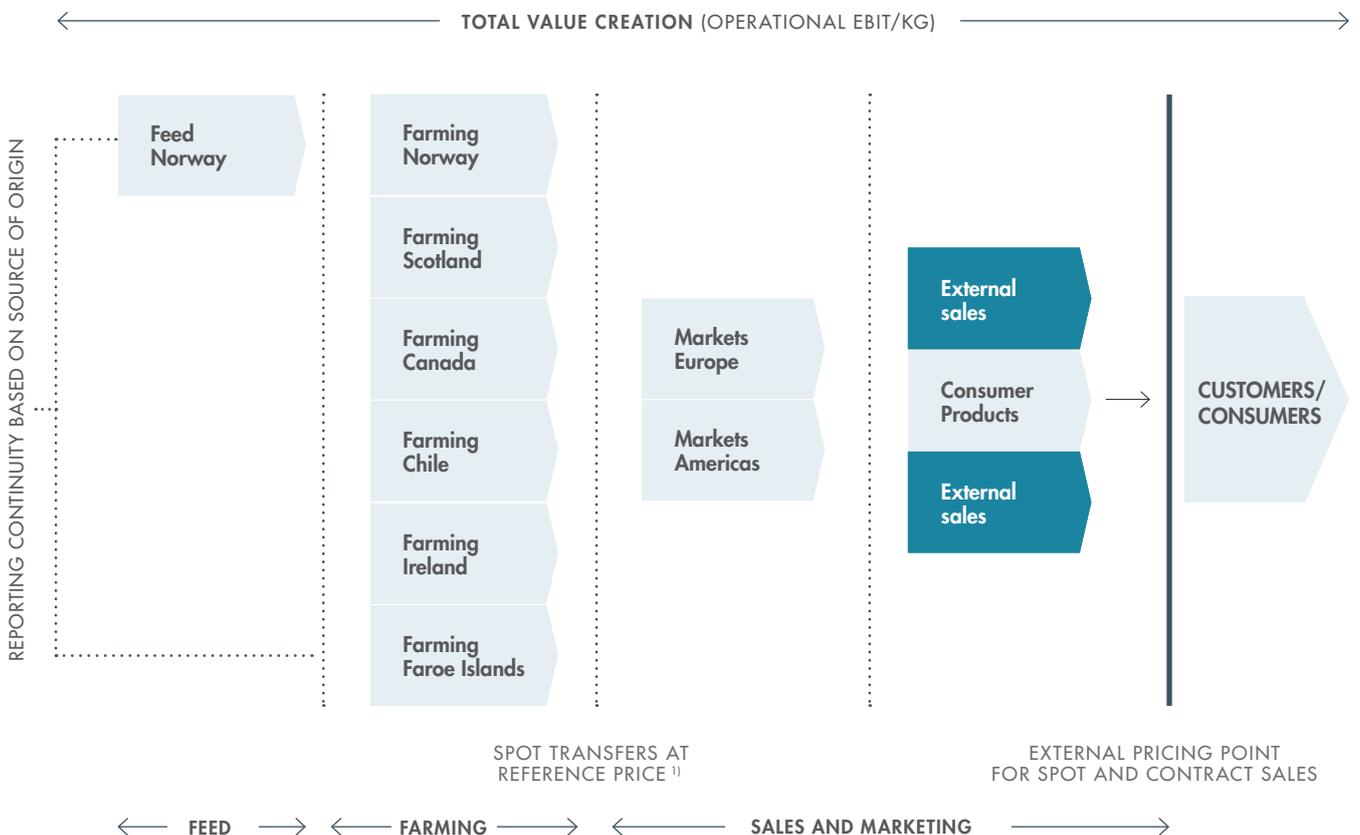
Value creation measured by country of origin

Our Farming business is engaged in the production, harvesting and primary (and some secondary) processing of fish. For reporting purposes, Farming sells its main products (i.e. salmon gutted weight) to the Markets segment at prices quoted by Nasdaq OMX (Nasdaq price) or similar salmon pricing indices. If Markets have entered into medium or short-term contracts with third parties, salmon is sold from Farming to Markets at prices reflected in such contracts. The Markets segment resells the primary processed salmon to (i) third parties or (ii) Consumer Products for further processing. Markets also include some secondary processing activities. Consumer Products secondary process salmon purchased from Markets, together with salmon and other seafood purchased from third parties, and sells these products to third parties.

We assess the overall value creation of our operations based on the salmon’s source of origin, using Operational EBIT per kg of fish harvested as a key measure of performance. For this reason Operational EBIT related to our Feed and Sales & Marketing operations is allocated back to the country of origin.

The relationship between our functional segments and our operational reporting per country of origin is illustrated on the following page.

Value creation by country of origin



Our most important value drivers

KEY FACTORS AFFECTING REVENUE

Our primary source of revenue is the sale of primary and secondary processed seafood (including value added products), mainly salmon. Revenue generated by our products is the factor of volumes sold and the price that we achieve for our products. Our products are shipped long distances by road, air and water. Our revenues therefore include a substantial freight element, since the freight cost generally is paid by customers.

Sales of salmon and salmon-derived products represented 89.4% and 91.7% of our revenue for the years ended December 31, 2020 and 2019, respectively. Fresh whole salmon (i.e. primary processed salmon) represented 32.1% of our total revenues in 2020, compared to 41% in 2019. In the same periods, fresh smoked salmon and fresh and frozen elaborated salmon (i.e. secondary processed salmon) accounted for 56.4% and 49.8% of our revenues. We sell salmon and other seafood directly to retailers, hotels, restaurants as well as to third-party processors and distributors in approximately 70 countries.

Volume

Primary processed products (harvested volume)

Harvested volume primarily depends on the quantities of smolt introduced into our operations, which are determined by us (one to two) years prior to harvesting, fish growth rates and our harvesting schedule.

The quantities of smolt introduced into our operations are based on our expectations for the demand for finished product at harvest time, anticipated product prices and our organic growth ambitions in light of regulatory constraints (e.g. maximum standing biomass in production established by our farming licenses).

Fish growth rates are affected by water temperature, disease and other biological issues. As salmon is a cold-blooded animal, seawater temperature plays an important role for its growth rate. With high seawater temperatures, disease risk increases, while temperatures below freezing cause mass mortality. Similarly, biological factors, disease, sea lice and stress of fish each negatively impact the rate of growth of our fish and may result in reduced fish survival.

Volumes in a period are also affected by our harvest schedule, i.e. when we decide to harvest fish from a particular location. Our harvest window is effectively limited by fish age, as fish must be harvested prior to maturation. Nevertheless, we do have a limited ability to accelerate or delay harvest (typically, by a matter of weeks) to optimise price achievement.

Secondary processed products

The majority of our secondary processing occurs in our Consumer Products segment in Europe, Asia and the Americas, while some secondary processing also occurs in our Markets segment. Some filleting activities are also carried out by our Farming operations. The volume of secondary processed salmon, including value



added products that we produce depends on market demand for our secondary processed seafood and the production capacities of our operations.

The majority of the fish used in our secondary processing business in Consumer Products was produced by our fish farms. We have a constant supply of raw materials used in production and can vary our volume of secondary processed seafood based on projected customer demand. In addition to sales of salmon-based products, which represents the clear majority of sales to third-party customers in Consumer Products, we also sell products based on other fish species, such as cod, pangasius, saithe, Alaska pollock, sockeye and haddock.

Prices

The price received for our products is determined by the relevant market prices. Our achieved prices may deviate from market prices due to differences in the quality of our product, sales contracts, which typically fix the sales price for a period of three to 12 months, but sometimes longer, and our ability to place our products efficiently in the market. We aim to sell our products at or above market prices, and we measure our ability to do so through price achievement, which measures the prices at which we sell our products against the relevant salmon price index or reference price.

We have been actively pursuing strategies to reduce our dependence on market prices for salmon by increasing our capacity to produce more value-added products, which are generally associated with more stable consumer prices.

Reference prices for salmon

Several price indices for salmon are publicly available. The two most important indices for Norwegian salmon are Nasdaq/Fish Pool provided by NOS Clearing ASA, a subsidiary of Nasdaq OMX Group Inc., and the official statistics of Norway by Statistics Norway, or SSB, a Norwegian governmental entity. Urner Barry in the United States provides a reference price for Chilean salmon in Miami and North American salmon in Seattle. Price correlation across regional markets is generally strong for Atlantic salmon, but we have recently seen a tendency of reduced correlation between prices in America and Europe.

Historically, reference prices for salmon have been subject to significant fluctuations, as demand for salmon has been growing steadily, whereas supply has fluctuated strongly due to variations in factors such as smolt release and biological status, including disease.

Although the market price of salmon is established through supply and demand for the product, in the short term, salmon producers are expected to be price takers. The long production cycle and a short time window available for harvesting leave salmon farmers with limited flexibility to manage their short-term supply. In addition, salmon is generally sold as a fresh commodity with a limited product lifespan, further restricting producers' ability to control short-term supply.

As our Irish operation produces mainly organic salmon, there is no reference price available for benchmarking our salmon of Irish origin. Salmon from our Irish operations is sold mainly on contracts.

Prices for the products produced by Consumer Products are primarily driven by customer demand and the cost of the raw materials used in their production. Because secondary processed/ elaborated products, including value added products, are to some extent considered to be premium products, demand fluctuates with the state of regional and global economies and the consumers' general wealth. In addition, global trends in consumer tastes affect demand for such products. The cost of raw materials is largely dependent on reference prices, especially Atlantic salmon prices, most of which we supply internally from our Farming operations. In 2020 average raw material prices declined in line with decreased salmon prices.

Quality

The quality of our fish may greatly affect the price we are able to achieve in comparison to the reference price. Diseases, sea lice, biological issues (such as Kudoa) and stress may all impact the quality of our fish, resulting in downgrading and lower achieved prices. In addition, when salmon reach reproductive maturity, or maturation, the flesh colour and meat quality changes, resulting in lower product quality.

Fish may be classified as superior, ordinary or production quality. Superior quality fish is a product without damage or defect that provides a positive overall impression. Ordinary quality fish is a product with limited external or internal faults, damage or defects. Production quality fish is a product that does not satisfy the requirements of either superior or ordinary quality due to product faults, damage or defects. In Norway, downgraded fish are normally priced according to standard rates of deduction compared to a superior quality fish. For fish classified as ordinary the standard rate of reduction is EUR 0.15 to EUR 0.20 per kg gutted weight. For fish classified as production grade the standard rate of reduction is EUR 0.5 to EUR 1.50 per kg gutted weight, depending on the reason for downgrading. In other countries, price deductions related to quality are not as standardised, but the same general principles apply.

Contracts and derivative Instruments

To limit our exposure to short- and medium-term fluctuations in salmon prices, we enter into sales contracts for future deliveries of our products. Our sales contracts generally have a duration of three to 12 months, but sometimes longer. Our target is to optimise the contract portfolio to attain the best possible mix of contracts and spot sales, with an average contract coverage ratio typically between 20% and 50%.

Contracts mitigate our exposure to fluctuations in salmon prices, but can also result in us selling our products at prices that are lower than reference price.

We also utilise salmon derivatives to hedge our exposure to fluctuations in reference prices. Salmon derivatives provide the same hedge against exposure to spot price fluctuations as contracts for



future sales of salmon to customers, so we use hedging instruments as well as contracts to achieve our contract coverage goals described above.

Price achievement

The average price achievement measures the prices that we are able to achieve on our products against a salmon price index. The achievement is measured against Nasdaq for salmon of Norwegian, Scottish and Faroese origin, and Urner Barry for salmon of Canadian and Chilean origin.

The average price achievement measure demonstrates our ability to sell our products at above market rates and is thus an important measure of our success. Price achievement is primarily affected by contract coverage, fish quality and our ability to place our products efficiently in the market.

KEY FACTORS AFFECTING COSTS

Our costs are primarily affected by the cost of our fish feed, other purchases (including third-party raw material sourcing), salaries, other operational costs and biological factors. We use these cost categories to track our costs at consolidated level.

Costs in our Farming segment are categorised into feed costs, other seawater cost and non-seawater costs and we track these costs per kg of fish harvested, where:

- *fish feed costs measure the cost of fish feed;*
- *other seawater costs measure costs relating to smolt, salaries, insurance, medication and other direct and indirect costs attributable to fish production at sea; and*
- *non-seawater costs are the cost of bringing the fish from the seawater site to the primary processing facility, primary processing costs, administration costs, exceptional mortality costs and other non-seawater costs incurred by the respective farming operations.*

These costs (fish feed, other seawater costs and non-seawater costs) represent the total cost for one kg gutted salmon packed in a standard box for shipping (“cost in box”, also referred to as full cost and cost per kg Farming). The term “cost in box” is widely used by the industry and analyst community as an indicator of operational efficiency in fish farming operations. These costs are included in the following line items in our consolidated statement of operations: cost of materials, salary and personnel expenses,

other operating expenses and depreciation. The total of feed cost and other seawater costs is the cost of harvested fish in seawater, before transportation to the processing plant. We refer to these costs as biomass costs or biological costs.

Costs in our Feed operations are primarily composed of raw material costs (e.g. fish meal, fish oil, vegetable meals and oils) and costs associated with running feed operations, such as salaries and utilities.

Costs in our Sales & Marketing Business Area are primarily composed of raw material costs (e.g. primary processed salmon), which we to a large extent produce internally for our Consumer Products operations, and costs associated with running secondary processing operations, such as salaries and utilities. We measure our secondary processing operational efficiency through yield and throughput. Yield measures the number of kilograms (kg) of

end product we are able to produce from one kg of raw materials. Throughput measures our secondary processing cost per kg produced.

Because it takes two to three years to bring a salmon to harvest size, fish feed prices and prices for other costs associated with the farming of fish accumulate over multiple periods (i.e., the entire life of the fish), and affect the cost of materials recognised in the period when our fish is harvested and sold. Costs associated with secondary processing are expensed in the period in which the product is sold, unless goods are produced for stock to be sold in a later period.

The table below shows the estimated effect on our Operational EBIT of a change in market price, harvest volume and cost of fish feed.

ESTIMATED SENSITIVITIES ON ANNUAL RESULTS 2020

CHANGE FACTOR	CHANGE	EFFECT ON OPERATIONAL EBIT	FIXED CONTRACT SHARE
Change in global average sales price with contracts ¹⁾	0.10 EUR per kg GWT	31	30%
	1.00 EUR per kg GWT	308	30%
	2.50 EUR per kg GWT	770	30%
Change in global average sales price without contracts ²⁾	0.10 EUR per kg GWT	44	0%
	1.00 EUR per kg GWT	440	0%
	2.50 EUR per kg GWT	1100	0%
Change in total harvest volume ³⁾	10 000 tonnes GWT	15	
Change in global feed price ⁴⁾	-0.05 EUR per kg feed	30	
	-0.50 EUR per kg feed	298	
	-1.00 EUR per kg feed	597	

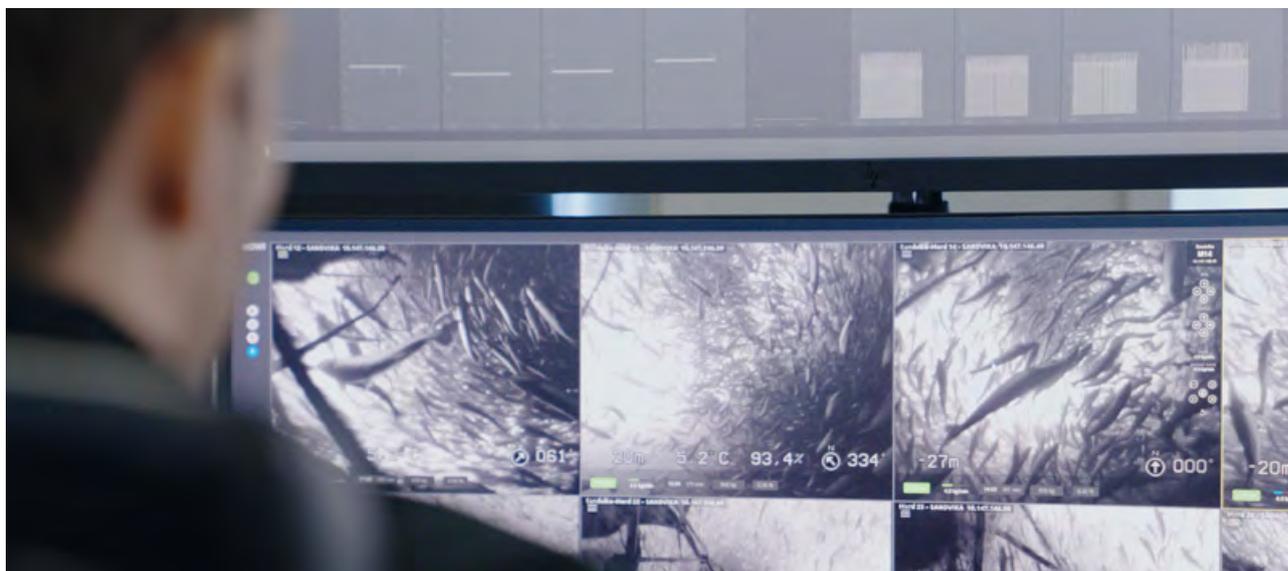
1) Assuming 30% of sales on fixed price contracts and 70% in the spot market

2) Assuming all sales in the spot market

3) Assuming margin per kg harvested of EUR 1.5

4) Annual harvest volume converted to live weight multiplied with the feed conversion rate

Note that the effect in Operational EBIT will be recognised when the fish is harvested and sold



Fish feed

Fish feed is our largest expense category, and it accounted for approximately 40% of our “cost in box” per kg in 2020.

In addition to own production of feed, we procure our fish feed from a limited number of suppliers globally. Our arrangements with the suppliers generally provide that we acquire the fish feed at prices tied to the market prices for the raw materials used in producing the feed, such as fish meal, fish oil, vegetable oils and meals. The arrangements are subject to a minimum fee per kg of fish feed, structured to cover the suppliers’ operational costs and margins. Our arrangements generally do not contain minimum or maximum fish feed purchase quantities. The feed cost accumulate over multiple periods (i.e., the entire life of the fish) and is recognised in the period when our fish is harvested and sold.

The yield generated from our fish feed is affected by the feed conversion rates, which is the number of kg of fish feed needed to increase a fish’s bodyweight by one kg. Our feed conversion rate is typically between 1.1 and 1.2 kg of feed per kg of fish produced.

Other seawater costs in Farming

Other seawater costs in Farming represent costs associated with smolt purchases, employee salaries, insurance, medication and other direct and indirect costs attributable to fish production at sea. These costs accumulate over multiple periods (i.e., the entire life of the fish) and are recognised in the period when our fish is harvested and sold.

Non-seawater costs in Farming

In Farming, non-seawater costs represent the cost of bringing the fish from seawater sites to primary processing facilities, primary processing costs, administration costs, exceptional mortality costs and other relevant costs for the fish harvested in the period. Non-seawater costs are generally incurred and expensed in the same period. As the majority of these costs are fixed, this category is subject to substantial scale effects based on the volumes of salmon harvested.

Biological factors

Biological factors, such as fish mortality, fish diseases and sea lice affect our harvest volumes and therefore our revenue, but also our costs. We may be required to expend resources to mitigate the effects of the foregoing factors (e.g., costs of vaccines) and the cost per kg harvested increases if fish die or growth is impaired.

Fish survival

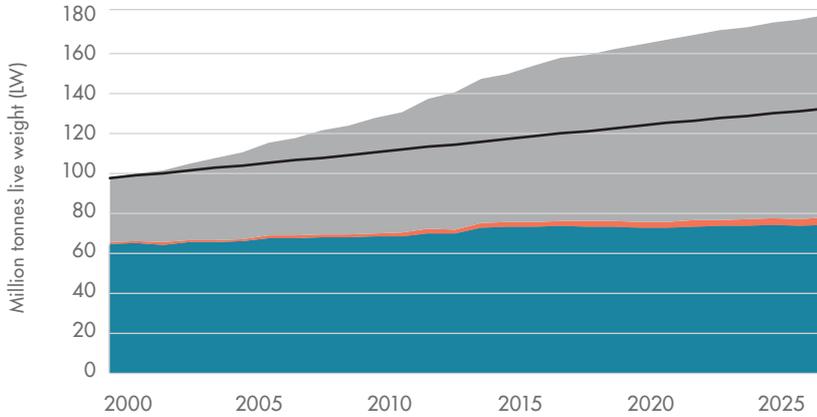
Raised in nature at sea, farm-raised salmon are naturally exposed to various infectious and non-infectious diseases. An outbreak of a disease represents a cost for us through direct loss of fish. In addition, disease can result in lost growth of fish, accelerated harvesting and reduced quality of harvested fish, which would affect our revenues. In some cases, a disease outbreak may be followed by a subsequent period of reduced production resulting in lower revenues and increased cost per kg fish harvested. Fish survival rates are affected by a number of factors, including infectious and non-infectious diseases, predators attacks, environmental conditions and fish handling. We expense incident-based mortality in the period when incidents occur. The cost associated with normal mortality is included in the value of the remaining inventory, contributing to the increased cost of the fish when harvested and sold.

Sea lice management

Sea lice, of which there are several species, are naturally occurring seawater parasites. They graze on the salmon’s skin and, if not controlled, they can cause lesions, secondary infections and mortality. Sea lice can be controlled through good husbandry and management practices, cleaner fish (wrasse and lumpstickers that eat sea lice off the salmon’s skin), freshwater baths, other non-medicinal tools (e.g. skirts around pens), thermoclers, hydroclers, FLS flushers and the use of pharmaceutical products. Effective sea lice management is important for fish welfare and ensuring lice on our farms do not negatively impact wild salmonid stocks. At present sea lice represent a significant cost to the industry.

Farmed raised Atlantic salmon analysis

The aquaculture industry has shown steady growth since 1990

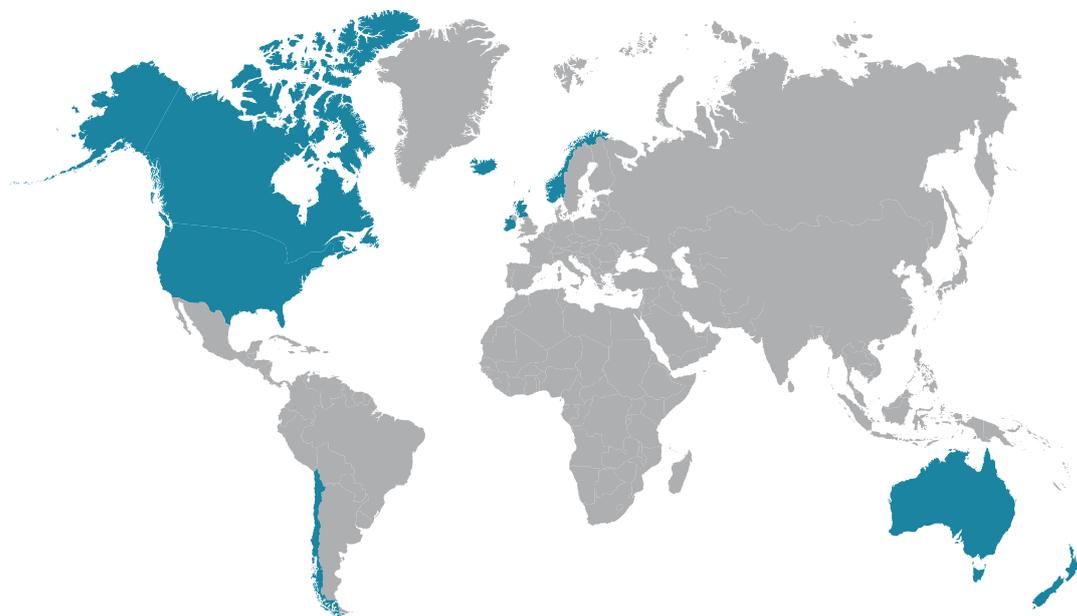


Aquaculture is a fast-growing food producing sector. In 2020, the aquaculture industry contributed **54%** of the fish destined for human consumption.

The aquaculture industry's output has soared since the mid-1990's, while the wild fish harvest in the same period has been relatively stable.

- Population rebased
- Aquaculture for human consumption
- Farmed Atlantic salmon
- Wild capture for human consumption

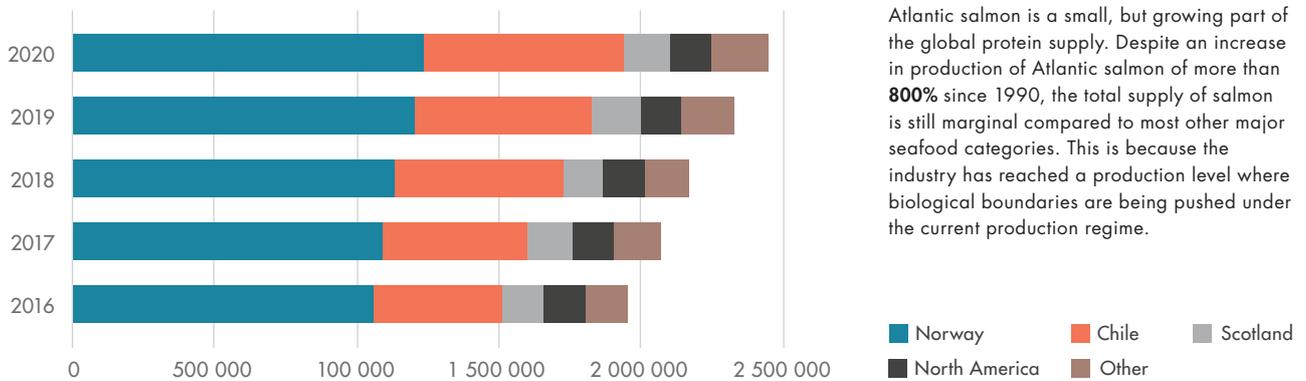
Global suppliers of Atlantic salmon in 2020 in GWT



North America 145 300	Faroe Islands 72 700	Scotland 163 100	Australia 70 000
Chile 700 600	Iceland 28 000	Ireland 14 200	Norway 1 232 300
			Other 18 200

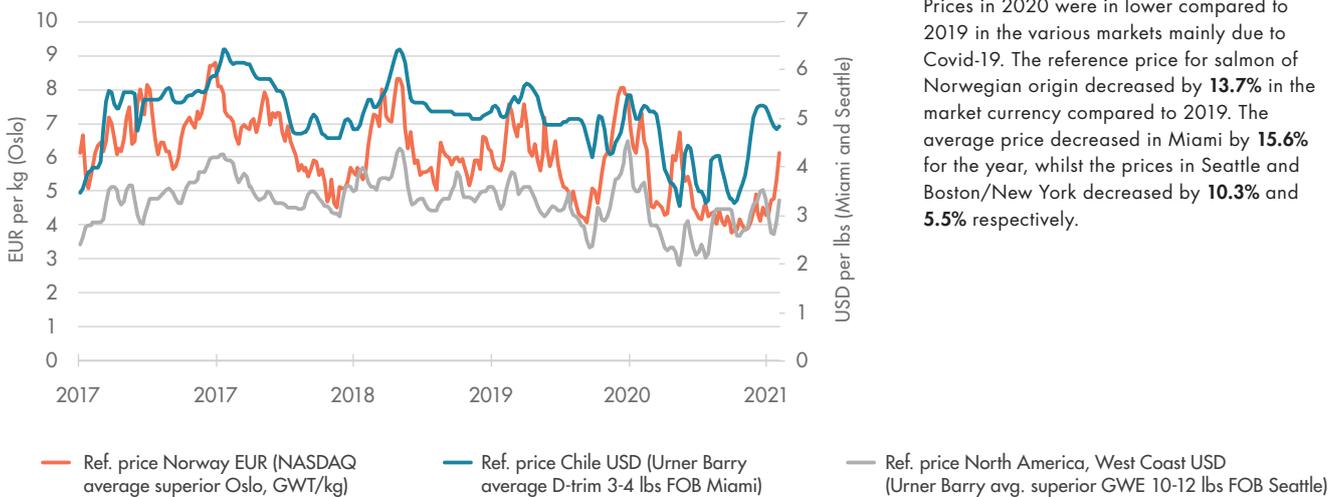
Due to biological constraints, seawater temperature requirements and other natural limitations, farm-raised salmon is mainly produced in Norway, Chile, Scotland, North America, Faroe Island, Ireland and New Zealand/Tasmania. Norway and Chile are the predominant salmon producing countries.

Development in supply of Atlantic salmon in GWT

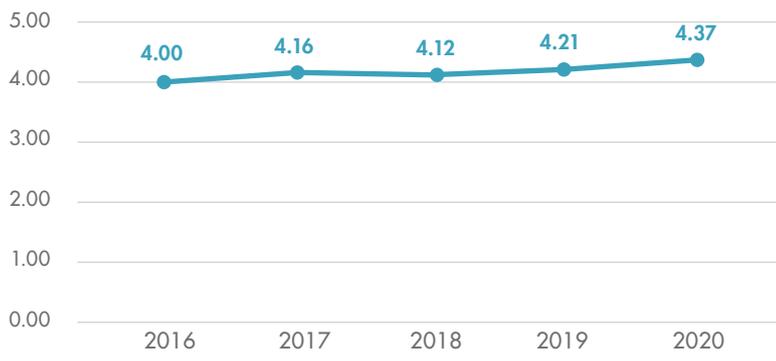


Atlantic salmon is a small, but growing part of the global protein supply. Despite an increase in production of Atlantic salmon of more than **800%** since 1990, the total supply of salmon is still marginal compared to most other major seafood categories. This is because the industry has reached a production level where biological boundaries are being pushed under the current production regime.

Development in reference price



Development in "cost in box" per kg



In the group's reporting currency, EUR, our cost per kg in Farming has increased by an average rate of **2.2%** per year between 2016 and 2020, mainly due to increased cost of feed and biological challenges. Adjusted for feed prices and health related costs, costs were stable in 2020 compared with 2019.

Share and shareholder information

We aim to be open and transparent in our communications with the market in order to develop and retain investor confidence, and to deliver an attractive return to our shareholders.

The history of our shares

Mowi AS was founded in Norway in 1964, changing names and owners several times before being acquired by Pan Fish ASA in 2006. Pan Fish AS was founded in 1992 and listed on the Oslo Stock Exchange in 1997. Pan Fish also acquired Fjord Seafood ASA in 2006, a company founded in 1996 as Torgnes Invest AS and listed on the Oslo Stock Exchange in 2000. Pan Fish ASA changed its name to Marine Harvest ASA in 2007 and Marine Harvest AS changed name to Mowi ASA in 2018.

Mowi ASA's shares are listed on the Oslo Stock Exchange under the ticker MOWI. On January 28, 2014 Mowi ASA listed and commenced trading of its American Depositary Shares (ADS), each representing one ordinary share, represented by American Depositary Receipts (ADR) on the New York Stock Exchange (NYSE). On February 14, 2017, the Board of Directors resolved to delist the Mowi's ADS and to terminate the registration of the ADSs due to the low trading volume and the significant cost of maintaining the listing and registration. We maintain the ADR program as a Sponsored Level I program and the ADSs are tradable over-the-counter.

As of year end 2020 we had 517 111 091 shares outstanding (517 111 091 shares) traded at NOK 191 (NOK 228.2), valuing our company at NOK 98.8 billion (118.0 billion). Please see charts at the end of

this section for further information of our share performance over the last ten years. For additional information about our shares, please see Note 24 to the Group financial statements.

Share capital

As of December 31, 2020, Mowi had 517 111 091 ordinary shares with a nominal value of NOK 7.50.

Shareholders

As of December 31, 2020, we had 31 012 shareholders, with our 20 largest shareholders holding 56.4% of our shares. The majority of our shares are held in Norway, the US, Cyprus and Great Britain. The two main shareholders of Mowi are Geveran Trading Co Ltd and affiliates (14.4%) and Folketrygdfondet (10.0%). For additional information on share ownership, please see Note 24 to the Group financial statements. Our senior executives hold shares in the Company, please see Mowi ASA Note 14 Remuneration for further details.

As of December 31, 2020 Mowi ASA had 8 254 255 ADR's outstanding, representing 1.6% of total shares outstanding. In term of total volume of Mowi shares traded in Norway and in the US, the ADR's represented 4.9% of volumes in 2020.



Payment of dividends

Dividend has been an important component of Mowi's financial strategy and to make dividend payments more predictable and transparent the Board decided in 2020 to operationalise the dividend policy by introducing ordinary and extraordinary dividends.

Mowi's ambition is to create long-term value for the shareholder through both positive share price development and a growing dividend in line with long-term earnings. The policy states that:

- *The quarterly ordinary dividend shall under normal circumstances be at least 50% of underlying earnings per share (EPS).*
- *Excess capital will be paid out as extraordinary dividends.*
- *When deciding excess capital the Board of Directors will take into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. Further to this a long-term target level for net interest-bearing debt is determined, reviewed and updated on a regular basis.*
- *Shareholder returns are distributed primarily as cash dividends with the option of using share buybacks as a complementary supplement on an ad-hoc basis.*

Dividend declared and paid in 2020 was NOK 2.60 (10.40) per share as normal dividend. See charts at the end of this section displaying dividend paid per share and total dividend paid for the last ten years.

Communication - financial calendar

We expect to present our results in 2021 as follows:

- *Annual General Meeting 2021 at June 9, 2021*
- *Presentation Q1 2021 at May 19, 2021*
- *Presentation Half-yearly Report (Q2) 2021 at August 25, 2021*
- *Presentation Q3 2021 at November 10, 2021*

Our presentations will be webcast at 8:00 a.m. CET, and presentation material will be available on our website at 06:30 a.m. CET on the day of release. Please see our website for further details.

SHAREHOLDERS BY COUNTRY ¹⁾	NUMBER OF SHARES			SHAREHOLDING IN %		
	2020	2019	2018	2020	2019	2018
Norway	130 581 215	115 038 716	119 445 827	25.3%	22.2%	23.1%
USA	85 710 185	113 894 536	96 624 147	16.6%	22.0%	18.7%
Cyprus	73 090 369	71 341 221	77 354 803	14.1%	13.8%	15.0%
Great Britain	51 434 844	65 980 338	79 769 809	9.9%	12.8%	15.5%
Other countries	176 294 478	150 856 280	142 845 133	34.1%	29.2%	27.7%
Total number of shares	517 111 091	517 111 091	516 039 719	100.0%	100.0%	100.0%

1) Shareholder by country, based on actual ownership behind the nominee accounts.

SHARE OWNERSHIP (NUMBER OF SHARES)	NUMBER OF SHAREHOLDERS	OWNERSHIP IN %
1 - 100	15 056	0.11%
101 - 500	8 634	0.43%
501 - 1 000	2 830	0.43%
1 001 - 5 000	2 946	1.27%
5 001 - 10 000	494	0.70%
10 001 - 100 000	712	4.56%
100 001 - 1 000 000	267	17.76%
> 1 000 000	73	74.74%
Total	31 012	100.00%

Market capitalisation and multiples

Key figures

Enterprise Value ("EV") to capital employed indicates how the market values Mowi compared to the capital that has been invested in our assets. The value of a large portion of our assets (i.e. the majority of our licenses and buildings) were assigned in 2006/2007. Since then these assets have multiplied in value, but as they are not subject to fair value adjustment, the recognised values have remained relatively unchanged. This explains the increasing difference between EV and capital employed.

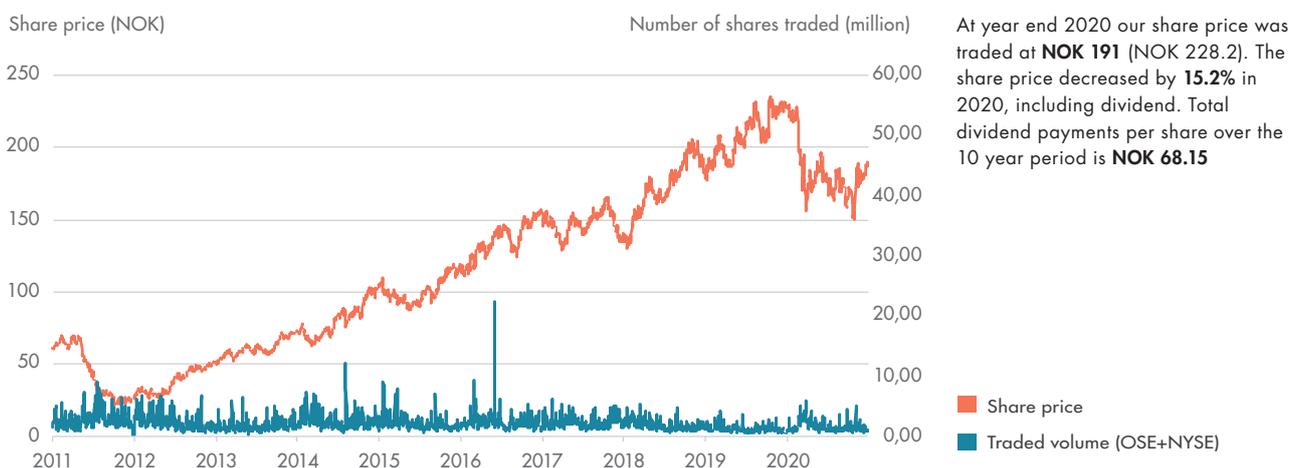
EV to EBIT or Operational EBIT measures the market valuation of Mowi compared to the past year's result. As EBIT includes the change in fair value of biological assets, market participants prefer using EV/Operational EBIT as valuation metric. Looking back at the history 2012 was a challenging

year for us with low earnings. In 2015 the results were mixed but the outlook was positive, which explains the fluctuation in the EV/OP EBIT ratio. The same analogy applies to the reported earnings versus underlying earnings. Underlying earnings excludes the fair value adjustment of biological assets, hence P/E (underlying) is a preferred valuation metric compared to P/E (basic).

Mowi has yielded an annualised total shareholder return in the past 10 year period of 15%. This compares to 8% of OSEBX and 19% of the Oslo Børs Seafood Index. In the past year Mowi has yielded a total shareholder return of -15%, compared to 5% of OSEBX and -7% of the Oslo Børs Seafood Index.

Market data	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Market capitalisation (NOK million)	98 768	118 005	94 280	68 133	70 078	53 830	42 228	30 306	18 335	9 261
Number of shares outstanding (million)	517.1	517.1	516.0	490.2	450.1	450.1	410.4	410.4	358.1	358.1
Average number of shares traded per day (million)	1.7	1.4	1.9	2.5	2.5	2.2	2.6	1.8	2.4	2.8
Share price year-end	191.0	228.2	182.7	139.0	155.7	119.6	102.9	73.9	51.2	25.9
- High	229.8	235.4	206.2	166.0	157.1	119.6	103.5	73.9	52.1	70.0
- Low	150.7	176.9	130.0	129.6	110.9	87.8	63.1	50.2	26.1	21.9
Earnings per share EUR - basic	0.23	0.92	1.15	0.97	1.20	0.36	0.27	0.85	0.15	0.40
Underlying earnings per share (EUR)	0.43	0.99	1.11	1.23	1.13	0.52	0.84	0.68	0.08	0.63
Net cash flow per share (EUR)	0.01	0.59	0.51	0.74	1.23	-0.02	0.80	-0.05	0.34	0.57
Dividend declared and paid per share (NOK)	2.60	10.40	10.40	12.40	8.60	5.20	8.30	2.25	—	8.00
Dividend yield (%)	1.4 %	4.6 %	5.7 %	8.9 %	5.5 %	4.3 %	8.1 %	3.0 %	0.0 %	30.9 %
Total shareholder return (%)	-15.2 %	30.6 %	38.9 %	-2.8 %	37.4 %	21.3 %	50.6 %	48.6 %	98.0 %	-45.1 %
ROCE %	8.3 %	19.9 %	24.9 %	26.7 %	28.1 %	13.1 %	20.2 %	18.5 %	3.9 %	16.7 %
EV/Capital Employed	2.7	3.6	3.4	3.1	3.2	2.5	2.4	1.8	1.5	0.9
EV/EBIT	57.3	21.6	11.8	16.9	8.5	20.5	14.1	8.2	24.5	13
EV/Operational EBIT	31.1	18.5	14.5	10.3	12.0	20.4	12.1	11.9	36.9	5.8

Share price and number of shares traded



Relative performance of our share (%)



In 2020 the Mowi share price performance underperformed compared to the developments of the Oslo Stock Exchange (OSEBX) and the Oslo Børs Seafood Index

- Seafood index Oslo Børs
- MOWI, div adj
- Oslo Børs (OSEBX)

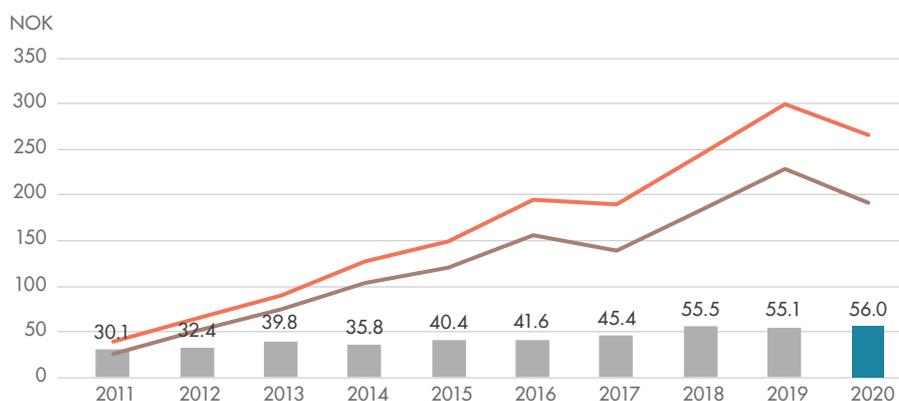
Market capitalisation



At year-end 2020, we had **517 111 091** (517 111 091) shares outstanding, trading at **NOK 191** per share. This valued our Company at **NOK 98.8 billion**. At year-end 2019, our share price traded at NOK 228.2 per share, valuing our Company at NOK 118.0 billion.

- Market capitalisation

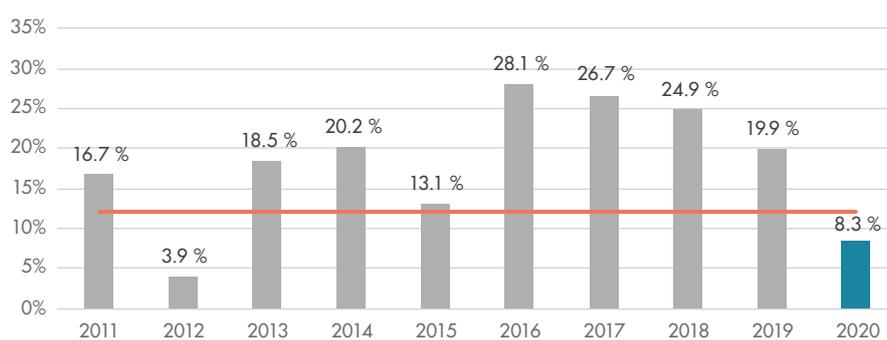
Equity per share and share price



The recognised value of equity per share reflects the historic investment in assets including licenses, whereas the share price implicitly is incorporating the future cash flow from the use of these assets. This explains the increasing difference between the values in recent years.

- Share price adjusted for dividend
- Share price, year-end
- Equity per share
- 2020 Equity per share

Return on capital employed (%)



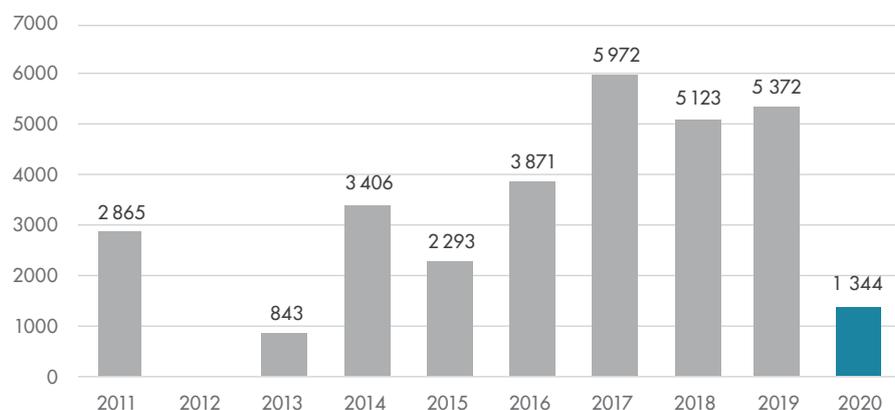
Return on Capital employed (ROCE) measures if capital invested in our Company yields competitive returns. Our ROCE target is 12% per annum. In recent years we have exceeded our target, but in 2020 Mowi achieved an ROCE below target mainly explained by the pandemic and challenging prices.

- ROCE % target
- ROCE %
- 2020 ROCE %

Dividend and underlying earnings

Total dividend paid

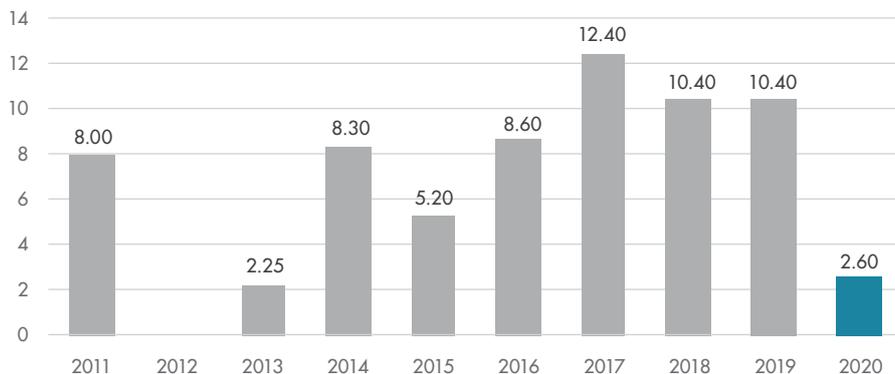
NOK million



In 2020 we paid **NOK 1 344** million (5 372 million) in dividend. Dividend is declared and paid quarterly based on the dividend policy, reflecting the present and future cash generation potential in the Company.

Dividend paid per share

NOK

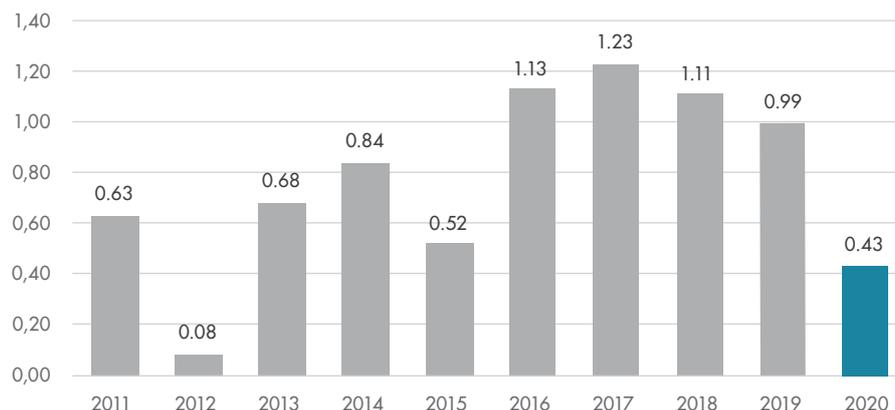


In 2020 we declared and paid **NOK 2.60** (10.40) per share in ordinary dividend.

Dividend is adjusted for the reverse share split, implemented January 21, 2014 (10 shares consolidated to 1). Total dividend paid is not adjusted for withholding taxes, but reflects cash paid.

Underlying earnings per share

EUR



Underlying earnings per share reflects an estimate of underlying earnings, pre fair value adjustments of biomass, attributable to our equity holders

In 2020 underlying earnings per share was **EUR 0.43** (EUR 0.99).

Alternative performance measures (APM)

– Non-IFRS measures

KEY PERFORMANCE INDICATORS AND ALTERNATIVE PERFORMANCE MEASURES (NON-IFRS MEASURES)

As we believe the financial figures set forth in our consolidated statement of income and financial position do not always reflect the underlying performance of our operations, we continuously work to develop key operational performance indicators and alternative performance measures (non-IFRS measures) that we think provide additional insight when analysing our Group's development.

Our APMs present useful information which supplements the financial statements. These measures are not defined under IFRS and may not be directly comparable with APMs for other companies. The APMs represent important measures for how management monitors the company and its business activity. The APMs are not intended to be a substitute for, or superior to, any IFRS measures of performance.

Some of the financial information presented in our Annual report contains APMs. These include Operational EBIT, Operational EBITDA, Operational Revenues, NIBD, ROCE, Underlying EPS, Operational EBIT % (Margin) and Adjusted Equity Ratio. Below we define these APMs and reconcile them with IFRS measures.

Operational EBIT and Operational EBIT per kg harvested

Operational EBIT is a non-IFRS financial measure, calculated by excluding each of the following items from earnings before financial items and taxes, or EBIT, as set forth in our consolidated statement of income prepared in accordance with IFRS:

- *change in unrealised internal margin*
- *gain/loss from derivatives*
- *fair value adjustment on harvested fish*
- *fair value adjustment on incident-based mortality*
- *fair value adjustment on biological assets*
- *provision for onerous contracts*
- *restructuring costs*
- *income/loss from associated companies*
- *impairment losses and write-downs*
- *other non-operational items (accrual for contingent liabilities and provisions)*

We exclude these items from our EBIT as we believe they affect the comparability of our operational performance from period to period, given their non-operational or non-recurring nature. Operational EBIT is used by management, analysts, rating agencies and investors in assessing our performance. Accordingly, we believe that the presentation of Operational EBIT provides useful information to investors. Our use of Operational EBIT should not be viewed as an alternative to EBIT or to profit or loss for the year, which are measures calculated in accordance with IFRS. Operational EBIT has limitations as an analytical tool in comparison to EBIT or other profit and loss measures prepared in accordance with IFRS. Some of these limitations are:

1. it does not reflect the impact of earnings or charges that we consider not to be indicative of our on-going operations,
2. it does not reflect financial items and income tax expense; and
3. other companies, including other companies in our industry, may calculate Operational EBIT differently than we do, limiting its usefulness as a comparative measure.

We present Operational EBIT at Group level, by country of origin and by segment. For a reconciliation of our Operational EBIT by segment to EBIT, see Note 4 to the Group financial statements.

Operational EBIT % (Margin)

Operational EBIT % is a non-IFRS financial measure. We calculate Operational EBIT % by dividing Operational EBIT by Operational Revenue, each a non-IFRS financial measure. Management employs Operational EBIT % to assess operational performance of some of our segments, disregarding certain non-recurring and non-operational items, excluded from Operational EBIT and Operational Revenue. The usefulness of Operational EBIT % is inherently limited as further described in Operational EBIT and Operational Revenue paragraphs above. A table setting forth our calculation of Operational EBIT % is set forth below.

Operational Revenue

Operational Revenue is a non-IFRS financial measure, calculated by including realised gain/loss from currency derivatives related to contract sales of Norwegian origin and excluding change in unrealised salmon derivatives from revenue and other income as set forth in our consolidated statement of comprehensive income prepared in accordance with IFRS. We exclude change in unrealised salmon derivatives from our revenue and other income as we believe it affects the comparability of our operational performance from period to period, given its non-operational nature. Our use

of Operational Revenue should not be viewed as an alternative to revenue and other income, which is a measure calculated in accordance with IFRS. Operational Revenue has limitations as an analytical tool in comparison to revenue. Some of these limitations include the fact that changes in unrealised salmon derivatives may need to be cash settled at a future date. Our Operational Revenue is reconciled to revenue and other income in footnotes to our interim financial statements included in documents incorporated herein by reference.

Net interest-bearing debt - NIBD

Our NIBD as of the end of a period (for purposes of calculating average NIBD) is equal to our non-current interest-bearing debt minus our total cash, plus our current interest-bearing debt, plus the net effect of currency derivatives on interest-bearing financial debt.

Return on capital employed - ROCE

ROCE is a non-IFRS financial measure, calculated by dividing Adjusted EBIT by average capital employed. Adjusted EBIT is calculated as EBIT, as set forth in our consolidated statement of income prepared in accordance with IFRS, adjusted for:

- *fair value uplift on harvested fish*
- *fair value adjustment on biological assets*
- *provision for onerous contracts*
- *other non-operational items (accrual for contingent liabilities and provisions)*

Average capital employed is calculated as the average of the beginning of the period and end of the period capital employed except when there are material transactions during the year.

Capital employed is the sum of net interest bearing debt, or NIBD, as of the end of the period plus equity as of the end of the period adjusted for:

- *fair value adjustment on biological assets*
- *provision for onerous contracts*
- *net assets held for sale*

We use ROCE to measure the return on capital employed, regardless of whether the financing is through equity or debt. In our view, this measure provides useful information for both management and our investors about our performance during periods under evaluation. We believe that the presentation of ROCE provides useful information to investors because ROCE can be used to determine whether capital invested in us yields competitive returns.

Our use of ROCE should not be viewed as an alternative to EBIT or to profit or loss for the year, which are measures calculated in accordance with IFRS or ratios based on these figures.

The usefulness of ROCE is also inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of our income, debt or equity. It also excludes certain items from the calculation and other companies may use a similar measure but calculate it differently.

Underlying EPS

Underlying Earnings per Share, or Underlying EPS, is a non-IFRS financial measure. We calculate Underlying EPS by dividing Adjusted Operational EBIT, calculated as Operational EBIT net of accrued payable interest (net), minority share of profit and tax expense calculated based on estimated tax rates, divided by the weighted average number of shares outstanding during the period.

Management employs Underlying EPS to assess our operational performance, disregarding non-operational items like amortised interest, net currency effects and net other financial items with the exception of cash costs, and not reflecting permanent and temporary differences in the computation of taxes.

We view Underlying EPS as a useful tool reflecting our operational performance per ordinary share outstanding. The usefulness of Underlying EPS is inherently limited. Some of these limitations are that Underlying EPS does not reflect the impact of earnings or charges that we consider not to be indicative of our on-going operations and Underlying EPS. A table setting forth our calculation of Underlying EPS is set forth below.

For further details about our financial performance, please see the Profit section and Statements and Notes.

Covenants Equity Ratio

Covenant Equity Ratio is a non-IFRS financial measure. We calculate Covenant Equity Ratio by excluding effects related to IFRS 16 (leasing) from equity. A table setting forth our calculation of Covenant Equity % is set forth below.

Net Cash Flow per share

Net Cash Flow per share is a non-IFRS financial measure. We calculate Net Cash Flow per share as cash flow from operations and investments (capex), net financial items paid and realised currency effects – divided by the weighted average number of shares outstanding during the period. Effects related to IFRS 16 (leasing) are excluded.

Reconciliation's

Operational EBIT

The following tables reconciles our Operational EBIT to EBIT in EUR million and EUR per kg for the Group and for our Farming units for the years ended December 31, 2020 and 2019:

RECONCILIATION GROUP (EUR MILLION)	2020	2019
Group Operational EBIT	337.7	720.9
Change in unrealised internal margin	14.1	-5.1
Gain/loss from derivatives	-4.4	2.4
Net fair value adjustment biomass	-145.6	-127.5
Onerous contracts provision	2.1	5.3
Restructuring costs	-14.5	-19.2
Income/loss from associated companies and joint ventures	21.8	48.7
Impairment losses	-18.2	-4.5
Other non-operational items	-9.5	-4.0
Group EBIT	183.5	617.0

RECONCILIATION GROUP (EUR per kg)	2020	2019
Group Operational EBIT	0.77	1.65
Change in unrealised internal margin	0.03	-0.01
Change in unrealised salmon derivatives	-0.01	0.01
Net fair value adjustment biomass	-0.33	-0.29
Onerous contracts provision	—	0.01
Restructuring costs	-0.03	-0.04
Income/loss from associated companies and joint ventures	0.05	0.11
Impairment losses	-0.04	-0.01
Other non-operational items	-0.02	-0.01
Group EBIT	0.42	1.42

RECONCILIATION NORWEGIAN ORIGIN (EUR MILLION)	2020	2019
Operational EBIT—Salmon of Norwegian Origin	269.3	485.9
Change in unrealised internal margin	-1.8	—
Gain/loss on derivatives	-0.1	-6.0
Net fair value adjustment biomass	-107.6	-45.0
Onerous contracts provision	1.8	0.9
Income/loss from associated companies and joint ventures	20.5	48.2
Impairment losses	-1.0	-0.9
EBIT—Salmon of Norwegian Origin	181.2	483.0

RECONCILIATION NORWEGIAN ORIGIN (EUR per kg)	2020	2019
Operational EBIT—Salmon of Norwegian Origin	1.03	2.05
Change in unrealised internal margin	-0.01	—
Gain/loss on derivatives	—	-0.03
Net fair value adjustment biomass	-0.41	-0.19
Onerous contracts provision	0.01	—
Income/loss from associated companies and joint ventures	0.08	0.20
Impairment losses	—	—
EBIT—Salmon of Norwegian Origin	0.69	2.04

RECONCILIATION SCOTTISH ORIGIN (EUR MILLION)	2020	2019
Operational EBIT—Salmon of Scottish Origin	46.0	126.0
Net fair value adjustment biomass	-15.3	-21.5
Onerous contracts provision	0.4	4.4
Restructuring costs	-0.9	0.0
EBIT—Salmon of Scottish Origin	30.2	108.8

RECONCILIATION SCOTTISH ORIGIN (EUR per kg)	2020	2019
Operational EBIT—Salmon of Scottish Origin	0.87	1.93
Net fair value adjustment biomass	-0.29	-0.33
Onerous contracts provision	0.01	0.07
Restructuring costs	-0.02	0.00
EBIT—Salmon of Scottish Origin	0.57	1.66

RECONCILIATION CANADIAN ORIGIN (EUR MILLION)	2020	2019
Operational EBIT—Salmon of Canadian Origin	-21.2	15.4
Net fair value adjustment biomass	-42.4	-40.0
Restructuring costs	-8.3	0.0
Impairment losses	-12.0	-1.0
EBIT—Salmon of Canadian Origin	-84.0	-25.5

RECONCILIATION CANADIAN ORIGIN (EUR per kg)	2020	2019
Operational EBIT—Salmon of Canadian Origin	-0.48	0.28
Net fair value adjustment biomass	-0.97	-0.74
Restructuring costs	-0.19	0.00
Impairment losses	-0.27	-0.02
EBIT—Salmon of Canadian Origin	-1.91	-0.47

RECONCILIATION CHILEAN ORIGIN (EUR MILLION)	2020	2019
Operational EBIT—Salmon of Chilean Origin	27.6	89.4
Net fair value adjustment biomass	29.2	-28.1
Impairment losses	-0.1	-2.3
Other non-operational items	-5.6	0.0
EBIT—Salmon of Chilean Origin	51.1	59.0

RECONCILIATION CHILEAN ORIGIN (EUR per kg)	2020	2019
Operational EBIT—Salmon of Chilean Origin	0.43	1.36
Net fair value adjustment biomass	0.45	-0.43
Impairment losses	—	-0.03
Other non-operational items	-0.09	0.00
EBIT—Salmon of Chilean Origin	0.79	0.90

RECONCILIATION IRISH ORIGIN (EUR MILLION)	2020	2019
Operational EBIT—Salmon of Irish Origin	22.4	17.8
Net fair value adjustment biomass	-2.1	4.0
EBIT—Salmon of Irish Origin	20.2	21.8

RECONCILIATION IRISH ORIGIN (EUR per kg)	2020	2019
Operational EBIT—Salmon of Irish Origin	2.81	2.68
Net fair value adjustment biomass	-0.27	0.60
EBIT—Salmon of Irish Origin	2.54	3.27

RECONCILIATION FAROESE ORIGIN (EUR MILLION)	2020	2019
Operational EBIT—Salmon of Faroese Origin	13.0	12.3
Net fair value adjustment biomass	-6.9	3.0
Other non-operational items	-1.6	-1.6
EBIT—Salmon of Faroese Origin	4.5	13.8

RECONCILIATION FAROESE ORIGIN (EUR per kg)	2020	2019
Operational EBIT—Salmon of Faroese Origin	1.52	1.79
Net fair value adjustment biomass	-0.79	0.44
Other non-operational items	-0.19	-0.23
EBIT—Salmon of Faroese Origin	0.53	1.99

NIBD, ROCE

The following tables set forth our calculation of ROCE, requiring reconciliation of Adjusted EBIT to EBIT and NIBD to non-current interest-bearing debt, for the years ended December 31, 2020 and 2019:

CALCULATION OF ROCE, RECONCILIATION OF ADJUSTED EBIT AND NET INTEREST BEARING DEBT (EUR MILLION, EXCEPT ROCE)	2020	2019
Adjusted EBIT	329.7	732.7
Net fair value adjustment biomass	-145.6	-127.5
Onerous contracts provision	2.1	5.3
Other non-operational items	-8.5	-2.2
IFRS16 Effects	5.8	8.7
EBIT	183.5	617.0
Net interest-bearing debt (NIBD)	1 458.4	1 337.2
Cash	107.1	128.6
Non-current interest-bearing debt	1 565.5	1 465.8
NIBD	1 458.4	1 337.2
Total equity	2 761.6	2 891.8
Fair value adjustment on biological assets	-201.0	-342.2
Onerous contracts provision	—	2.2
Capital employed as of the end of the period	4 018.9	3 889.0
Average capital employed ¹⁾	3 954.0	3 676.7
Adjusted EBIT	329.7	732.7
ROCE	8.3%	19.9%

1) Calculated as the average capital employed as of the beginning and the end of the period, except when there are material transactions during the year.

Underlying EPS

The following table set forth our calculation of Underlying EPS for the year ended December 31, 2020, and 2019:

UNDERLYING EARNINGS PER SHARE (EUR MILLION)	2020	2019
Operational EBIT ex IFRS 16	331.9	712.2
Accrued payable interest (NET)	-45.7	-55.1
Calculated tax expense	-62.9	-147.8
Minority share of profit	-1.6	1.3
Operational EBIT adjusted for above items	221.7	510.6
Shares outstanding (average)	517 111 091	516 424 239
Underlying EPS (EUR Per share)	0.43	0.99

Operational EBIT % (Margin)

The following table set forth our calculation of Operational EBIT % for the Group and our segments for the year ended December 31, 2020 and 2019.

GROUP OPEBIT % (EUR MILLION)	2020	2019
Group Operational EBIT	337.7	720.9
Operational revenues	3 761.4	4 135.4
Group Operational EBIT %	9.0%	17.4%

CONSUMER PRODUCTS OPEBIT % (EUR MILLION)	2020	2019
Operational EBIT - Consumer Products	81.8	45.4
Operational revenues	2 634.9	2 611.8
Operational EBIT % - Consumer Products	3.1%	1.7%

MARKETS OPEBIT % (EUR MILLION)	2020	2019
Operational EBIT - Markets	63.5	68.4
Operational revenues	2 433.1	2 759.3
Operational EBIT % - Markets	2.6%	2.5%

FARMING OPEBIT % (EUR MILLION)	2020	2019
Operational EBIT - Farming	179.2	602.2
Operational revenues	2 204.0	2 623.9
Operational EBIT % - Farming	8.1%	23.0%

FEED OPEBIT % (EUR MILLION)	2020	2019
Operational EBIT - Feed	31.2	22.4
Operational revenues	681.4	519.4
Operational EBIT % - Feed	4.6%	4.3%

Covenant equity ratio

The following table set forth our calculation of Covenants Equity Ratio, requiring reconciliation of Equity to Covenant Equity Ratio, for the year ended December 31, 2020 and 2019.

COVENANT EQUITY RATIO (EUR MILLION)	2020	2019
Total equity	2 764.1	2 892.6
Right of use assets	-536.4	-386.8
Non current leasing liabilities	379.9	258.9
Current leasing liabilities	153.2	127.1
Deferred tax liability	0.6	0.1
Adjusted total equity	2 761.5	2 891.8
Adjusted total equity and liabilities	5 309.7	5 453.3
Covenant Equity Ratio	52.0%	53.0%

Net Cash Flow per share

The following table set forth our calculation of Net Cash Flow per share, requiring specification of total net cash flow, for the year ended December 31, 2020 and 2019.

NET CASH FLOW PER SHARE (EUR MILLION)	2020	2019
Cash flow from investments	-283.5	-308.4
Cash flow from operations	502.7	759.1
Effects of IFRS 16 on cash flow from operations	-171.2	-133.5
Acquisition adjustments	—	51.0
Net financial items paid and realised currency effects	-58.5	-75.7
Effects of IFRS 16 on cash flow from financing	14.3	11.3
Total Net Cash Flow¹⁾	3.8	303.8
Shares outstanding (Average)	517 111 091.0	516 424 239
Net Cash Flow per share	0.01	0.59

1) Excluding effects of IFRS 16

Risk and risk management

Risk relates to uncertainty and the factors that may prevent us from generating the expected returns, reaching our goals and deliver on our strategy. Through our risk management processes we identify, quantify, and define actions to manage the risks we are facing. We split our defined risks into subcategories within our four guiding principles - Profit, Planet, Product and People to ensure that they are addressed by our most capable people within each area.

Risk and how we work to manage it

Our ambition is to be a leading, integrated provider of proteins from the ocean. We aim to be a leader in all key areas from production of fish feed to meeting the needs of the market:

- *Manufacturing high-quality salmon feed.*
- *Farming healthy and safe salmon for own value added processing and third-party whole fish sales.*
- *Processing and selling healthy, delicious and innovative value added seafood products.*

“The Mowi Way”.

Through our materiality assessment we have identified areas of opportunity and risk that could influence our ability to achieve our goals and deliver on our strategy. Risk management is what we do to manage our risk in order to provide reasonable assurance to our stakeholders that we will achieve our goals. Different risk management frameworks are in use globally, the most widely used being the COSO ²⁾ enterprise risk framework, which divides risk into four categories:

1. Operational risk
2. Strategic risk
3. Reporting risk
4. Compliance risk

We consider our operational risk to cover several individually important subcategories, and have therefore chosen to divide our operational risks into the following sub categories:

- a. Risks related to the sale/supply of our products
- b. Risks related to governmental regulations
- c. Risks related to our fish farming operations
- d. Risks related to our supply of fish feed and feed operations
- e. Risks related to our industry
- f. Risks related to our business
- g. Risks related to our financial arrangements
- h. Risks related to tax and legal matters
- i. Risks related to climate change

All risk categories could, if not properly managed, have a material adverse effects on our business operations and financial results. Each risk category includes one or more identified risks factors that individually and/or in combination with others could significantly affect our performance. We are continuously working to mitigate identified risks and capitalise on opportunities by tracking and following up key performance indicators within the framework of our four guiding principles. We believe that our long-term success depends on our ability to manage the relevant risks associated with our operations, strategy, reporting and compliance.

An overview of our identified risk factors, along with our mitigation efforts and what we do to manage our risk, is outlined in the table below. For more detailed descriptions of the risks/ challenges and opportunities associated with our operations, please see the referenced sections in this Integrated Annual Report. We apply the precautionary approach to risk management through our materiality assessment. Mowi reports in accordance with the Global Reporting Initiative requirements. The appendix found on our website mowi.com provides the required additional disclosures including the GRI disclosure index.

2) Committee of Sponsoring organisations

RISK AND RISK MANAGEMENT

	RISK	SHORT DESCRIPTION	MITIGATION ACTION	REFERENCE
1a	Risks related to the sale and supply of our products			
I	Our results depend on salmon prices.	Our results are substantially dependent on salmon prices, and salmon prices are subject to large short and long-term fluctuations due to variations in supply and demand caused by factors such as smolt transfer, biological factors, quality, shifts in consumption and license changes. Short- or long-term decreases in the price of farm-raised salmon may have a materially adverse effect on our financial figures.	<ul style="list-style-type: none"> – Sales contract policy to reduce exposure to fluctuations – Downstream integration to reduce dependence on spot whole-fish prices – Product innovation to grow overall salmon sales – Commitment to sustainable development of the industry and information exchange with authorities to ensure a sustainable operational framework for steady growth 	<ul style="list-style-type: none"> – Profit – Note 13 Group – Leading the Blue Revolution – Product – Planet – R&D – Analytical information
II	A reduction in the price of salmon may trigger substantial reduction in the value of our biological assets.	A reduction in the price of salmon may trigger substantial reduction in the value of our biological assets, as the price of salmon is a significant factor in the valuation of these assets.	<ul style="list-style-type: none"> – Ref Salmon prices above 	<ul style="list-style-type: none"> – Ref Salmon prices above – Note 6 Group
III	We may be unable to effectively hedge our exposure to short- and medium-term fluctuations in salmon prices.	We seek to manage our exposure to short and medium-term fluctuations in salmon reference prices through sales contracts and Fish Pool financial futures, as well as through our secondary processing activities. An inability to effectively hedge our exposure to short- and medium-term fluctuations in salmon prices may have a materially adverse effect on our financial figures.	<ul style="list-style-type: none"> – Sales contract policy to reduce exposure to fluctuations – Downstream integration to reduce dependence on spot whole-fish prices 	<ul style="list-style-type: none"> – Profit – Note 13 Group – Analytical information – Leading the Blue Revolution
IV	Market demand for our products may decrease.	Increased competition, consolidation and overcapacity may lead to reductions in the price of competing products that could curtail demand for our products. This may have a materially adverse effect on our financial figures.	<ul style="list-style-type: none"> – Focus on health benefits of salmon consumption – Continuous effort to find sustainable, more affordable raw materials for feed production and focus on best operational practices to reduce operational costs – Branding strategy 	<ul style="list-style-type: none"> – Product – Planet – R&D
V	Changes in consumer preferences/lack of product innovation may have an adverse effect on our business.	Our continued success will depend in part on our ability to anticipate, identify and respond quickly to changing consumer preferences for fish, especially secondary processed seafood. If we are unable to do so, this may have a materially adverse effect on our financial figures.	<ul style="list-style-type: none"> – Focus on health benefits of salmon consumption – Product innovation to grow overall salmon sales – Continue to strengthen our market and new product development 	<ul style="list-style-type: none"> – Product – R&D
VI	Disruptions to our supply chain may impair our ability to bring our products to market.	We source and transport our salmon over long distances. As most of our products are perishable and can be stored only for a limited time, disruptions to our supply chain due to weather, earthquakes, natural disaster, fire or explosion, terrorism, pandemics, strikes, government action, environmental incidents or other matters beyond our control could impair our ability to bring our products to the market (timely or at all).	<ul style="list-style-type: none"> – Emergency plans to mitigate consequences – Global footprint for farming and processing enabling cross-production – Branding strategy 	<ul style="list-style-type: none"> – Analytical information
VII	Natural disasters, catastrophes, fire or other unexpected events could cause significant losses of operational capacity.	Our facilities could be materially damaged by natural disasters, and we could incur uninsured losses and liabilities arising from such events, including damage to our reputation and/or suffer material losses in operational capacity.	<ul style="list-style-type: none"> – Risk-based insurance coverage – Emergency plans to mitigate consequences – Strict standards for construction of operating units – Global footprint for farming and processing enabling cross-production 	<ul style="list-style-type: none"> – Analytical information
1b	Risks related to governmental regulations			
I	Governmental regulations affect our business.	The fish farming and processing industries are subject to local, regional and national government regulations relating to the farming, processing, packaging, storage, distribution, advertising, labeling, quality and safety of food products. Our operations are also subject to extensive and increasingly stringent regulations administered by environmental agencies in the jurisdictions in which we operate.	<ul style="list-style-type: none"> – Continuous dialog with the authorities in the countries in which we operate to secure a sustainable operational framework – Active participation, alone or through joint industry groups, in consultative processes for new or updated regulatory frameworks – Rigorous testing to ensure that our products are safe and healthy – Third-party certification 	<ul style="list-style-type: none"> – Leading the Blue Revolution – R&D – Product

	RISK	SHORT DESCRIPTION	MITIGATION ACTION	REFERENCE
II	Trade restrictions could have a negative impact on price in some countries.	Trade restrictions resulting in suboptimal distribution of salmon may be intensified, creating a negative impact on price in some countries. Many of our production sites are located outside our principal markets, leaving us exposed to trade restrictions. The effects of trade restrictions may have a significant negative impact on our ability to sell in certain regions or our ability to charge competitive prices for our products in such regions.	<ul style="list-style-type: none"> – <i>Dialog with authorities to ensure access to markets globally</i> – <i>Sales contract policy to reduce exposure to fluctuations</i> – <i>Global farming and processing footprint to mitigate the effects of trade restrictions with regional reach</i> – <i>Promotion of health benefits of salmon</i> 	<ul style="list-style-type: none"> – <i>Leading the Blue Revolution</i> – <i>Profit</i> – <i>Note 13 Group</i> – <i>Analytical information</i>
III	We may face restrictions with regard to operating sites located close to protected or highly sensitive areas.	Some of our sites are located close to or within sensitive areas with respect to biodiversity. The effect of salmon farming on the environment and biodiversity is being intensively discussed and new regulations in this area could result in the closure of sites or require the implementation of costly measures. In addition, new regulations could result in restrictions to certain additives used in fish feed and in medication becoming prohibited at these sites if they are believed to have an adverse impact on the environment. Compliance with such laws, rules and regulations, or a breach of them, may have a materially adverse effect on our business and financial figures.	<ul style="list-style-type: none"> – <i>Continuous dialog with the authorities in the countries in which we operate to document that biodiversity is not adversely affected by our operations</i> – <i>Cooperation agreement with WWF</i> – <i>Norway for mutual exchange of ideas and information</i> – <i>Environmental testing and documentation to ensure that our operations do not leave a lasting footprint</i> 	<ul style="list-style-type: none"> – <i>Leading the Blue Revolution</i> – <i>R&D</i> – <i>Planet</i> – <i>BoD report</i>
IV	Our fish farming operations are dependent on fish farming licenses.	In the jurisdictions in which we operate, we are required to obtain licenses in order to farm fish. We have obtained and currently hold such licenses for our operations. Governments may, however, change the way licenses are distributed, or otherwise dilute or invalidate our licenses. If we are unable to maintain existing or obtain new fish farming licenses, or if a new licensing regulation dilutes the value of our licenses, this may have a materially adverse effect on our business.	<ul style="list-style-type: none"> – <i>Continuous dialog with the authorities in the countries in which we operate to discuss our and their role in securing the sustainable development of the industry</i> 	<ul style="list-style-type: none"> – <i>Dear stakeholders</i> – <i>Leading the Blue Revolution</i> – <i>R&D</i> – <i>Note 9 Group</i>
V	Antitrust and competition regulations may restrict further growth in some of the jurisdictions in which we operate.	Our business and operations are subject to regulation by antitrust or competition authorities, particularly due to our significant market shares in the jurisdictions in which we operate. The risks of infringing competition laws and regulations are higher in markets in which we hold a leading position. In an acquisition setting, we may be forced to divest certain parts of the acquisition, which may have a materially adverse effect on our business and financial figures.	<ul style="list-style-type: none"> – <i>Continuous dialog with the authorities in the countries in which we operate to discuss the potential benefits of industry consolidation from a sustainability point of view</i> 	<ul style="list-style-type: none"> – <i>Dear stakeholders</i> – <i>Leading the Blue Revolution</i>
VI	We could be adversely affected by violations of the acceptable anti-corruption laws.	Applicable anti-corruption laws, including the US Foreign Corrupt Practices Act and the UK Bribery Act of 2010, generally prohibit companies and their intermediaries from making improper payments, and require companies to keep accurate books and records as well as appropriate internal controls. We operate in some parts of the world that have experienced governmental corruption, and if we were found liable for violations of anti-corruption laws, we may incur civil and criminal penalties which could have a materially adverse effect on our business, financial figures and reputation.	<ul style="list-style-type: none"> – <i>Code of Conduct</i> – <i>Leadership Principles</i> 	<ul style="list-style-type: none"> – <i>Leading the Blue Revolution</i> – <i>People</i> – <i>Corporate governance</i>
1c Risks related to our fish farming operations				
I	Fish are adversely affected by sea lice, and we may incur significant costs and be exposed to regulatory actions if the challenge is not addressed.	The authorities in all countries with an aquaculture industry have set limits for the acceptable number of sea lice per fish. A failure to control sea lice levels may result in an increased number of treatments, compromised fish welfare, higher costs and the possibility of regulatory actions.	<ul style="list-style-type: none"> – <i>Implementation of our sea lice strategy.</i> – <i>Continuous R&D efforts on most effective lice strategy, as well as new tools to control sea lice in a sustainable manner</i> 	<ul style="list-style-type: none"> – <i>R&D</i> – <i>Planet</i>

	RISK	SHORT DESCRIPTION	MITIGATION ACTION	REFERENCE
II	We may be exposed to criticism and regulatory actions arising from our farming of and use of wild caught cleaner fish for sea lice control.	Our sea lice control strategy is primarily based on using non-medicinal tools and includes the use of cleaner fish. Catch, farming and use of cleaner fish have raised concerns with regards to protection of wild stocks, husbandry practices, fish welfare and survival. Therefore, the use of cleaner fish could result in negative publicity, reputational harm and possibly regulatory actions.	<ul style="list-style-type: none"> – R&D in key areas including fish health, fish nutrition and husbandry – Good farming practices (identification and implementation of best practices during farming of cleaner fish, as well as at the salmon farms) 	<ul style="list-style-type: none"> – R&D – Planet
III	Our fish stocks, operations and reputation can be adversely affected by various diseases.	Our fish are affected by diseases caused by viruses, bacteria and parasites which may have an adverse effect on fish survival, health, growth and welfare and result in reduced harvest weight and volume, downgrading of products, claims from customers and increased costs. Continued disease problems may also attract negative media attention and public concerns.	<ul style="list-style-type: none"> – Disease registration and tracking of reasons for reduced survival to monitor development and prioritise R&D – Applying best farming practices for disease control – R&D efforts within disease management and control, including more knowledge of best farming practices, vaccine testing and use, breeding program which includes selection of best genetics related to fish robustness and resistance to diseases 	<ul style="list-style-type: none"> – R&D – Planet
IV	Our fish stocks can be depleted by environmental factors such as plankton, low oxygen levels and fluctuating seawater temperatures.	Our salmon farming operations are subject to a number of environmental risks which may impact profitability and cash flows through adverse effects on growth, harvest weight, harvest volume, mortality, downgrading and claims.	<ul style="list-style-type: none"> – Continuous R&D effort to manage the challenges including the use of skirts around the pens and continuous oxygen monitoring systems at the bottom of the pens – Plankton (including algae) surveillance systems 	<ul style="list-style-type: none"> – Planet
V	Our fish stocks are subject to risks associated with fish escapes and predation.	Salmon escapes are most commonly caused by human error, severe weather and structural issues at our farming sites. In addition to affecting our salmon count, escaped farmed salmon may impact wild salmonid stocks by genetic interaction and the risk of transferring disease. This may result in negative publicity and penalties or other sanctions from governmental authorities. Our salmon is also subject to predation by other animals which can affect our salmon count and adversely impact our results of operations.	<ul style="list-style-type: none"> – Escape prevention and mitigation plans – Tracking of all escape incidents and investigation for cause of incident for information sharing and learning – Applying best practices for escape prevention – Continuous R&D effort to test farming equipment for severe weather conditions 	<ul style="list-style-type: none"> – R&D – Planet – BoD report
VI	Intensive production may result in physical deformities, leading to downgrading and/or losses of biomass as well as to reputational harm.	Intensified production may push the boundaries for how fast fish can grow, and cause production-related disorders relating to physical deformities and cataracts. High water temperatures of more than 14 degrees Celsius early in the freshwater stage, water quality and diet composition may all be contributing factors. Deformities and cataracts may lead to financial losses and damage to the industry and our reputation.	<ul style="list-style-type: none"> – R&D - feed research trials to document that the diets used in commercial salmon farming are not compromising fish health and welfare – R&D salmon growth trials to develop best farming practices for growth 	<ul style="list-style-type: none"> – R&D – Planet
VII	Our fish stocks might be exposed to contaminants, leading to product recalls, product liability, negative publicity and governmental sanctions	Farm-raised salmon may be exposed to contamination by undesirable substances through raw materials and ingredients in the fish feed, polluted waters, poor processing hygiene and cross-contamination during handling. Contamination may affect food safety, fish health and the environment, and reduce the public confidence in eating salmon.	<ul style="list-style-type: none"> – Vigorous product testing to document that our products are safe – Requirements to suppliers and certification of raw materials used in our fish feed – Testing of raw materials and feed used in our farming operations 	<ul style="list-style-type: none"> – R&D – Planet – Product
VIII	Our fish may be exposed to pollutants from open seas resulting in mortality and poor end-product quality	Fish farming is conducted using open net pen systems located in marine environments. Operations are therefore exposed to pollution from the open sea, including potential oil leaks or spills. Oil products floating into a farm will severely affect the fish's normal oxygen uptake, reduce fish survival and leave an unpleasant taste on surviving fish, making it inedible.	<ul style="list-style-type: none"> – Testing of end-products to document that they are safe and of high quality – Locating farms in areas with clean waters and a low risk of pollution 	<ul style="list-style-type: none"> – R&D – Product

	RISK	SHORT DESCRIPTION	MITIGATION ACTION	REFERENCE
IX	Inclement weather could hurt our stocks negatively affect our operations and damage our facilities	Unusually warm or cold temperatures, altered oxygen levels in the sea resulting from annual variations, as well as extreme weather in the regions where we operate could cause impairment of the health and growth of our fish or result in fish escapes, loss of biomass, lost feeding days, repair costs, damage to infrastructure, etc.	<ul style="list-style-type: none"> – Ref Fish Escapes above – New technology – Evaluation of environmental conditions and use of equipment fit for the conditions in the area 	<ul style="list-style-type: none"> – Ref Fish Escapes above – R&D
X	Our operations are exposed to risks related to biological events or natural phenomena for which insurance coverage is expensive, limited and potentially inadequate.	Our business operations are subject to a number of adverse biological risks, including risks relating to sea lice, fish mortality, disease, predation and other biological risks. There will always be a risk that certain biological events or natural phenomena may occur for which no or only partial insurance coverage is payable.	<ul style="list-style-type: none"> – Ref Sea lice above – Ref Disease above – Risk-based insurance coverage 	<ul style="list-style-type: none"> – Ref Sea lice above – Ref Disease above
1d Risks related to our supply of fish feed and our feed operations				
I	Reduced availability of the main ingredients used in fish feed production could result in higher costs for fish feed.	Fish feed is a main cost driver approximately 40-50% of our "cost in box". Global inventories, currency fluctuations and seawater temperatures all affect the supply of feed ingredients. Fish oil and fish meal are produced using wild caught fish such as anchovies. The extensive use of fish oil combined with a growing fish farming industry presents a sustainability challenge for the industry. Other key ingredients such as canola oil, soy bean protein and wheat are subject to unpredictable price changes caused by supply and demand fluctuations, weather, size of harvest, transportation and storage cost, global policies, etc.	<ul style="list-style-type: none"> – Continuously working in-house and with feed suppliers to ensure that the feed recipes are altered based on relative prices to secure the lowest possible cost without compromising fish health – Efforts to test and document feeds with lower levels of marine ingredients without compromising fish health/performance 	<ul style="list-style-type: none"> – R&D – Profit – Planet – Analytical information
II	Termination of one or more of our feed contracts at short notice could result in material additional costs.	We still depend on third-party feed suppliers. The fish feed industry is dominated by three large, global suppliers, which normally adapt their production volumes to prevailing supply commitments. If one or more of our feed contracts were terminated at short notice prior to their respective expiration dates, we may be forced to find alternative suppliers at short notice, incurring additional costs.	<ul style="list-style-type: none"> – Long-term supply contracts with termination clauses – Own feed production 	<ul style="list-style-type: none"> – Leading the Blue Revolution
III	Production issues in our own feed operations could cause us to incur material additional costs.	If our feed operation were to encounter production challenges, including those related to contaminated fish feed/feed ingredients, labour stoppages, disruptions in the supply chain and environmental and regulatory issues, we may be forced to find alternative suppliers in the market at short notice, incurring additional costs and potential disruptions to our farming operations. We could also be liable for losses incurred by third party feed customers.	<ul style="list-style-type: none"> – Certification of raw materials used – Testing of feed ingredients – Employee HSE surveys – Use of numerous suppliers of feed ingredients 	<ul style="list-style-type: none"> – Planet – People
IV	A reduction in the quality of our fish feed could have a materially adverse effect on our production.	Fish feed is essential to our fish production, as its quality affects the quality and volume of our harvests. Our feed conversion rate may increase due to lower quality or a suboptimal mix of ingredients used.	<ul style="list-style-type: none"> – Testing to document that our feed is of high quality, contributing to good growth and favourable feed conversion rates 	<ul style="list-style-type: none"> – R&D – Planet
V	Inferior or contaminated fish feed could result in product liability or other serious adverse consequences for us.	Harmful substances may be found in feed ingredients, and although we have implemented risk analysis and screening protocols to prevent the contamination of our feed, undetected contamination could cause severe damage to the salmon, potentially causing health issues for consumers and resulting in liability claims.	<ul style="list-style-type: none"> – Certification of raw materials used – Testing of feed ingredients – Testing of end products – Risk analysis and screening protocols 	<ul style="list-style-type: none"> – R&D – Planet – Product
1e Risks related to our industry				
I	Our facilities may be the target of sabotage by environmental organisations.	Some environmental organisations have the eradication of salmon farming as one of their stated aims. A risk of sabotage can therefore not be ruled out.	<ul style="list-style-type: none"> – Stakeholder dialog for the exchange of information and ideas 	<ul style="list-style-type: none"> – Leading the Blue Revolution
II	The aquaculture industry may be subject to negative media coverage.	Farm-raised salmon has in some instances been subject to criticism from various research communities and NGOs, which may affect consumer attitudes towards farm-raised salmon. Such negative consumer attitudes may result in a lower demand for our products.	<ul style="list-style-type: none"> – Stakeholder dialog for the exchange of information and ideas – Documentation of our farming practices and third-party certification 	<ul style="list-style-type: none"> – Leading the Blue Revolution – Planet – Product

	RISK	SHORT DESCRIPTION	MITIGATION ACTION	REFERENCE
1f	Risks related to our business			
I	We derive nearly all our revenues from sales of Atlantic salmon and are heavily dependent on the market for Atlantic salmon.	Our business consists primarily of raising and selling Atlantic salmon, and we expect this to continue for the foreseeable future. Accordingly, our business is heavily dependent on the market for Atlantic salmon.	<ul style="list-style-type: none"> – <i>Ref Market demand for our products above</i> – <i>Ref Change in consumer preferences above</i> 	<ul style="list-style-type: none"> – <i>Ref Market demand for our products above</i> – <i>Ref Change in consumer preferences above</i>
II	We rely heavily on the services of key personnel.	We depend substantially on the leadership of a small number of executive officers and other key employees. The loss of the services provided by these individuals could have a materially adverse effect on our business. We may also find it difficult to attract the necessary employee resources in the remote areas in which we operate.	<ul style="list-style-type: none"> – <i>Roll out our leadership principles and continue to build a winning culture that supports employee development and attracts new employees</i> – <i>Remuneration of key management personnel</i> 	<ul style="list-style-type: none"> – <i>Leading the Blue Revolution</i> – <i>People</i> – <i>Note 14 Group</i> – <i>Note 15 ASA</i>
III	We are subject to risks related to IT and cyber security.	We are dependent on IT systems in all parts of our business, and are as such exposed to risks related to IT and cyber security. In the information security chain, humans are often the weakest link.	<ul style="list-style-type: none"> – <i>Training of personnel</i> – <i>Use of expert advisers in complex matters</i> – <i>Monitoring and testing of IT systems, including third party testing</i> 	<ul style="list-style-type: none"> – <i>People</i>
IV	We are subject to risks associated with our international operations and our expansion into emerging markets.	Our global operational footprint means we are subject to various risks and uncertainties relating to our international operations. These include the imposition of trade protection measures, corruption, the impact of exchange rate fluctuations, political, social and economic conditions, compliance with domestic and international laws, different regulatory structures, differing tax regimes and distribution. Negative consequences in these regards could limit our ability to transact business in current or future markets.	<ul style="list-style-type: none"> – <i>Identification of risk and risk mitigating actions prior to entering new markets</i> – <i>Risk mapping on a continuous basis</i> 	<ul style="list-style-type: none"> – <i>Risk an Risk Management</i>
V	Political instability may have a material adverse effect on our business, results of operation and financial condition.	Political instability has in the past, and may in the future, adversely affect our operational results. The Russian ban on imports of salmon products from certain countries and the Chinese restrictions on imports of Norwegian salmon are recent examples in this regard.	<ul style="list-style-type: none"> – <i>Global farming, processing and supply footprint expanding the opportunities if political actions target a specific place of origin only</i> 	<ul style="list-style-type: none"> – <i>Analytical information</i>
VI	We depend on the availability of and good relations with our employees.	Our operations depend on the availability, retention and relative cost of labour, and on maintaining satisfactory relations with employees and labour unions. Labour relation issues may arise from time to time, which could result in strikes or other labour disputes.	<ul style="list-style-type: none"> – <i>Roll out our leadership principles and continue to build a winning culture that supports employee development and attracts new employees</i> – <i>Fair compensation</i> – <i>Cooperation with employees organisations and unions</i> 	<ul style="list-style-type: none"> – <i>Leading the Blue Revolution</i> – <i>People</i>
VII	We depend on a small number of contractors for key industry supplies, such as fish feed and well boats.	We depend on major industry suppliers of well boats and fish feed. We hire most of our well boats, and we purchase a significant share of our fish feed from third parties. There is a limited number of key suppliers of these items to our industry, and failure to maintain good business relationships with these suppliers may have a significantly adverse effect on us.	<ul style="list-style-type: none"> – <i>Own feed production</i> – <i>Stakeholder dialog</i> 	<ul style="list-style-type: none"> – <i>Leading the Blue Revolution</i>
VIII	Some steps of the production process are outside our control.	We purchase seafood from third parties as an input factor in some of our secondary processing activities. We do not control the production process for the seafood we purchase, and it may contain foreign elements that are harmful or prohibited under the laws of the countries in which we distribute the product. Furthermore, substantial sales of generic and private label products mean that we do not always control the brand under which our products are sold. This may have a negative impact on our reputation in addition to making it difficult for us to build brand loyalty.	<ul style="list-style-type: none"> – <i>Brand building to differentiate our products</i> – <i>Product testing</i> – <i>Supplier commitment to our code of conduct</i> 	<ul style="list-style-type: none"> – <i>Product</i> – <i>People</i>

	RISK	SHORT DESCRIPTION	MITIGATION ACTION	REFERENCE
1g	Risks related to our financing arrangements			
I	If we are unable to access capital, we may be unable to grow or implement our strategy as designed.	Feed production, salmon farming and seafood processing are capital intensive industries. Our future development and growth may depend on access to external capital in the form of debt and/ or equity capital. A lack of access to such capital, or material changes in the terms and conditions of our external financing could limit our future growth and strategy.	<ul style="list-style-type: none"> – Ref all actions to safeguard profit and reduce/manage costs – Ref Salmon price, market demand, sea lice, disease, Kudoa above 	<ul style="list-style-type: none"> – Ref salmon price, market demand, sea lice, disease, kudoa, contractors for key industry supplies above – Note 13 Group – BoD report
II	We are highly leveraged and subject to restrictions in our financing agreements that impose constraints on our operating and financing flexibility.	We have substantial debts outstanding. We may need to refinance some or all of our borrowings, and may not be able to do so at attractive terms or at all. We may incur additional debt in the future, subject to limitations under our credit facilities and bond terms.	<ul style="list-style-type: none"> – Ref all actions to safeguard profit and reduce/manage costs – Ref salmon price, market demand, sea lice, disease, Kudoa above – Using a portfolio of financing options to reduce dependence on our syndicated credit facility 	<ul style="list-style-type: none"> – Ref salmon price, market demand, sea lice, disease, kudoa, contractors for key industry supplies above – Note 11 Group – Note 13 Group – BoD report
III	Fluctuations in the value of the derivatives used to hedge our exposure to salmon prices may adversely impact our operating results.	Our business is exposed to fluctuating salmon prices, and we use contracts and derivative financial instruments to reduce such exposure. The use of derivative financial instruments reduces our exposure to changes in prices, but may also limit our ability to benefit from favourable trends in salmon prices, while our contracts can adversely affect our profitability when spot prices are rising.	<ul style="list-style-type: none"> – Ref salmon price above 	<ul style="list-style-type: none"> – Ref salmon price above – Note 13 Group – BoD report
IV	Fluctuations in foreign exchange rates may adversely impact our operating results.	We are exposed to changes in foreign exchange rates as a part of our business operations. Although we seek to hedge our exposure to currency risk, such hedging arrangements may not be effective, which may ultimately have a materially adverse effect on our business and financial figures.	<ul style="list-style-type: none"> – Foreign Exchange Strategy – Hedging Policy 	<ul style="list-style-type: none"> – Note 13 Group – BoD report
V	We are subject to fluctuations in interest rates due to the prevalence of floating interest rates in our debt.	We are partly financed at floating interest rates, and our hedges against interest rate fluctuations in the main currencies related to our interest-bearing debt may be ineffective in protecting us from the effects of interest rate increases.	<ul style="list-style-type: none"> – Hedging policy - interest rate swaps 	<ul style="list-style-type: none"> – Note 13 Group – BoD report
VI	If our customers fail to fulfill their contractual obligations we may suffer losses.	We are exposed to the risk of losses if one or more contractual partners do not meet their obligations. We cannot guarantee that we will be able to recover losses from trade receivables from credit insurance companies or that our credit evaluations of trading partners will be effective.	<ul style="list-style-type: none"> – Insurance policy – Credit ratings of all customers – Close follow up of customers 	<ul style="list-style-type: none"> – Note 13 Group – BoD report
1h	Risks related to tax and legal matters			
I	We are exposed to potentially adverse changes in the tax regimes of the jurisdictions in which we operate.	Significant changes in the tax regimes in the countries in which we operate may have a materially adverse effect on our financial figures.	<ul style="list-style-type: none"> – Tax optimisation within the laws of the countries in which we operate 	<ul style="list-style-type: none"> – Note 15 Group
II	We may become involved in legal disputes.	We may from time to time become involved in legal disputes. We could be involved in criminal or civil proceedings relating to product liability, environmental, food safety, competition or anti-bribery regulations, and other types of dispute which may have a materially adverse effect.	<ul style="list-style-type: none"> – Contract negotiations – Use of expert advisers in complex matters 	<ul style="list-style-type: none"> – Note 27 Group
1i	Risks related to climate change			
I	Physical related risks: the tangible effect of climate change have the potential to damage fish farming facilities, disrupt production activities and could cause us to incur significant costs.	Climate change could affect the severity of weather, sea levels and temperatures, the frequency of algae blooms, and the availability of the raw materials for our fish feeds. If any such effects were to occur, they may have a materially adverse effect on our business and financial figures.	<ul style="list-style-type: none"> – Doing our part: to reducing our carbon footprint and build up mitigation strategies connected with more resilient equipment – Testing of alternative raw materials in feed and focusing on low carbon footprint feed raw materials – Assessment of specific risks related to each facility used in our operation 	<ul style="list-style-type: none"> – R&D – Planet

	RISK	SHORT DESCRIPTION	MITIGATION ACTION	REFERENCE	
	II	Transitional related risks: climate change rules and regulations could increase the costs of operating our facilities or transporting our products.	Climate change and its link to the emission of greenhouse gases is receiving more and more attention. Certain countries and regions have adopted, or are considering, legislation or regulations imposing overall caps or taxes on greenhouse gas emissions, or mandating the increased use of electricity from renewable energy sources. These actions could increase our operating costs.	<ul style="list-style-type: none"> – <i>Doing our part: endorsing global sustainability issues and addressing climate change by implementing our low carbon transition plan</i> 	<ul style="list-style-type: none"> – <i>Dear stakeholder</i> – <i>Planet</i>
2 Risks related to our strategy - acquisitions and expansions					
	I	The expected benefits of our expansion on the Canadian East Coast is subject to risks and uncertainties.	We expect benefits from our acquisition of Northern Harvest and the Grey Aqua assets on the East Coast of Canada. Whether we will actually realise these anticipated benefits depends on future events and circumstances, some of which are beyond our control. Also the potential synergies we currently anticipate may not be realised.	<ul style="list-style-type: none"> – <i>Build on Group wide know how and skills and existing customer relations to sell our products</i> 	<ul style="list-style-type: none"> – <i>Leading the Blue Revolution</i>
	II	The potential benefits of our new fish feed facility is subject to risks and uncertainties.	From 2020 we are Self-sufficient with feed in Europe. As the capacity of the two plants are higher than our own current needs, we also depend on third party deliveries to fully utilise the plants.	<ul style="list-style-type: none"> – <i>Focus on high Quality production and expertises from the Norwegian business. Strengthening of management team</i> – <i>Utilise local expertise with regard to working with authorities</i> 	<ul style="list-style-type: none"> – <i>Leading the Blue Revolution</i>
	III	The construction and potential benefits of our fresh water expansion projects are subject to risks and uncertainties.	The expected benefits are higher quality and larger smolt, produced in a controlled environment and at a lower cost. The anticipated benefits may not be achieved or if achieved, may not be achieved in the expected time frame.	<ul style="list-style-type: none"> – <i>Build on group wide know how and skills in the construction and production processes.</i> 	<ul style="list-style-type: none"> – <i>Leading the Blue Revolution</i>
	IV	We would be adversely affected if we expanded our business through acquisitions or greenfield projects but failed to successfully integrate them or run them efficiently or retain the associated fish farming licenses.	We regularly evaluate expansion opportunities, such as acquiring other businesses, or building new processing plants and expanding our fish farming operations, or expanding into new related areas of operations. Significant expansion involves risks, and if we are unable to integrate acquired businesses or newly formed operations, expansion may have a materially adverse effect on our business and financial figures.	<ul style="list-style-type: none"> – <i>Draw on internal key resources</i> – <i>Recruitment of experienced staff</i> – <i>Use of expert advisers in complex matters</i> 	<ul style="list-style-type: none"> – <i>People</i>
3 Risks related to reporting					
	I	A failure to run an effective risk assessment process and update our internal control system accordingly, could imply that there is a risk of material mistakes in our financial figures.	As of December 31, 2020 we consider our internal control system to be effective, but there can be no assurance that, going forward, our efforts will effectively prevent material misstatements in our consolidated statements. If we are unable to maintain effective internal control, this could have a materially adverse effect on our business.	<ul style="list-style-type: none"> – <i>Global risk and risk management focus</i> 	<ul style="list-style-type: none"> – <i>BoD report</i> – <i>Corporate Governance</i>
4 Risks related to other legal matters					
	I	Developments related to antitrust investigations could have a materially adverse effect.	We are subject to a variety of laws and regulations that govern our business, including those relating to competition (antitrust). If we are found to have violated the competition laws in a jurisdiction, we may be fined, which could have a materially adverse effect on our financial figures.	<ul style="list-style-type: none"> – <i>Use of expert advisers in complex matters</i> – <i>Specific training of personnel including training sessions performed by external experts</i> – <i>Code of Conduct including testing</i> 	<ul style="list-style-type: none"> – <i>Note 27 Group</i>
	II	Failure to ensure food safety and compliance with food safety standards could result in serious adverse consequences for us.	The food industry in general experiences high levels of customer awareness with respect to food safety and product quality, information and traceability. We may fail to meet new and exacting customer requirements, which could reduce demand for our products.	<ul style="list-style-type: none"> – <i>Applying best practices related to food safety at all stages of the production chain</i> – <i>Vigorous product testing to document that our products are safe</i> – <i>Third-party certification with respect to best practices in hygiene and food safety</i> 	<ul style="list-style-type: none"> – <i>R&D</i> – <i>Product</i>
	III	Any failure to comply with laws and regulations in the countries in which we operate could result in serious adverse consequences for us.	Our global operational footprint makes us subject to various risks and uncertainties relating to our international operations, including compliance with domestic and international laws. Any failure to comply with the laws and regulations in the countries in which we operate could result in fines, withdrawal of operating rights and other serious adverse consequences for us.	<ul style="list-style-type: none"> – <i>Use of expert advisers in complex matters</i> – <i>Recruitment of highly skilled employees</i> – <i>Code of Conduct</i> – <i>Independent Whistleblower channel</i> 	<ul style="list-style-type: none"> – <i>People</i>

GRI Index

Profit

Kristian Ellingsen,
Chief Financial Officer

Planet

Catarina Martins,
Chief Sustainability Officer and Chief Technology Officer

Product

Ola Brattvold,
Chief Operating Officer Sales & Marketing

People

Anne Lorgen Riise,
Group Director HR

Mowi uses the GRI Standards core option for voluntary reporting of sustainable development. The guidelines comprise economic, environmental and social dimensions relating to an enterprise's activities, products and services. GRI collaborates with the United Nations Environment Program and UN Global Compact. Mowi has reported according to GRI since 2010.

We believe that our reporting practice is consistent with GRI's reporting principles in all material respects.

The report is externally assured by our auditor EY. The external assurance, as outlined in the Independent Auditor's Assurance report, concludes that the report is presented, in all material respects in accordance with the GRI Standards, core option.

The GRI index, including the full definition of each indicator and references to specific sections in this report as well as additional information, can be

found on our website Mowi.com and the index is also presented in this integrated annual report.

GRI Standards, both general and specific, are comprised of requirements. The general standard applies to all reporting organisations depending on the chosen 'in accordance' level. The specific standard is selected with regard to the materiality principle. In order to report 'in accordance' with the core requirements Mowi has answered each of the requirements for the required standards. Only in exceptional cases, if certain required information has not been possible to disclose, accepted reasons for omission have been applied.

The Index is a reference to the disclosed information and gives an overview over the omissions and the reasons why omissions are applied.

Any page reference in the index refers to Mowi's Annual Report.



GENERAL STANDARD DISCLOSURES

Disclosure No.	Disclosure description	Mowi Response / Source	Assured by third party
ORGANISATIONAL PROFILE			
102-1	Name of the organisation	MOWI ASA	Yes
102-2	Activities, brands, products, and services	Part 1 and Part 2 (segment overview). MOWI avoids selling products to countries or business partners that are prohibited by international sanctions	Yes
102-3	Location of headquarters	Sandviksboder 77AB, 50 35 Bergen, Norway : Part 3, Note 1 General Information	Yes
102-4	Location of operations	Part 1, Map of Operations & Part 3 Note 4 Business segments	Yes
102-5	Ownership and legal form	Part 3, Corporate Governance, Note 24, Share capital in Group Financial Statements and Part 4, Share and shareholder information	Yes
102-6	Markets served	Part 2, Profit & Product	Yes
102-7	Scale of the organisation	Part 1, Map of Operations and key figures, Part 2, Profit, People & Product	Yes
102-8	Information on employees and other workers	Part 2, People	Yes
102-9	Supply chain	Part 1, Leading the Blue Revolution, Part 2, People, Part 4 Analytical information and Part 2 Product	Yes
102-10	Significant changes to the organisation and its supply chain	Part 1, Dear stakeholder & Leading the Blue Revolution	Yes
102-11	Precautionary Principle or approach	Part 1, Dear stakeholder & Leading the Blue Revolution	Yes
102-12	External initiatives	Part 2, Planet & Part 4 Risk and Risk Management	Yes
102-13	Membership of associations	Part 1, Leading the Blue Revolution, Part 2, People	Yes
STRATEGY			
102-14	Statement from senior decision-maker	Part 1, Dear stakeholder (CEO), Part 3, Board Report.	Yes
ETHICS AND INTEGRITY			
102-16	Values, principles, and norms of behaviour	Part 1, Long term value drivers, Part 2 Achievement on ambitions	Yes
GOVERNANCE			
102-18	Governance structure	Part 1, Leading the Blue Revolution. Part 2, People, Part 3 Corporate Governance	Yes
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder Groups	Part 1, Leading the Blue Revolution. Part 2, People	Yes
102-41	Collective bargaining agreements	Part 2, People	Yes
102-42	Identifying and selecting stakeholders	Part 1, Leading the Blue Revolution and Part 3, Corporate Governance	Yes
102-43	Approach to stakeholder engagement	Part 1, Leading the Blue Revolution and Part 3, Corporate Governance	Yes
102-44	Key topics and concerns raised	Part 1, Leading the Blue Revolution	Yes
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	Part 3, Group Results note 1 & 23. Mowi includes all subsidiaries in the accounts and the same principle is used for extra-financial reporting and sustainability reporting.	Yes
102-46	Defining report content and topic boundaries	This index, Part 1 Leading the Blue Revolution (Mowi's most material value drivers)	Yes
102-47	List of material topics	This index, Part 1 Leading the Blue Revolution (Mowi's most material value drivers)	Yes

Disclosure No.	Disclosure description	Mowi Response / Source	Assured by third party
102-48	Restatement of information	No significant restatement of information	Yes
102-49	Changes in reporting	No significant changes in Reporting	Yes
102-50	Reporting period	01.01.2020-31.12.2020	Yes
102-51	Date of most recent report	March 23, 2021	Yes
102-52	Reporting cycle	Annual/Yearly	Yes
102-53	Contact point for questions regarding the report	Head of Sustainability Reporting	Yes
102-54	Claims of reporting in accordance with the GRI standards	GRI standards core	Yes
102-55	GRI content index	This index, page 291-298	Yes
102-56	External Assurance	Integrated Annual Report and GRI Reporting are assured by our external auditor EY	

SPECIFIC STANDARD DISCLOSURES

Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
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Mowi Material topic: Climate friendly food production

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 1, Dear stakeholder Material long term value drivers	No			Yes
103-2	The management approach and its components	Part 1, Dear stakeholder Material long term value drivers	No			Yes
103-3	Evaluation of the management approach	Part 1, Material long term value drivers: Part 2, Achievement on ambitions	No			Yes

GRI 201: ECONOMIC PERFORMANCE

201-2	Financial implications and other risks and opportunities due to climate change	Part 2, Planet, The Global Picture (CDP report) and Risks related to climate change in Part 4, Risk and Risk Management and TCFD report	No			Yes
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GRI 302- ENERGY

302-1	Energy consumption within the organisation	Part 2, Planet, The Global Picture - Climate Friendly Food production	yes, see footnote	Information not readily available	Mowi aims to improve this reporting	Yes
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GRI 305- EMISSIONS

305-1	Direct (Scope 1) GHG emissions	Part 2, Planet, The Global Picture - Climate Friendly Food Production & Salmon: The Climate Friendly Protein	No			Yes
305-2	Energy indirect (Scope 2) GHG emissions (location based)	Part 2, Planet, The Global Picture - Climate Friendly Food Production & Salmon: The Climate Friendly Protein	No			Yes
305-3	Other indirect (Scope 3) GHG emissions	Disclosed in Part 2, Planet, The Global Picture - Climate Friendly Food Production	No			Yes

Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
Mowi own disclosure	No. and percentage of sites ASC certified and % of harvest volume certified with a GSSI recognised standard	Part 2, Planet, The Global Picture	No			Yes

Mowi Material topic: Fish escape prevention

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Escape Prevention	No			Yes
103-2	The management approach and its components	Part 2, Planet, Escape Prevention	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Escape Prevention	No			Yes
Mowi own disclosure	Number of salmon escaped and not recaptured	Part 2, Planet, Escape Prevention	No			Yes

Mowi Material topic: Fish welfare, health and robustness

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Fish Health and Welfare	No			Yes
103-2	The management approach and its components	Part 2, Planet, Fish Health and Welfare	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Fish Health and Welfare	No			Yes
Mowi own disclosure	Main causes of mortality	Part 2, Planet, Fish Health and Welfare	No			Yes
Mowi own disclosure	% survival in sea	Part 2, Planet, Fish Health and Welfare	No			Yes

Mowi Material topic: Sea lice management

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Sea Lice Management	No			Yes
103-2	The management approach and its components	Part 2, Planet, Sea Lice Management	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Sea Lice Management	No			Yes
Mowi own disclosure	Sites above national action limits	Part 2, Planet, Sea Lice Management	No			Yes

Mowi Material topic: Responsible use of medicines and chemicals

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Medicine Use	No			Yes
103-2	The management approach and its components	Part 2, Planet, Medicine Use	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Medicine Use	No			Yes

Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
Mowi own disclosure	% sites using cleaner fish	Part 2, Planet, Sea Lice Management	No			Yes
Mowi own disclosure	% treated fish using non-medical tools	Part 2, Planet, Sea Lice Management	No			Yes
Mowi own disclosure	% reduction in total medicine use	Part 2, Planet, Sea Lice Management	No			Yes
Mowi own disclosure	Antimicrobial use- active substance use per tonne biomass produced	Part 2, Planet, Medicine Use	No			Yes

Mowi Material topic: Responsible and circular nutrient and waste management

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Biodiversity	No			Yes
103-2	The management approach and its components	Part 2, Planet, Biodiversity	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Biodiversity	No			Yes
Mowi own disclosure	% of sites operating within nationally acceptable benthic levels	Part 2, Planet, Biodiversity	No			Yes

Mowi Material topic: Wildlife interactions

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Biodiversity	No			Yes
103-2	The management approach and its components	Part 2, Planet, Biodiversity	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Biodiversity	No			Yes

GRI 304- BIODIVERSITY

304-1	Biodiversity area impacts	Part 2, Planet, Biodiversity	No	see footnote		Yes
304-2	Description of biodiversity impacts	Part 2, Planet, Biodiversity	No	see footnote		Yes

Mowi Material topic: Efficient and sustainable fish feed

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Planet, Part 2, Sustainable Feed	No			Yes
103-2	The management approach and its components	Planet, Part 2, Sustainable Feed	No			Yes
103-3	Evaluation of the management approach	Planet, Part 2, Sustainable Feed	No			Yes
Mowi own disclosure	Fish-in fish-out ratio (FIFO), forage fish dependency ratio - oil (FFDRo) and meal (FFDRm)	Planet, Part 2, Sustainable Feed	No			Yes
Mowi own disclosure	Source of feed raw materials (% origin)	Planet, Part 2, Sustainable Feed	No			Yes
Mowi own disclosure	% certified feed raw materials (fish and soy)	Planet, Part 2, Sustainable Feed	No			Yes

Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
Mowi own disclosure	Fish meal inclusion in % per tonne feed used	Planet, Part 2, Sustainable Feed	No			Yes
Mowi own disclosure	Fish oil inclusion in % per tonne feed used	Planet, Part 2, Sustainable Feed	No			Yes

Mowi Material topic: Ensure food safety and quality

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 2, Product, Safe Seafood	No			Yes
103-2	The management approach and its components	Part 2, Product, Safe Seafood	No			Yes
103-3	Evaluation of the management approach	Part 2, Product, Safe Seafood	No			Yes

GRI 416- CUSTOMER HEALTH & SAFETY

416-1	Products assessed for risks to customer health & safety	Part 2, Product, Safe Seafood	No			Yes
Mowi own disclosure	Level of dioxins and dioxin-like PCBs (pg-WHO-TEQ/g)	Part 2, Product, Data section	No			Yes
Mowi own disclosure	Level of mercury (mg/kg)	Part 2, Product, Data section	No			Yes

Mowi Material topic: Healthy seafood

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 2, Product, Healthy Seafood	No			Yes
103-2	The management approach and its components	Part 2, Product, Healthy Seafood	No			Yes
103-3	Evaluation of the management approach	Part 2, Product, Healthy Seafood	No			Yes
Mowi own disclosure	Omega 3 levels in harvested fish and other nutrient levels	Part 2, Product, Data section	No			Yes

Mowi Material topic: Ethical business conduct

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 2, People, Ethical Business Conduct	No			Yes
103-2	The management approach and its components	Part 2, People, Ethical Business Conduct	No			Yes
103-3	Evaluation of the management approach	Part 2, People, Ethical Business Conduct	No			Yes

GRI 205: ANTI-CORRUPTION

205-1	Operations assessed for risks related to corruption	Part 4, Risk & Risk Management	No			Yes
205-3	Confirmed incidents of corruption and actions taken	Part 3, Corporate Governance	No			Yes

GRI 205: ANTI-COMPETITIVE BEHAVIOUR

206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Part 3, Group Results	No			Yes
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Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
GRI 307: ENVIRONMENTAL COMPLIANCE						
307-1	Non-compliance with environmental laws and regulations	Part 2, People, Ethical Business Conduct	No			Yes
GRI 419: SOCIOECONOMIC COMPLIANCE						
419-1	Non-compliance with laws and regulations in the social and economic area	Part 2, People, Ethical Business Conduct	No			Yes

Mowi Material topic: Ensure employee safety and security

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, People, Employee Health and Safety	No			Yes
103-2	The management approach and its components	Part 2, People, Employee Health and Safety	No			Yes
103-3	Evaluation of the management approach	Part 2, People, Employee Health and Safety	No			Yes
GRI 403: OCCUPATIONAL HEALTH AND SAFETY						
403-1	Occupational health and safety management system	Part 2, People, Employee Health and Safety	No			Yes
403-2	Hazard identification, risk assessment, and incident investigation	Part 2, People, Employee Health and Safety	No			Yes
403-3	Occupational health services	Part 2, People, Employee Health and Safety	No			Yes
403-4	Worker participation, consultation, and communication on occupational health and safety	Part 2, People, Employee Health and Safety	No			Yes
403-5	Worker training on occupational health and safety	Part 2, People, Employee Health and Safety	No			Yes
403-6	Promotion of worker health	Part 2, People, Employee Health and Safety	No			Yes
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Part 2, People, Employee Health and Safety	No			Yes
403-9	Work-related injuries	Part 2, People, Employee Health and Safety	No			Yes

Mowi Material topic: Purpose driven organisation

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 1, Leading the Blue Revolution, Part 2, People, Providing safe and meaningful jobs.	No			Yes
103-2	The management approach and its components	Part 1, Leading the Blue Revolution, Part 2, People, Providing safe and meaningful jobs.	No			Yes
103-3	Evaluation of the management approach	Part 1, Leading the Blue Revolution, Part 2, People, Providing safe and meaningful jobs.	No			Yes

Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
GRI 201: ECONOMIC PERFORMANCE						
201-3	Coverage of the organisation's defined benefit plan obligations	Part 1, Leading the Blue Revolution: Part 2, Profit : Part 3, Financial statement, notes, analytical information	No			Yes

GRI 406: NON-DISCRIMINATION						
406-1	Incidents of discrimination and corrective actions taken	Part 2, People, Ethical Business Conduct	No			Yes

Mowi Material topic: Respectful use of local areas

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, People, Commitment to local Communities	No			Yes
103-2	The management approach and its components	Part 2, People, Commitment to local Communities	No			Yes
103-3	Evaluation of the management approach	Part 2, People, Commitment to local Communities	No			Yes

Mowi Material topic: Local jobs and value creation

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, People, Commitment to local Communities.	No			Yes
103-2	The management approach and its components	Part 2, People, Commitment to local Communities.	No			Yes
103-3	Evaluation of the management approach	Part 2, People, Commitment to local Communities.	No			Yes

GRI 203: INDIRECT ECONOMIC IMPACTS						
203-1	Infrastructure investments and services supported	Part 2, People, Commitment to local Communities	No			Yes

Omission 302-1: omission for GRI 301-b Total fuel consumption within the organisation from renewable sources, in joules or multiples, and including fuel types used.

SASB Index

The Sustainability Accounting Standards Board (SASB) is an independent standards-setting organisation that promotes disclosure of material sustainability information to meet investor needs. The table below references selected indicators from the SASB standards for the Meat, Poultry & Dairy industry which is an

industry wide standard. Therefore, only part of the disclosures are applicable to Mowi. We will continue to work towards an improvement of additional SASB related disclosures that are relevant to our business.

Disclosure no.	Disclosure Description	Reference	Comment
Energy management and GHG Emissions			
SASB FB-MP-130.a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Part 2, Planet, The Global Picture - Climate Friendly Food Production	partial overlap with GRI 302-1
SASB FB-MP-110.a.1	Gross global Scope 1 emissions	Part 2, Planet, The Global Picture - Climate Friendly Food Production	see GRI 305-1
SASB FB-MP-110.a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emission reduction targets, and an analysis of performance against those targets	Part 2, Planet, The Global Picture - Climate Friendly Food Production & TCFD report	partial overlap with GRI 201-2
Food Safety			
SASB FB-MP-250.a.1	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Part 2, Product, Quality Seafood	Partial overlap with GRI 103. Mowi is working towards improving this reporting.
SASB FB-MP-250.a.2	Percentage of supplier facilities certified to a Global Food Safety Initiative (GFSI) food safety certification program	Part 2, Product, Quality Seafood	see GRI 416-1
SASB FB-MP-250.a.3	(1) Number of recalls issued and (2) total weight of products recalled	Part 2, Product, Safe Seafood	Partial overlap with GRI 416-1.
SASB FB-MP-250.a.4	Discussion of markets that ban imports of the entity's products	Part 2, Product, Safe Seafood	see GRI 416-1
Workforce Health & Safety			
SASB FB-MP-320.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate	Part 2, People, Employee Health and Safety	Partial overlap with GRI 403
Water Management			
SASB FB-MP 140 a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Part 2, Planet, Biodiversity, Freshwater Use and Policy	Partly reported
SASB FB-MP 140 a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	Part 2, Planet, Biodiversity, Freshwater Use and Policy	
Activity Metric			
SASB FB-MP-000.A	Number of processing and manufacturing facilities	See Business Areas prior to Part 1	
SASB FB-MP-000.B	Animal protein production, by category; percentage outsourced	See Business Areas prior to Part 1	

Task Force on Climate-related Financial Disclosures (TCFD) report

Climate change and food security remain the biggest challenges facing humanity. We recognise the growing significance of climate change on our business and the increasing role of producing food from the ocean as a solution to climate change. As a climate-friendly food producer, we disclose climate-related risks and opportunities by adopting the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Mowi had adopted a global approach to climate change which is aligned with climate science (our targets are approved by the SBTi) and the Paris Agreement to limit the increase in the global

average temperature to well below 2°C, and ideally no more than 1.5°C, above pre-industrial levels by the end of the century.

Mowi integrates climate-related disclosures in this Annual report (see our Planet and the Risk and Risk management sections) and in addition, we have also summarised the risks and opportunities arising from climate change, our strategic approach towards a low carbon economy and our corporate targets in this TCFD report. For a more extensive description of our GHG emissions and climate strategy please see our CDP report.



MOWI CLIMATE- RELATED RISKS AND OPPORTUNITIES

Regulatory risks	Compliance to existing regulation is a requirement for all our operations across all our business areas (feed, farming and sales & marketing). Any risk that can result in potential non-compliance should be included in our internal risk assessments at business level. For example, our farming operations in Europe could be impacted by regulations of fuel prices leading to an increase cost of production at sites relying on diesel use as the main energy source. Another example is the risks arising from the implementation of regulations that require CO2 labelling on products in some European countries including France which is our biggest European market. Not adapting to this regulation may jeopardize our access to those markets.
Emerging regulation	Risks associated with emerging regulation are always included in organization's climate-related assessment as long as they may imply higher operational costs, disruption in production capacity or inability to do the business. Where known, such emerging regulations which impacts our business should be assessed in terms of impact and likelihood.. An example of the risk arising from the emerging regulation is increased carbon taxation for road and air freight transportation which could increase downstream transportation costs from Norway to the other markets. Another example of risk arising from emerging regulation are restrictions to fish farming due to climate change in specific areas which may be introduced in countries where we operate.
Technology	The energy efficiency of new technology is considered when evaluating its implementation potential and risks for our climate change strategy. For example, the use of Recirculating Aquaculture Technologies which bring several advantages from an environmental point of view including very low risk of escapes, can lead to an increase of energy use/tonne of fish produced. This risk has been pointed out by a number of peer-reviewed studies which show that RAS systems are more energy-intensity than the net pen technology
Market	The market status and dynamics regarding acceptance of our product is always monitored and part of our risk-assessment at business level. An example is an increased focus on planetary diets where vegetables, fruits and fish are positioned as recommended future diets. However, the communication lines towards consumers often seems to be made towards reducing the consumption of all animal-based products which could lead to consumers reducing their consumption also of fish. This is a risk of decreasing market and hence revenue.
Reputation	Reputational risks are always included in organization's climate-related assessment as long as they may imply reduced stock price (market valuation). An example of reputational risk is critical journalism based on statements and publications from various research communities and Non-Governmental Organizations (NGOs). This type of attack has had and may potentially result in temporary damage to the industry and can only be countered by good practices and well-documented information from the industry.
Acute physical	Acute physical risks are always included in organization's climate-related assessments as long as they may imply disruption in production capacity. An example of acute physical risk is change in frequency of extreme weather events that may cause storms, flooding, landslides, resulting in damage especially to fish farm sites with sea water cages. This may have consequences for the safety of employees and insurance costs.
Chronic physical	Chronic physical risks are always included in organization's climate-related assessment as long as they may imply disruption in production capacity. An example of chronic physical risk are changes to oceanic circulation and uncertain climate variability patterns (i.e. El Nino) that may impact the productivity of farms in the future. Another example of chronic physical risk is change in mean (average) precipitation. Mowi's salmon farming operations are subject to a number of biological risk elements which might impact profitability and cash flows through adverse effect on factors such as growth, harvest weight, harvest volume, mortality, downgrading percentage and claims from customers. The biological parameters are impacted by e.g. diseases, algae blooms, low oxygen levels and fluctuating sea water temperatures. Another example are difficult weather conditions with excessive snowing and low temperatures that can impact the distribution of fresh products. If the goods do not reach the market on time, it can lead to increased capital cost, reduce the demand for goods due to reputational risk and stock prices. This risk is also indirect as it may impact our suppliers.

TCFD MATRIX : RESULTS 2020			
#	DISCLOSURE	RESPONSE	REFERENCE

GOVERNANCE

1	Describe the board's oversight of climate related risk and opportunities	The Board of Directors take overall accountability and oversight of all risks and opportunities, including climate change (see section Board of Directors for an overview of board members which have an ESG responsibility including our climate change agenda). Follow-up and implementation is carried out by the Chief Sustainability Officer (member of the group's management team and reporting directly to the CEO) and the heads of our Business Units. The Board of Directors have an oversight of the group's progress towards our Science-Based Targets (SBT) for reduction of GHG emissions as well as progress on Mowi's low carbon transition plan. In addition, the board oversees significant financial decisions such as issuing the Green Bond and investments such as the construction of the new feed plants. The location of these feed plants allows a more efficient supply chain reducing the emissions linked with inbound and outbound logistics while at the same time ensuring feed raw materials are sourced from sustainable sources.	For more information about our risk management, see Part 3 - Corporate Governance and Board of Directors report in the Annual Report
2	Describe management's role in assessing and managing climate-related risks and opportunities	The integration of Mowi's sustainability strategy, <i>Leading the Blue Revolution Plan</i> , into our business strategy is ensured by the Group Management Team (GMT) which includes a Chief Sustainability Officer (CSO). The CSO reports directly to the CEO and runs Global Operational Sustainability Networks to drive the implementation of our sustainability strategy across the business units. In addition, a Strategic Sustainability Network is also in place as part of our governance groups to support strategic discussions on climate-related risks and opportunities. The management team and the strategic networks have an oversight of the quarterly and annual energy use and GHG emission's results. Mowi has a global policy on climate change, internal standards on energy use, reporting and energy-saving initiatives and technical reports on energy use and GHG emissions for all business areas which are revised frequently by the management team. Climate change is also identified as a material topic in Mowi's materiality and risk assessment and specific KPIs as well as reduction targets have been developed and reported internally (technical quarter reports) and externally (annual report, CDP and TCFD).	For more information about our climate strategy, see Part 2 - Planet in the Annual Report. For more information about our risk management, see Part 3 - Corporate Governance and Board of Directors report in the Annual Report

STRATEGY

3	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	<p>Climate change has been identified as an operational risk to Mowi which can potentially impact our business in the short, medium and long term. Mowi follows the COSO (Committee of Sponsoring Organisations) enterprise risk framework to assess and identify risks, including climate change risks. The physical related climate risks and opportunities relate to extreme weather events, sea levels and temperatures, the frequency of algae blooms, and the availability of the raw materials for our fish feeds (medium to long term impact). Climate change is likely to influence the water temperature along the coast of Norway. Some areas in the North of Norway could experience higher sea water temperatures leading to an increased production. This could lead to shorter production cycles at sea which would lead to a reduced GHG emissions/tonne of fish produced at sea. Mowi is acting towards capturing this opportunity by considering the potential benefit of sea water temperature profiles when planning new sites.</p> <p>The transition risks and opportunities include legislation or regulations imposing overall caps or taxes on greenhouse gas emissions, or mandating the increased use of electricity from renewable energy sources (short-term impact).</p>	For more information about our climate change risks and mitigation actions, see our risk and risk management section in the Annual Report.
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TCFD MATRIX : RESULTS 2020			
#	DISCLOSURE	RESPONSE	REFERENCE
4	Describe the impact of climate-related risks and opportunities on the organisations's business strategy and financial planning	<p>The physical and transition risks and opportunities identified above have driven the development of Mowi's low carbon transition plan including key business strategy and financial planning in our core business areas.</p> <p>Feed - Our largest impact originates from sourcing of feed raw materials. Our actions include purchasing only deforestation-free soy and working with our suppliers in Brazil to receive suppliers-specific LCA data, include carbon footprint of feed raw materials in our formulation criteria, designing feeds for optimal FCR, operating energy-efficient feed plants and optimising inbound and outbound logistics.</p> <p>Farming - Our actions include reducing the dependency of diesel to run our farming sites by connecting them to land power or introducing hybrid generators. Increasing the share of renewable electricity at our freshwater and processing plants is also part of our action plan.</p> <p>Sales & Marketing - Our actions include optimising logistics, working with our suppliers to promote a climate-friendly supply chain and running more energy-efficient processing plants with increasing share of renewable electricity.</p>	
5	Describe the resilience of the organisations's strategy, taking into consideration different climate-related scenarios, including a 2.0°C or lower scenario	<p>Mowi has chosen to pursue the Representative Concentration Pathways (RCP) 2.6 pathways and the climate scenario that will limit the global average temperature to 2°C above pre-industrial levels. As part of this process we also run a high-level assessment of the impact of 2°C and 4°C global warming scenarios to inform our strategy and financial planning.</p> <p>The main impacts of the 2°C scenario relate with regulatory changes. The Norwegian Climate act sets ambitious goals to reduce GHG emissions (at least 40 % by 2030 compared with the reference year 1990). Therefore a number of actions including increased carbon-related taxes are already being applied and can be expected to increase. A further increase on fuel taxation will impact production costs as fuel is still mainly used in marine vessels that support farming operations and as an energy source of feeding equipment at sea sites. Therefore, if a transition to clean energy is not done an increased operational cost can be expected. Mowi is already transitioning to a low carbon economy. An example is the transition from diesel generations at our sea site operations to land power as a source of electricity and an increased share of renewable electricity use at our processing plants.</p> <p>The main impact of the 4°C scenario relate with acute and chronic risks like extreme weather events, increased seawater temperatures and frequency of algae blooms. These could affect production volumes due to increased mortality and escape events. Availability of feed raw materials can also be affected by weather events. Our business model is adapting to these risks by increasing the robustness of our farming equipment, adopting technical standards and increasing forecasting, monitoring and mitigation actions related to algae blooms. In addition, we source only from deforestation-free areas and are working towards increasing the flexibility of our feed raw material alternatives.</p>	

RISK MANAGEMENT

6	Describe the organisations processes for identifying and assessing climate-related risks	<p>Our materiality analysis is conducted by our Group management team with input from key environmental resources, and allows us to take a close and considered look at the sustainability and climate change related issues that are deemed critical for Mowi and our stakeholders, in that they could significantly affect our ability to execute our business strategy and operations.</p> <p>Our stakeholders include a wide range of groups and individuals that affect our operations and that are affected by our actions. In our assessment we have evaluated how our business affects the different stakeholder groups, which issues are of the highest importance to them and to what extent these stakeholders have a significant interest in the development of Mowi.</p>	
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TCFD MATRIX : RESULTS 2020			
#	DISCLOSURE	RESPONSE	REFERENCE
		<p>The materiality analysis highlights areas of both opportunity and risk. The results of the analysis define our priorities and direct our R&D efforts, both at group-wide and asset level. In conducting our materiality analysis, we began with an evaluation of stakeholder concerns related to climate change, such as reputational risks on a global level and physical and regulatory risks at asset level. Regulatory, physical and other risks are assessed as the combination of likelihood that an incident will occur and the consequence or impact it could potentially have for the entire Mowi group.</p> <p>Since we export our products all over the world, a risk at asset level can impact global operations. First, we assessed the potential strategic impact and significance of each area of concern (aspect). Then each aspect was assessed and ranked according to the significance of its potential impact, and the significance of related business risks. Mowi's process to respond to climate-related risks and opportunities that were identified to have a substantive financial or strategic impact is centred in Global Networks which include one representative from each business unit. This representative has the responsibility to bring climate-related risks and opportunities identified in their own business units. When significant risks and opportunities are identified by the global network this is then discussed with the Managing Directors and several of the C-suite officers, including e.g. Chief Sustainability officer and the CEO. Technical reports produced every month are used to support the decision-making process as well as the outcome of stakeholder engagement. The criteria for determining priorities are based on likelihood and total impact of the potential risk. Described process for identification, assessment and response to climate-related risks and opportunities applies for all time horizons</p>	
7	Describe the organisations processes for managing climate related risks	<p>Mowi responds to climate-related risks through:</p> <ul style="list-style-type: none"> - internal policies and procedures, - KPIs monitoring - Development and implementation of a low carbon transition plan - Global Sustainability Networks to ensure operationalization of Mowi's sustainability strategy including actions on climate change - insurance programs 	
8	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisations's overall risk management	<p>Mowi uses the Committee of Sponsoring Organization (COSO) enterprise risk framework, which divides risk into four categories:</p> <ol style="list-style-type: none"> 1. Operational risk 2. Strategic risk 3. Reporting risk 4. Compliance risk <p>We consider our operational risk to cover several individually important subcategories, and have therefore chosen to divide our operational risks into the following sub categories:</p> <ol style="list-style-type: none"> a. Risks related to the sale/supply of our products b. Risks related to governmental regulations c. Risks related to our fish farming operations d. Risks related to our supply of fish feed and feed operations e. Risks related to our industry f. Risks related to our business g. Risks related to our financial arrangements h. Risks related to tax and legal matters i. Risks related to climate change <p>All risk categories could, if not properly managed, have a material adverse effects on our business operations and financial results.</p> <p>Each risk category includes one or more identified risks factors that individually and/or in combination with others could significantly affect our performance. We are continuously working to mitigate identified risks and capitalise on opportunities by tracking and following up key performance indicators within the framework of our four guiding principles. We believe that our long-term success depends on our ability to manage the relevant risks associated with our operations, strategy, reporting and compliance.</p>	

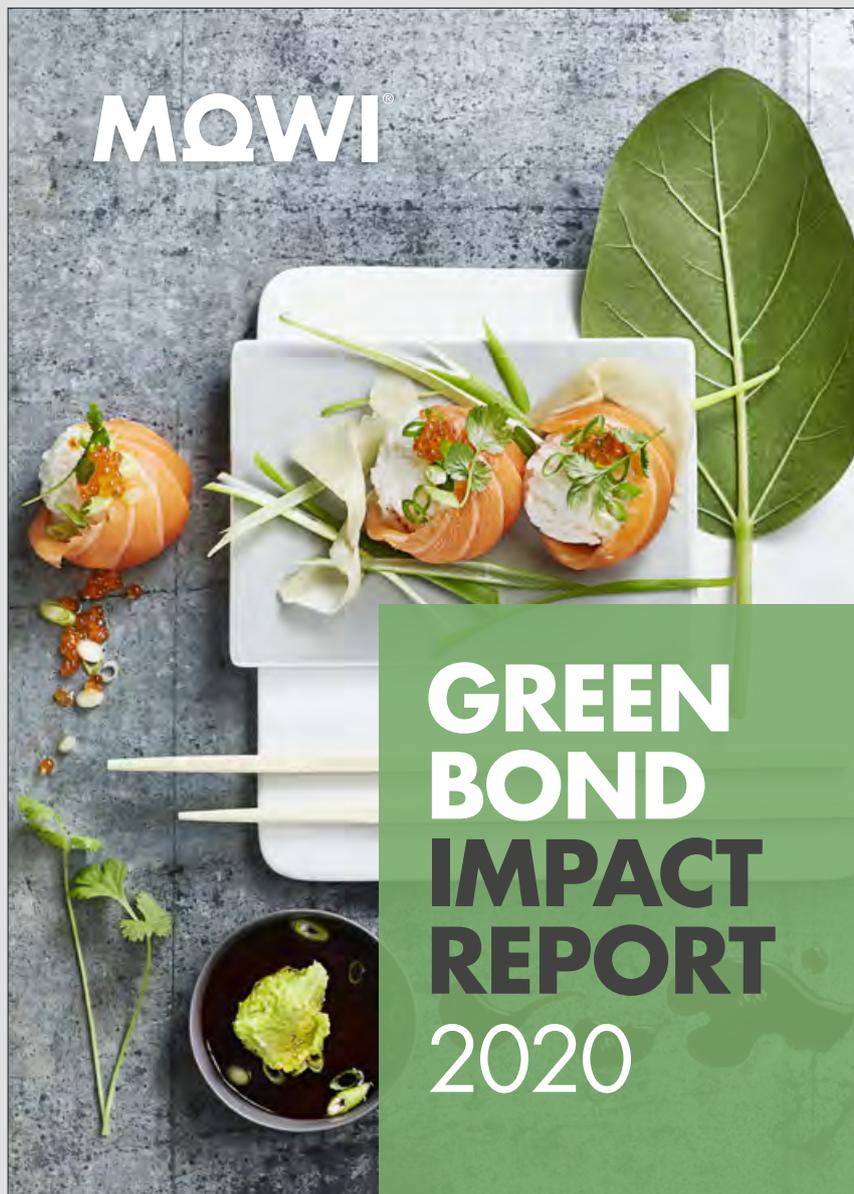
TCFD MATRIX : RESULTS 2020			
#	DISCLOSURE	RESPONSE	REFERENCE
		An overview of our identified risk factors, along with our mitigation efforts and what we do to manage our risk, is outlined in our Annual report including risks related to Climate Change. We apply the precautionary approach to risk management through our materiality assessment. Mowi reports in accordance with the Global Reporting Initiative requirements.	

METRICS & TARGETS

9	<p>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<p>Risk 1 - Emerging regulation/Enhanced emissions-reporting obligations</p> <p>Potential financial impact figure : < 0.1 Million EUR</p> <p>Explanation: An estimated increase of CO₂ fuel price taxation of 3,5-5% and a total rate of EUR 101 per tonne CO₂ was assumed. Mowi Farming Norway emits approximately 17 000 tonnes of CO₂ as a result of fuel use in farming operations. This means close to 2 Million EUR paid as a result of CO₂ taxation on fuel use. 3,5% increase would mean an increase of close to 0.07 Million EUR while a 5% increase would increase the cost with nearly 0.1 Million EUR related to increased CO₂ taxation on fuel use for 1 year).</p> <p>Risk 2 - Acute physical/Increased severity and frequency of extreme weather events such as cyclones and floods leading to escape incidents</p> <p>Potential financial impact figure (MEUR): 15 MEUR</p> <p>Explanation: The financial impact assumes an escape event where 600 000 fish escape from one site. Considering the harvest values of 5kg fish at 5 EUR/kg, the financial impact would be approximately 15 MEUR).</p> <p>Risk 3 - Acute physical/Increased seawater temperatures leading to increased frequency of Harmful Algae Blooms (HAB) and mortality</p> <p>Potential financial impact figure (MEUR): 0.05–60 MEUR</p> <p>Explanation: The potential costs of increased HAB can vary significantly from partial mortality at one pen to mass mortalities in the entire site. The number of sites affected can also differ significantly depending on how large the affected area is. The estimate presented here is based on the estimated volume lost in peer-Norwegian companies (Mowi Norway was not affected) after a HAB event during 2019 (approx 12 000 tonnes were lost). If we take a sales price of 5 EUR/kg the total financial impact would be 12 000 000 kg * 5 = 60 MEUR. Therefore, the impact of this risk would be significant for the company. On the minimum financial impact, we can simulate a scenario where 1% of the number of fish of one pen is affected (1% of a maximum of 200 000 individual on one pen = 2000 fish lost). If we take a sales price of 5 EUR/kg the total financial impact would be 2000 fish * end harvest weight of 5kg * 5 EUR/kg = 50 000 EUR</p> <p>Opportunity 1 - Increased revenues resulting from increased production capacity in farming</p> <p>Potential financial impact figure (MEUR): > 2 MEUR</p> <p>Explanation: Assuming an increase of 1% of production volume (435 904 tonnes in 2019) as a result of an increase of seawater temperature by 1C in the northern parts of Norway and harvest values of 5 kg fish at 5 EUR/kg, the financial impact of additional production volumes (4 359 tonne) would be approx MEUR 22. Realization of this opportunity may significantly impact the company.</p> <p>Opportunity 2 - Use of new technology to reduce dependency of fossil fuels</p> <p>Potential financial impact figure (MEUR): 2 MEUR</p> <p>Explanation: The potential financial impact refers to reducing diesel consumption by 50% at 40 sea sites in Norway. An assumption of 100 000 liter of diesel used per site and per year was used (at 1 EUR per liter). The yearly cost related with diesel use in one site powered by traditional diesel generators would be 1 00 000 EUR (4 000 000 EUR for 40 sites). A reduction of 50% diesel use would mean 2 000 000 EUR saved in one year.</p>	
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TCFD MATRIX : RESULTS 2020			
#	DISCLOSURE	RESPONSE	REFERENCE
10	Disclose Scope 1, Scope 2 and scope 3 greenhouse gas (GHG) emissions, and the related risks	Include table with our scope 1, 2 and 3 emissions	See Mowi's Scope 1, Scope 2 and Scope 3 emissions in Part 2 - The climate friendly food production, in the Annual Report 2020
11	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance-against targets	Our approved science-based targets are: Angle-right Reduce absolute scope 1 and 2 GHG emissions 35% by 2030 and 72% by 2050 from a 2016 base year Angle-right Reduce absolute scope 3 GHG emissions 35% by 2030 and 72% by 2050 from a 2018 base year	See Part 2 of our Annual report - The Climate friendly food production.

Green Bond impact report



Mowi issued the seafood industry's first green bond in January 2020. Our first Green Bond Impact Report is now available at mowi.com



MOWI[®]

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