



Q2 REPORT

2021



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ROOTED IN NATURE

Farming the ocean for a better future

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

PART 01

QUARTERLY HIGHLIGHTS

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



CEO Comment

During the second quarter, Grieg Seafood took new and important steps towards a post-pandemic recovery. The market is getting better, prices are increasing, and biology is improving across the regions. At the same time, we still experienced some bumps in the road. I am not satisfied with an EBIT of NOK 44 million.

British Columbia was a highlight with stable biological control for yet another quarter, coupled with high prices in a strong US market. Rogaland delivered a satisfactory result, though the share of fixed price contracts affected earnings.

Finnmark, however, remained impacted by remnants of the challenging biology from last winter. Downgrades, harvest weight and the harvest profile affected price achievement negatively. Several actions are taken to avoid similar severities during future winters, from changes in our approach to transferring fish to sea and new vaccine strategies to more post-smolt and VAP capacity.

We are also continuing to develop our Newfoundland region responsibly and step by step. To increase chances of optimal biological conditions in sea, we have postponed transfer of fish to sea until next spring. Placentia Bay is a promising area for sustainable salmon farming, and as in any greenfield project, we must continuously evaluate measures to reduce risk. Beyond this postponement, the project is on track, with millions of fish currently growing healthy and well in the fresh water facility. The potential for the Newfoundland region remains huge in the medium and longer term, underpinned by the strong and growing US salmon market next door.

During the second quarter, Grieg Seafood also reached several milestones towards delivering on our 2025 strategy.

First and foremost, we executed our plan to narrow the company's focus to Norway and Canada as our two robust farming regions. We entered a sales purchase agreement with Scottish Sea Farms to sell our Shetland operations for GBP 164 million*. Substantial improvement efforts over several years are completed in the region, resulting in a profit for the quarter. I am pleased to hand over a healthy business to new owners for further development, and I am confident that the operations will keep creating value for a long time to come. I want to sincerely thank our Shetland employees for their hard work and dedication over many years. The sale and high price leave us in a strong financial situation and provides room to engage in growth initiatives in Norway and Canada in line with our strategy.

A second milestone reached this quarter was the transfer of all global sales activities to our new sales and market organization. As a next step, we are developing a new plan for processing and VAP throughout our regions, aiming to increase value, utilize synergies, and reduce loss caused by negative biological events.

Going forward, amid increasing salmon price projections, we will keep our rigorous focus on projects to further strengthen biological control, ensure quality in what we do across the board, and optimize operations in all regions. We expect costs to decrease towards the end of the year. We have strong foundations in place to increase value creation for shareholders, customers, employees and local communities alike.



ANDREAS KVAME
CEO Grieg Seafood ASA

*The sale is pending approval by competition authorities.

Highlights in the quarter

Group highlights

- EBIT before production fee and fair value adjustment of NOK 44 million (47 million), with EBIT/kg of NOK 2.4 (2.4)
 - Downgrades, harvest weight and harvest profile impacted price achievement in Finnmark by NOK -41 million
 - Operational cost in Newfoundland, including write down related to ISA, of NOK -45 million
 - Strong production and good price achievement in British Columbia
- Agreement to sell Shetland operations for GBP 164 million
 - Good performance in Shetland following restructuring and operational improvement, EBITDA of NOK 56 million (held for sale)
- Underlying operational improvement, expect lower costs towards year end and through 2022
- Integrated sales and market organization handling 100% of sold volume in the quarter
- Three sites ASC certified, total of 29 sites or 53% of net production certified
- Expect harvest ex Shetland of 21 700 tonnes in Q3 2021, and 80 000 tonnes for the full year 2021



REGION HIGHLIGHTS

Rogaland Europe

- Harvest volume of 7 783 tonnes (4 527)
- EBIT/kg NOK 10.2 (8.9)
- Price achievement negatively impacted by fixed price contracts and superior share of 76%, somewhat offset by high average harvest weight
- Farming cost per kg of NOK 45.8 vs NOK 44.9 in Q2 2020 due to site specific conditions
- Good biological production
- Expect harvest of 7 000 tonnes in Q3 2021, with stable cost per kg
- Harvest target of 28 000 tonnes in 2021

Finnmark Europe

- Harvest volume of 4 780 tonnes (6 280)
- EBIT/kg NOK -2.2 (9.8)
- Price achievement impacted by fixed price contracts, harvest profile, low average harvest weight and downgrading (78% superior share) related to winter ulcers
- Farming cost per kg of NOK 50.6 vs NOK 42.0 in Q2 2020, impacted by lower harvest volume, winter ulcers and external harvesting
- Improved seawater production, measures taken to reduce risk of winter ulcers and ISA going forward
- Total of 16 sites ASC certified (78% of net production)
- Expect harvest of 10 000 tonnes in Q3 2021 with lower cost per kg
- Harvest target of 37 000 tonnes in 2021

British Columbia North America

- Harvest volume of 5 249 tonnes (9 332)
- EBIT/kg NOK 8.4 (-1.3)
- Earnings driven by good price achievement and a superior share of 89%
- Farming cost per kg of CAD 8.5 vs CAD 7.3 in Q2 2020 due to lower harvest volume
- Strong biological performance
- Total of 13 sites ASC certified (71% of net production)
- Expect harvest of 4 700 tonnes in Q3 2021, stable cost per kg and cost improvements longer term
- Harvest target of 15 000 tonnes in 2021

Newfoundland North America

- Eight farming licenses with a production capacity of 30 000 tonnes of annual harvest, additional licenses have been applied for
- Hatchery, nursery and smolt unit fully operational
- One cycle of freshwater farming completed. Both biology and RAS facility performed well
- Smolt release postponed following suspicion of ISA
- Eggs and fish are growing well in freshwater facility
- First harvest expected in 2023/2024
- Operational cost target per kg at level with Norway
- Harvest estimate of 15 000 tonnes expected to be reached by 2025

Key figures (from continuing operations)

Continuing operations

As at 30 June 2021, the Group presents the farming and sales operations of Grieg Seafood Shetland as discontinued operations (classified as held for sale in Q4 2020). In addition, in 2020 the former sales organization Ocean Quality was also treated as discontinued operations. Unless otherwise explicitly mentioned, qualitative and quantitative information disclosed in this report refer to the continued operations of Grieg Seafood. The key figures presented on this page, including historical information in charts, are disclosed for the Group's continuing operations, unless stated otherwise. See also Note 4.

KEY FIGURES NOK MILLION	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operational				
Harvest volume (tonnes GWT)	17 812	20 140	31 395	36 455
Sales revenue/kg (NOK)	57.0	52.1	52.6	55.2
Group farming cost/kg (NOK)	50.7	47.6	48.4	46.1
Other costs incl. ownership and headquarter costs/kg (NOK)	3.9	2.1	3.3	1.9
EBIT/kg (NOK)	2.4	2.4	0.9	7.2
Financial				
Sales revenues	1 122	1 169	1 782	2 328
EBITDA before production fee and fair value adjustment of biological assets	142	142	213	449
EBIT before production fee and fair value adjustment of biological assets	44	47	28	264
Profit before tax	131	4	282	-350
Cash flow from operations	372	375	22	383
Capital structure				
Net interest-bearing liabilities according to covenant requirement	4 174	2 824	4 174	2 824
NIBD/EBITDA ⁽¹⁾	n/a	2.7	n/a	2.7
NIBD/harvest volume (NOK) ⁽²⁾	27.9	39.7	27.9	39.7
Equity %	40%	43%	40%	43%
Equity % according to covenant	42%	45%	42%	45%
Gross investments incl. Shetland ⁽³⁾	188	242	327	403
Profitability				
ROCE ⁽⁴⁾	4%	3%	0 %	8 %
Dividend per share (NOK)	0.0	0.0	0.0	0.0
Earnings per share, continued operations (NOK)	0.9	-0.1	1.8	-2.4
Total market value (OSE)	10 063	11 169	10 063	11 169

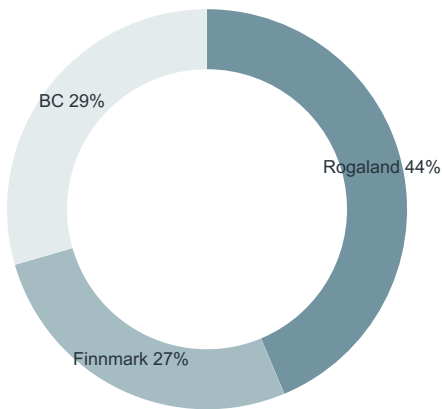
1) NIBD/EBITDA not measured through Q3 2021. See Note 7.

2) NIBD/harvest Q2 2021/YTD 2021: NIBD according to covenant less enterprise value of GBP 164 million translated to NOK at 30 June 2021.

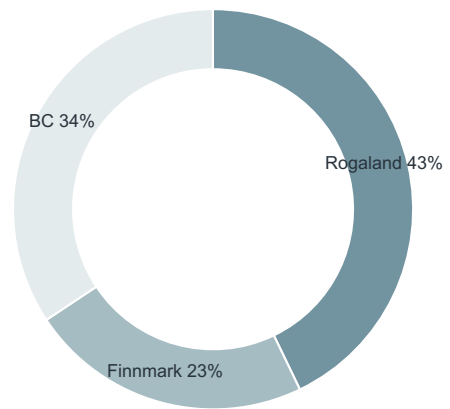
3) Incl. financial lease (according to IFRS in force prior to 1 January 2019) investments. For FY 2020, the figure is ex. cash consideration of NOK 620 million for Grieg Newfoundland, acquired in Q2 2020.

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

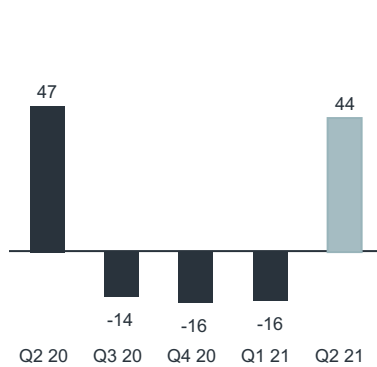
HARVEST VOLUME
Q2 2021



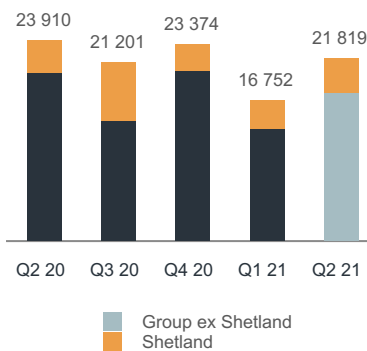
SALES REVENUES
Q2 2021



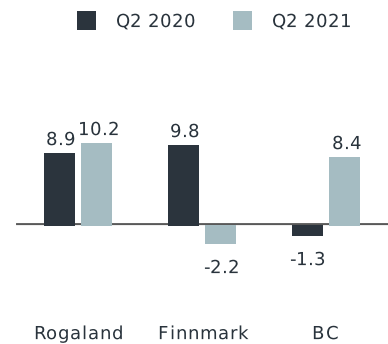
EBIT BEFORE PRODUCTION FEE AND FAIR VALUE
(NOK MILLION)



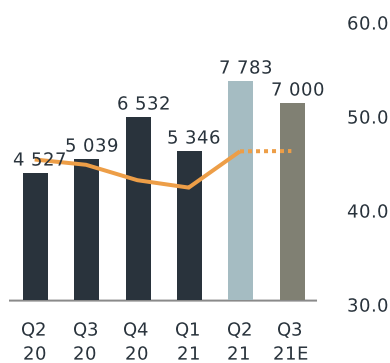
HARVEST VOLUME INCL. SHETLAND
(TONNES GWT)



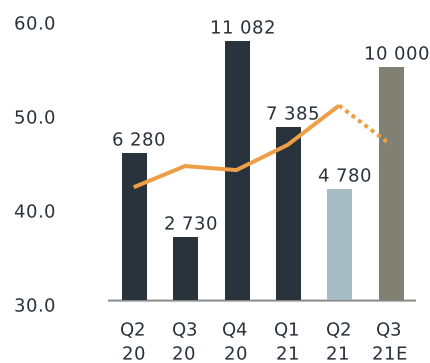
EBIT/KG PER REGION
(NOK)



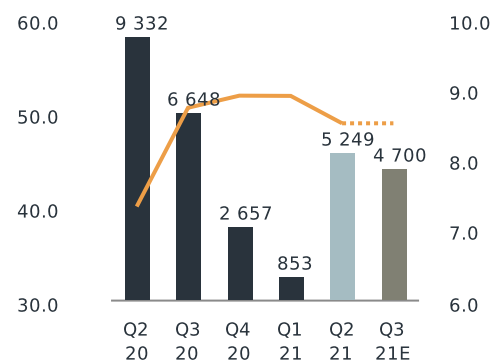
HARVEST VOLUME & FARMING COST/KG (NOK)
ROGALAND*
TARGET: NOK 40/kg



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



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



*Guided harvest volume for Q3 2021. Dotted cost line indicate direction of farming cost per kg.

Our scoreboard

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

	ASPECT	TARGET	STATUS	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
PROFIT & INNOVATION	Return on capital employed 1)	12% p.a.	■	4%	-1%	-1%	-1%	3%
	Harvest volume (tonnes GWT)	80 000 tonnes in 2021	◆	17 812	13 583	20 271	14 416	20 140
	Farming cost per kg							
	Rogaland	NOK 40/kg in 2022	■	45.8	41.9	42.7	44.3	44.9
	Finnmark	NOK 40/kg in 2022	■	50.6	46.5	43.8	44.2	42.0
	British Columbia	CAD 7/kg in 2022	■	8.5	8.9	8.9	8.7	7.3
HEALTHY OCEAN	ASC certifications 2)	All sites by 2023	◆	29	27	26	26	20
	Survival rate sea (GSI standard)	93% by 2022						
	Rogaland		◆	91%	91%	90%	88%	88%
	Finnmark		●	94%	93%	92%	91%	93%
	British Columbia		◆	91%	90%	90%	86%	90%
	Antibiotics g/tonne 3)	No use of antibiotics						
	Rogaland		●	0.0	0.0	0.0	0.0	0.0
	Finnmark		●	0.0	49.0	0.0	0.0	0.0
	British Columbia		■	41.3	92.7	47.6	2.3	106.8
	Sea lice treatment g/tonne, 3/4	Minimize use of pharmaceutical treatments						
	Rogaland		●	0.4	2.8	0.0	0.0	0.0
	Finnmark		●	0.0	2.5	1.5	0.0	0.0
British Columbia		●	0.0	0.4	0.0	0.0	0.7	
	Escape incidents (# of fish)	Zero escape incidents	◆	1 (1)	1 (6)	0	0	0
SUSTAINABLE FOOD	High quality product	93% superior share						
	Rogaland		■	76%	75%	83%	90%	79%
	Finnmark		■	78%	65%	77%	90%	65%
	British Columbia		◆	89%	90%	78%	85%	87%
PEOPLE	Absence rate	Below 4.5%						
	Rogaland		●	3.0%	1.8%	2.5%	2.7%	2.8%
	Finnmark		■	7.9%	8.1%	5.6%	6.4%	4.2%
	British Columbia		◆	5.5%	6.2%	5.9%	7.3%	10.0%
LOCAL COMMUNITIES	Support our local communities	Collaborate and contribute to local community	●	Yes	Yes	Yes	Yes	Yes

1) ROCE is calculated using EBIT before fair value of biological assets (incl. production fee).

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

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

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

Our approach to sustainable business

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

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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



TOMORROW'S SUSTAINABLE GLOBAL FOOD SYSTEM

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

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

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

SUSTAINABILITY DRIVERS

- Sea lice control and minimal sea lice medication
- Escape control
- Survival and disease control
- Wildlife management
- Carbon emissions
- HSE, diversity and work satisfaction
- Certifications
- Local value creation



SUCCESS FACTORS

- License to operate
- Higher volume
- Superior quality
- Reduced cost
- Engaged employees
- Preferred by customers and consumers



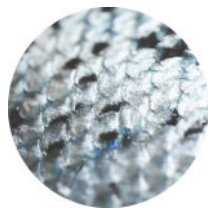
FINANCIAL TARGETS

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

*Not applicable through Q3 2021 due to temporary amended covenant

Our business pillars

Grieg Seafood's business is based on five pillars, covering environmental, social and governance (ESG) topics identified as important to our stakeholders. Our [materiality assessment](#) forms the foundation of our pillars. The pillars help us steer towards long-term value creation for investors, customers, employees and local communities. Please find an overview of our pillars, targets and Group policies in the ESG Corporate Governance Framework at the end of this report.



Profit & Innovation

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



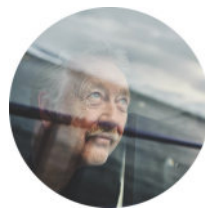
Healthy ocean

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



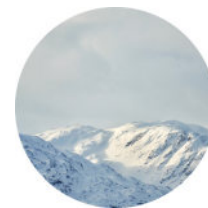
Sustainable food

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



People

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



Local communities

- Local value creation
- Indigenous relationships
- Dialogue and engagement

ESG updates

In June, we published our first Green Bond Report. As of year-end 2020, we have allocated NOK 1 262 million, or 84%, of the proceeds from the issuance of our green bond of NOK 1 500 million to eligible green projects. A large part of the proceeds have been spent on investments in recirculating aquaculture systems (RAS) facilities. The RAS technology is part of our post-smolt strategy, which shortens the time the salmon spend in open sea-pens by several months and thereby reduces the biological risk and environmental impact.

We have for the first time issued a complete Scope 3 carbon emission account, including feed. Facilitated by an ongoing dialogue and intense sparring with our suppliers, we completed the audit process with country-specific LCA-based emission factors during the second quarter. Our total carbon emissions can be found [on our website](#). Even if we deem this a notable achievement and a good step into the right direction, we are aware that the data we are currently using relies on estimations and assumptions to a large extent. Therefore, keeping up the dialogue with our suppliers and increasing the data quality, level of detail and transparency are essential on the way to creating a data basis allowing for environmental aspects to become an increasingly important purchase criteria.

OUR 2025 BUSINESS STRATEGY

We aim to expand globally through growth and value chain innovation. Our 2025 strategy comprises three key strategic objectives for continued business development. Increasingly sustainable farming practices form the very foundation of all areas of the strategy.



Following a period of biological and operational challenges, combined with a challenging market strongly impacted by Covid-19, we have taken measures to secure our financial position. We have postponed or slowed down the pace of investment of some of our growth initiatives. As allocation of capital to growth initiatives will be reduced short- to mid-term, growth will mainly be driven by improved utilization of current operations, in addition to establishing Newfoundland as our new farming region. We are discontinuing our salmon farming operations in Shetland, with a sales agreement with Scottish Sea Farms Ltd for GBP 164 million. While the disposal provides financial flexibility, it also represents an important milestone in our strategy to concentrate future farming activities in Norway and Canada, where we see the largest potential for profitable growth. Over the coming years, we will invest heavily in post-smolt production, ASC certification, carbon emission reducing initiatives, and the commercialization of new feed ingredients with a lower environmental impact. Our long-term ambitions remains, while our focus areas in the short to mid-term is to improve profitability, streamline our operations and secure financial capacity.

Global growth

We are aiming for an annual harvest of at least 130 000 tonnes by 2025. We will focus on post-smolt investments, target new licenses, continued improvement of site utilization, and seize opportunities afforded by new technology. We participate in new growth initiatives, M&As, joint ventures, and greenfield projects, and seek cooperation with farmers in existing areas.

Our Newfoundland region, which we will build using best industry practices for sustainable farming operations, will provide a harvest of at least 15 000 tonnes in 2025. The hatchery, nursery and the smolt unit of the RAS facility are fully operational. We were expecting to transfer the first generation of fish to the sea this summer, however, as one fish provided a suspect detection of Infectious Salmon Anemia (ISA), we have decided to apply the precautionary approach and not transfer fish to sea in 2021. Despite delay in seawater stocking, we are confident that we will be able to build a strong farming region in Newfoundland.

We focus on better utilization of our seawater licenses by moving more growth to land through our post-smolt program. In Rogaland, we have promising results with post-smolt, reducing the time in sea from the previous norm of 18 months to less than 12 months. With our post-smolt program, we expect to improve fish health, welfare and survival rates, thereby securing harvest volumes.

We consider alternative models for funding smolt infrastructure expansion. With the joint investment in Årdal Aqua, we expect the delivery of at least 3 000 tonnes of post-smolt to Grieg Seafood Rogaland annually and grow fish to harvest size in a new land-based facility. The project is currently in the design development phase, and the company aims to start construction late 2021. The production capacity is 5 000 tonnes annually according to current plans, but the aim is to increase the production capacity further and to gradually produce fish to harvest-size on land.

Cost

Farming cost per kg in Q2 2021 was NOK 45.8 in Rogaland and NOK 50.6 in Finnmark. The farming cost, in particularly in Finnmark, has been impacted by biological challenges in previous periods. By various efforts, including ensuring a more robust fish, we expect significant cost reductions as the biological conditions are normalizing, targeting NOK 40 per kg in 2022.

In BC, the farming cost per kg in Q2 2021 was CAD 8.5. Harvest volume impacts farming cost per kg significantly, and the volumes in BC vary every other year due to local production region arrangements and less farms on the West Coast of Vancouver Island compared to the East Coast. Measures are being done to equalize harvest volumes. Digital monitoring and measures to mitigate the effects of harmful algae blooms, our main biological challenge in BC, has so far been promising. We expect increased survival rates and harvest volumes, and reduced costs going forward, targeting CAD 7 per kg.

While our post-smolt strategy increases investment expenditures, we expect it to reduce operational expenditures and reduce overall costs, due to reduction of mortalities, disease outbreaks, sea lice treatments, and fish handling. Our farming experience and our data analyses indicate that reduced time in the sea will reduce risk of biological challenges such as sea lice, Pancreas Disease (PD), winter ulcers, and ISA. We will also drive performance improvements through continuous research and development, as well as through the utilization of new technologies.

Market

Repositioning Grieg Seafood from a salmon supplier to an innovative partner for selected customers is an important part of our value creation plan going forward. Since the end of 2020, we have build a fully integrated sales and market organization, and as from Q2 2021, 100% of our harvested volume was sold through our own sales and market organization. We will increase the value of our products through a stronger presence in the market, based on strategic partnerships in retail and food service, value added processing (VAP) category development, and brand cultivation. We are establishing a VAP sales department, and evaluating both internal and external options to strengthen VAP capacity. The aim is to increase margins, reduce price volatility and risk, and optimize collaboration between farming and sales.

OPERATIONAL FOCUS AREAS

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

**Less time at sea
(post-smolt)**

**Prevention and fish
welfare**

**Precision Farming - data
driven decision support**

PART 02

QUARTERLY PROGRESS

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



COVID-19 IMPACT AND UPDATE

The Covid-19 pandemic has since its start disrupted the salmon market, causing a significant shift in demand and lower prices in core markets. Grieg Seafood's priorities are to protect our people, the local communities where we operate, our partners, and business operations, and to secure liquidity and financial strength.

TAKING CARE OF EMPLOYEES

Since the outbreak of Covid-19, employee well-being has been our number one priority. We have crisis management teams at head office and in each region, and we follow the advice of local authorities. We have implemented measures to lower the risk of transmission and safeguard business continuity, including strict rules at production sites and harvesting facilities. Working from home has been encouraged whenever possible, and business travel has been restricted.

When the pandemic started, we introduced new policies to enable our employees to stay at home without having a sick note from a doctor if they suspected Covid-19 infection. We made a risk analysis on how to manage the risk of employees bringing Covid-19 to our sites, and decided to increase the amount of paid sick leave days. This has impacted our absence rate. However, the pandemic does not seem to have had a negative impact on our employee loyalty. Our local follow-up and surveys during the year showed stability on employee satisfaction during Covid-19. We are planning for our global annual employee survey "Great Place to Work" in Q3 2021.

PRODUCTION MAINTAINED

During the pandemic, the salmon farming industry has been recognized as an essential function in the regions where we operate. Despite the challenging circumstances, we have been able to maintain efficient operations. Through industry organizations, Grieg Seafood maintains a constructive dialogue with the authorities, continuously monitoring and discussing possible arrangements to safeguard our salmon farming operations in various scenarios.

CHALLENGING AND VOLATILE MARKETS

Covid-19 restrictions and lockdowns have impacted consumption patterns, causing a significant shift in demand, away from the hotels, restaurants and catering (HoReCa) segment, boosting the retail segment and home consumption. The shift from HoReCa to retail is expected to be reversed at some point, but the current market situation may also lead to permanent changes in consumer behavior. With an increasing number of people preparing food at home, combined with a growing preference for healthy food, the demand in the retail segment for salmon may increase going forward.

Supply lines have remained largely open during the pandemic. However, somewhat limited availability has made airfreight expensive. Most of our salmon is shipped by truck from Norway or the UK to European markets, or from Canada to North American markets. Our diversified geographical presence provides some flexibility and reduces logistical challenges.

ENSURING FINANCIAL STABILITY

In November 2020, we were granted a temporary amendment to the financial covenants in our loan agreements through Q3 2021. We were in compliance with the temporary amended financial covenants at the end of Q2 2021, and our equity-ratio measured according to covenant agreement was 42%. See Note 7 for more information. We have reduced our investment target for 2021 by approximately NOK 100 million, to NOK 700 million. Despite the salmon market looking promising, the pandemic continues to pose a risk, and we continuously evaluate our investment projects. We will prioritize investments that will not affect our on-growth capacity or our harvesting targets.

The Company's long-term dividend strategy states that the average dividend should correspond to 30-40% of profit after tax, before fair value adjustment of biological assets. Due to the continued uncertainty caused by the Covid-19 situation, the Board decided to postpone the ordinary dividend for 2020.

Group financial review

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

Continuing operations

Grieg Seafood's financial figures are separated as our continuing operations and discontinued operations. Unless otherwise explicitly mentioned, all qualitative and quantitative information disclosed in this Quarterly Report refer to the continuing operations of Grieg Seafood. Our continued operations are the Group's operations exclusive of the Shetland disposal group's as described below.

DISCONTINUED OPERATIONS

In November 2020, we announced that the Board of Directors of Grieg Seafood had decided to divest our investment and operations in Shetland, as we will focus on our operations in Norway and Canada going forward. On 29 June 2021, Grieg Seafood entered into an agreement with Scottish Sea Farms for the sale of the Shetland assets. The transaction is expected to be finalized within Q4 2021. The operations of the Grieg Seafood Hjaltland UK Ltd group is defined as discontinued operations, and are presented and classified as held for sale in the statement of financial position, and as discontinued operations in the income statement and cash flow statement of Grieg Seafood. The Shetland disposal group includes the prior reporting segment of Shetland UK, in addition to the UK sales operations. For more information related to the accounting treatment of the Shetland disposal group, see Note 4.

On 23 May 2020, we entered into an agreement with Bremnes Fryseri to dissolve the Ocean Quality sales partnership. At the same time, we announced that we would establish a fully owned sales organization to support our growth and downstream strategy. At the end of December 2020, we sold all our shares in Ocean Quality AS. From Q2 2020 and throughout the second half of 2020, Ocean Quality was treated as a discontinued operation. For more information related to the accounting treatment of the Ocean Quality disposal group, see Note 4.

Profit

Figures for Q2 2020 in brackets

The Group harvested 17 812 tonnes ex. Shetland in Q2 2021, down 12% compared to 20 140 tonnes in Q2 2020. The average spot salmon price [NQSALMON weekly average less distributor margin] for Q2 2021 was NOK 62.1 per kg, up by NOK 5.2 per kg compared to Q2 2020, and up by NOK 9.3 per kg compared to Q1 2021. Grieg Seafood's sales revenues in Q2 2021 from continuing operations amounted to NOK 1 122 million, a decrease of 4% compared to Q2 2020. The price achievement in Norway was impacted by downgraded fish and fixed price contracts, while the price achievement in BC has been strong. The difference in price achievement, measured as sales revenue/kg compared to Q2 2020, had a positive contribution to our EBIT by NOK 88 million. The lower harvest volume impacted our EBIT by NOK -10 million, while increases in operational costs, including Newfoundland, impacted our EBIT before production fee and fair value adjustment of biological assets by NOK -99 million compared to Q2 2020.

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

The Group's EBIT before production fee and fair value adjustment of biological assets was NOK 44 million (NOK 47 million) for the quarter, corresponding to an EBIT per kg of NOK 2.4 (2.4). EBIT from the operative regions Rogaland, Finnmark and BC includes value creation from the respective sales activities of the Group. Grieg Newfoundland (acquired in Q2 2020) is reported as a region in our segment information as from 2021, however included in "Elimination/Others" in 2020, when the region was under development.

EBIT PER REGION (NOK MILLION)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Rogaland	79.0	40.2	127.9	211.8
Finnmark	-10.5	61.6	-40.9	91.8
British Columbia	44.2	-12.1	45.2	27.8
Newfoundland	-44.7	—	-60.2	—
Elimination/Others	-24.5	-42.4	-44.5	-67.7
EBIT from continuing operations	43.5	47.3	27.5	263.7

Fair value adjustments of biological assets amounted to NOK 110 million (NOK 47 million) in the quarter. As from 1 January 2021, the harvest in Norway is charged with a production fee of NOK 0.40/kg (gutted weight). In the quarter, the production fee totals NOK 5 million. See also Note 6. The EBIT after production fee and fair value adjustment of biological assets from the Group's continuing operations was NOK 148 million (NOK 95 million).

Net financial items were NOK -17 million (NOK -91 million) for the quarter. The difference of NOK 74 million compared to Q2 2020 is primarily due to the volatile foreign exchange rates in Q2 2020, resulting in a significant loss on foreign exchange of NOK -61 million, while we in the current quarter had a currency gain of NOK 33 million (see Note 8). Excluding the currency translation effects, our debt service costs are higher in Q2 2021 compared to Q2 2020 notably due to the Green Bond issue of NOK 1 500 million in Q2 and Q4 2020.

The pre-tax profit from continued operations for the quarter totaled NOK 131 million (NOK 4 million). Tax expense for the period was estimated to NOK 35 million (tax expense of NOK 10 million), resulting in profit after tax of NOK 96 million (loss of NOK 7 million) from continued operations.

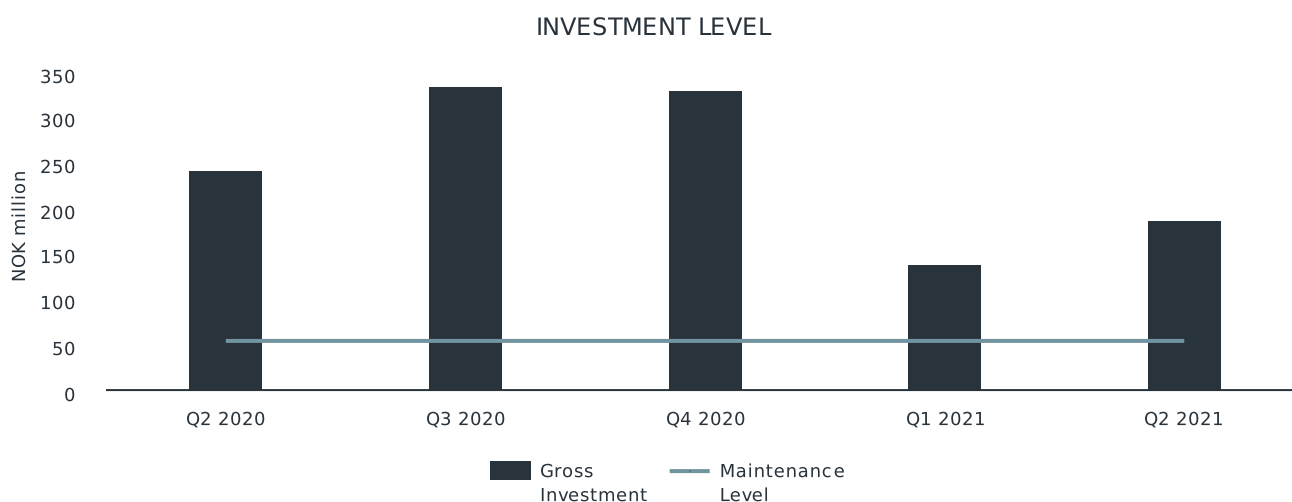
The profit after tax from discontinued operations in Q2 2021 was NOK 28 million, compared to NOK -43 million in Q2 2020. Net profit from discontinued operations in 2021 consists of the net profit (loss) from the disposal group Shetland, while the effect of the disposal group Ocean Quality is included in the 2020 figures, together with the Shetland assets (see Note 4 for more information). The positive net profit from discontinued operations in Q2 2021 was significantly impacted by depreciation and amortization of property, plant and equipment (including right-of-use assets) and intangible assets not being charged on the income statement subsequent to classification as asset held for sale made in Q4 2020. This effect impacted the net profit from discontinued operations in Q2 2021 by NOK 38 million.

Cash flow

Figures for Q2 2020 in brackets

Cash flow from operating activities during the quarter amounted to NOK 372 million (NOK 375 million), displaying a similar impact from EBITDA and changes in net working capital in Q2 2021 as in Q2 2020. The impact on cash flow from operating activities from trade receivables in Q2 2021 was however influenced by the commencement of factoring arrangement in Norway, contributing an initial impact of NOK 170 million. Through the factoring agreement, the trade financier purchases all credit insured receivables from our Norwegian sales organization. Such trade receivables are derecognized from the statement of financial position. The net investment in biological assets has been stable in the quarter, with a net investment of NOK 3 million.

Net cash flow from investing activities was NOK -183 million (NOK -781 million) during the quarter. Our gross investments (investments excluding the effect of IFRS 16 compared to IFRS in force prior to 1 January 2019), including Shetland, in Q2 2021 was NOK 188 million (NOK 242 million). The investments in Q2 2021 mainly relates to completion of the RAS facility and seawater sites in Newfoundland, and upgrade of the processing facility in Finnmark and broodstock facility in Rogaland. No investments were financed through financial leasing during Q2 2021 (NOK 33 million)



Investment level for Q2 2020 through Q2 2021 includes the capex related to the assets classified as held for sale. In the graph above, the cash consideration of NOK 620 million in Q2 2020 for the acquisition of Grieg Newfoundland is not included in the gross investment of NOK 242 million.

Net cash flow from financing activities in Q2 2021 was NOK -243 million (NOK 951 million), whereas the difference primarily relate to the Green Bond issue of NOK 1 000 million in Q2 2020 as well as changes in utilization of the revolving credit facility.

Net change in cash and cash equivalents from our continued operations was negative by NOK 54 million (positive by NOK 545 million) for the second quarter of 2021, and at the end of the quarter, the Group had cash holdings of NOK 204 million, compared to NOK 743 million at end of Q2 2020.

Financial position and liquidity

Figures for Q2 2020 in brackets

At 30 June 2021, book value of total assets was NOK 11 540 million (NOK 10 760 million) compared to NOK 10 650 million at 31 December 2020 and NOK 11 227 million at 31 March 2021.

On 29 June 2021, Grieg Seafood ASA entered into an agreement with Scottish Sea Farms Ltd for the sale of all shares in Grieg Seafood Hjalmland UK Ltd, the parent company of Grieg Seafood ASA's Shetland business. The enterprise value is set to GBP 164 million, assuming a normalized working capital, and to be adjusted for cash and debt. The transaction is subject to certain customary closing conditions. It is expected to close within Q4 2021, depending on processing time with relevant competition authorities. At 30 June 2021, NOK 2 019 million of the Grieg Seafood Group book value of assets relates to the Shetland assets held for sale.

The composition of our balance sheet at 30 June 2021 compared to 30 June 2020 was significantly impacted by Shetland being classified as held for sale in Q4 2020. Please see Note 4 for specification of the net assets attributable to the Shetland disposal group.

The change in book value of total assets since 31 March 2021 is positively impacted by the CAD/NOK currency exchange rate, in addition to net investments of NOK 183 million. During the quarter, the Norwegian sales organization's factoring agreement has commenced, impacting net working capital positively by NOK 170 million during the quarter.

Total equity amounted to NOK 4 670 million (NOK 4 578 million) as at 30 June 2021 compared to NOK 4 371 million as at 31 December 2020 and NOK 4 504 million as at 31 March 2021, corresponding to an equity-ratio of 40% at Q2 2021 (43%) compared to 41% at 31 December 2020 and 40% as at 31 March 2021.

The Group has, in addition to a revolving credit facility, long-term loan agreements including two term loans of NOK 600 million and EUR 60 million, in addition to a NOK 600 million bridge loan financing. The principal outstanding as at 30 June 2021 of the NOK and EUR term loan was NOK 450 million and EUR 45 million. Both term loans mature in 2023, and the bridge loan matures in 2022. We also have a senior unsecured Green Bond issue of NOK 1 500 million, maturing 25 June 2025. Measured on our net interest-bearing debt (NIBD), 33% (30%) of our financing was green as at 30 June 2021, compared to 38% as at 31 December 2020 and 33% as at 31 March 2021.

Our cash balance at the end of the quarter was NOK 204 million. In addition, we had NOK 690 million available in undrawn credit facilities, thus a total free liquidity of NOK 894 million as at 30 June 2021. In Q4 2020, we were granted an amendment on the financial covenants on our loans with secured lenders through Q3 2021. On 29 June 2021, we entered into an agreement with Scottish Sea Farms for the sale of Shetland, expected to positively impact our liquidity, debt service costs and leverage ratio when the transaction is finalized (expected within Q4 2021). For more information on interest-bearing liabilities, please see Note 7.

At the end of Q2 2021, NIBD amounted to NOK 4 563 million (NOK 3 336 million), up from NOK 3 931 million at 31 December 2020, and down from NOK 4 594 million at 31 March 2021. The change in NIBD from Q1 2021 is primarily driven by the the impact from commencement of the factoring agreement by NOK 170 million. Compared to Q2 2020, the change in NIBD is mainly driven by the Green Bond issue of NOK 500 million in Q4 2020, in addition to Shetland being classified as held for sale (impacted NIBD through operational leases) and the bridge-loan financing in Q1 2021.

Summary of the first half year of 2021

Figures for first half year of 2020 in brackets

Grieg Seafood's sale revenues for the first half year of 2021 amounted to NOK 1 782 million (NOK 2 328 million), a decrease of 23% compared to the same period last year. The decrease in sales revenue is primarily caused by lower volume and price achievement. The average NOK per kg (NQSALMON) in for the first half of 2021 was NOK 57.4 per kg compared to NOK 62.6 per kg at the same time last year. The comparison of the average prices of the first half of 2021 compared to 2020 is impacted by the Covid-19 pandemic, as the average NOK per kg (NQSALMON) in Q1 2021 was NOK 52.8 per kg, compared to NOK 68.3 per kg in Q1 2020, while the average price per kg in Q2 2021 was 62.1 compared to NOK 56.9 per kg. The Group's average price achievement across all regions was NOK 52.6 per kg YTD 2021, compared to NOK 55.2 per kg YTD 2020. In absolute figures, the changes in price achievement impacted the Group's EBIT before production fee and fair value adjustment of biological assets by NOK -79 million. The Group's harvest volume was down 5 060 tonnes from 36 455 tonnes YTD 2020 to 31 395 tonnes YTD 2021. The impact the lower harvest volume YTD 2021 compared with YTD 2020 had on EBIT before production fee and fair value adjustment of biological assets was NOK -46 million. Both Rogaland and Finnmark have higher farming cost per kg YTD 2021 compared to YTD 2020 due to biological challenges, bringing the Group farming cost per kg YTD 2021 to NOK 48.4 per kg compared to NOK 46.1 per kg YTD 2020.

EBIT before production fee and fair value adjustments of biological assets for the first half of 2021 ended at NOK 28 million (NOK 264 million), equivalent to an EBIT/kg of NOK 0.9 (NOK 7.2). The first half year of 2021 was positively impacted by fair value adjustments of biological assets of NOK 266 million (NOK -464 million), bringing EBIT after production fee and fair value adjustment of biological assets to NOK 284 million (NOK -201 million). As from 1 January 2021, NOK 0.40 per kg is charged as production fee on harvest (gutted weight) in Norway, totaling NOK 10 million for the first half of 2021.

Net financial items came to NOK -2 million (NOK -149 million). Net currency gain YTD 2021 was NOK 86 million compared to a net currency loss of NOK 76 million YTD 2020. The currency gain of YTD 2021 was offset by net financial interest expenses of NOK 95 million, compared to NOK 40 million YTD 2020. The increase in debt service costs YTD 2021 compared to the same time period last year is due to interests on the Green Bond issue of NOK 1 500 million in 2020, as well as a higher margin in our term loans due to temporary amendment of the loan arrangement being in force until and including 30 September 2021.

Profit before tax for YTD 2021 was NOK 282 million (NOK -350 million). Tax for the period was estimated to a tax expense of NOK 81 million (tax income of NOK 75 million) bringing net profit for the period from continuing operations to NOK 200 million (NOK -275 million). Net profit from discontinued operations was NOK 40 million (NOK -220 million). The Group's discontinued operation in YTD 2021 relates to Shetland, of which we have entered into a sale agreement with Scottish Sea Farms expected to be finalized within Q4 2021. In 2020, Ocean Quality is also included in the profit and loss from discontinued operations. See more information in Note 4.

The net cash flow from operation activities for the first half year of 2021 was NOK 22 million (NOK 383 million). The lower cash flow from operating activity is influenced by a lower EBIT/kg compared to YTD 2020, in addition to the release of working capital by NOK 263 million (NOK 71 million). For the first half year of 2021, the net cash flow from investing activities totaled NOK -310 million (NOK -924 million). NOK 620 million of the negative cash flow from investment activities in 2020 derives from the acquisition of Grieg Newfoundland. Adjusted for the cash consideration for the shares in Grieg Newfoundland AS, investment activities has developed relatively flat YTD 2021 compared to YTD 2020. In Q1 2021, we invested NOK 2.5 million for an ownership stake in Årdal Aqua, through which we expect to produce at least 3 000 tonnes of post-smolt annually. The net cash flow from financing activities for the first half year of 2021 was NOK 302 million (NOK 1 224 million), of which NOK 600 million relates to bridge loan financing from secured lenders.

The net change in cash and cash equivalents from continued operation for the first half year of 2021 was NOK 14 million (NOK 682 million), and the impact from discontinued operations was NOK -88 million (NOK -159 million). As at 30 June 2021, the Group had cash holdings of NOK 204 million (NOK 743 million), while unutilized credit facilities amounted NOK 690 million (NOK 575 million).

SALES AND MARKET DEVELOPMENT

Grieg Seafood is part of a global salmon market, supplying 2.4% of the global volume of Atlantic salmon harvested in Q2 2021. As part of our new strategy, we will reposition Grieg Seafood in the value chain and become an innovative partner for selected customers. By focusing on sustainable farming practices and good fish health and welfare, we can provide the healthy, tasty, and high-quality product that our customers and consumers demand.

Sales and market

Since the end of 2020, we have build our own sales and market organization, and in Q2 2021, 100% of our harvested volume was sold through our fully integrated sales and market organization. From being purely a supplier of farmed salmon from our regions, we will reposition Grieg Seafood in the value chain and become a partner for selected customers in our main markets. During the third quarter, we will establish our Value Added Product (VAP) sales department, which will be a key contributor to increase our VAP product portfolio from all origins in the coming years.

CERTIFICATIONS

Our operations are certified according to Global Food Safety Initiative (GFSI), as our BAP and GLOBALG.A.P. certifications cover our entire supply chain. Our sales and market organization is chain-of-custody certified according to ASC.

TRACEABILITY

Each of our salmon has a CV with information about origin and production to ensure full traceability. The information includes details on the relevant fish group, farm and pen where it was grown, broodstock, roe, feed batches, certifications, vaccinations and medical treatments if relevant. Each fish box has a traceable LOT number. During 2021, we will assess Blockchain services or equivalent measures aimed at improving traceability related to sustainability and food safety.

PRODUCT RECALLS

Products originating from our processing plants have been handled through a HACCP- and sanitary program. We have not had any product recalls for the last ten years, nor did we have any in Q2 2021. We perform regular training on our procedures for managing product recalls. We are not banned from any markets.

Market development

GLOBAL SUPPLY AND DEMAND

The global supply of Atlantic salmon for the quarter increased by approximately 8% compared to Q2 2020, according to Kontali. The demand is driven by supermarkets and grocery stores, as sales to the HoReCa segment continued at a low level due to Covid-related restrictions in most markets. Demand in Europe has been stable compared to Q2 2020 with a small increase of 2%. Demand in North America was strong compared to Q2 2020 with an increase of 15%. A decrease of salmon supplied by Chile and Canada increased the demand for Norwegian salmon, pushing prices in the North American markets. The total demand in the Asian market was stable compared to Q2 2020, however with a decrease in China offset by an increase in other Asian markets.

Salmon of Norwegian origin contributed to 51% of the total supply in the quarter. The export of fresh salmon (head on gutted, HOG) from Norway for the quarter was up 6% compared to Q2 2020, or 14% YTD 2021 compared to the same period last year. The main export markets for HOG were Europe with 82%, Asia with 16% and North America with 2%. There has also been a significant increase of fresh filet export from Norway in the quarter. The total export volume of salmon increased 34% compared to Q2 2020, with the main increase coming from export to the US market.

The average spot salmon price for Norwegian salmon (NQSALMON, weekly average less distributor margin) for Q2 2021 was NOK 62.1 per kg, up by NOK 5.2 per kg compared to Q2 2020, and up by NOK 9.3 per kg compared to Q1 2021. Prices

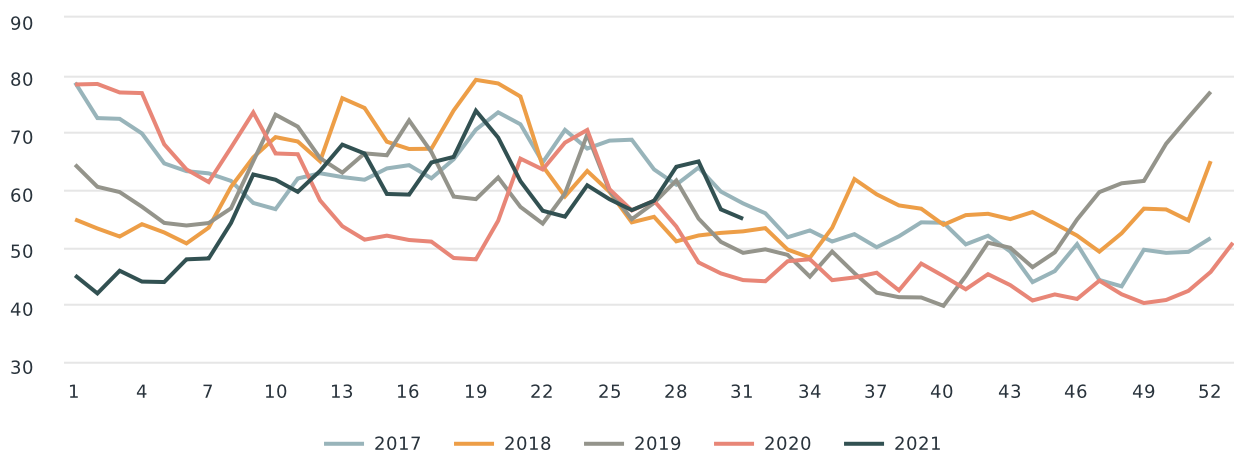
started in the mid-sixties going into the quarter, peaked around NOK 74 per kg in mid-May and ended in the mid-fifties. Salmon prices in the US market strengthened during Q2 2021, with an average spot price up by almost USD 2 per lb compared to Q2 2020. During May, the Urner Barry Farmed Salmon Index jumped, and the drastic rise became very attractive to the salmon producing countries which in response began to send fish into the US market. Heading into Memorial Day weekend, the index reached an all-time high at USD 7.30 per lb, followed by a typical dip at the end of May.

OUR MARKETS

Grieg Seafood contributed with 2.4% of the global supply in the quarter. Our main export markets were Europe (64%), Asia (20%) and North America (12%). We have an above average presence in the Asian and North America markets, and we experienced strong demand in these markets throughout the quarter. Our sale consist mainly of fresh, head-on gutted salmon, with a small share of Value Added Products in North America (8% of our supply from BC in the quarter). The Grieg Seafood brand Skuna Bay, sold to the North American market, comprised 3% of the supply from BC in the quarter.

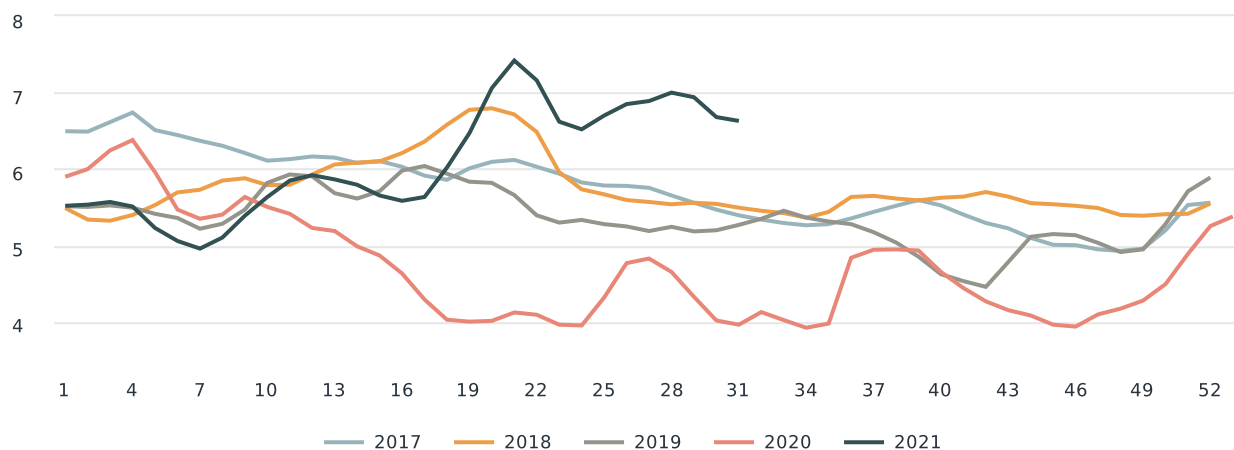
We target a contract share of 20-50% of our harvested volume. During the second quarter of 2021, the share of fixed price contracts was 40% in Norway, or 28% of our total harvested volume (ex Shetland) in the quarter. We experienced good demand for ASC certified salmon in the European market and are selling ASC volumes with a stable market premium.

NQSALMON WEEKLY AVERAGE (NOK/KG)



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

URNER BARRY FARMED SALMON INDEX (USD/LB)



Market expectations and guiding

The global harvest of Atlantic salmon in 2021 is expected to increase by 3%, or 74 000 tonnes, according to Kontali. Due to the increase in maximum allowed biomass (MAB) in Norway, good seawater conditions during the second half of 2020, and volumes held back for harvest in 2020, Norwegian salmon farmers are expected to harvest 109 000 tonnes more in 2021 than in 2020. Chile is expected to decrease harvest for 2021 by approximately 116 000 tonnes, while the rest of the increase in harvest volume is expected to come mainly from UK (+30 000 tonnes) and other salmon farming countries (+ 51 000 tonnes).

The average spot price according to NQSALMON for the first weeks into Q3 2021 was around NOK 60 per kg, while spot price in the USA according to Urner Barry was around USD 6.8/lb. With global progress on vaccination against Covid-19, it seems like prices start to stabilize again at levels known from pre-pandemic periods, and the short-term market outlook is cautiously optimistic. Fishpool forward prices have increased significantly during Q2 2021. Q3 2021 was priced at NOK 53 per kg at the start of Q2, and by the end of Q2 the forward price was close to NOK 58 per kg. The same trend was evident for Q4 2021, which rose from NOK 56 to NOK 62 per kg. For 2022, the forward price increased from NOK 58 to NOK 62 per kg during Q2 2021.

The Group targets a fixed price contract share of 20-50%. Estimated contract share for 2021 is 28% of the Norwegian harvest volume, or 23% of total volume for the year.

The demand from retail in Europe and from Asian countries has been stronger than expected so far this year. We believe in increased market prices as a result of the tight global supply in combination with the outlook for continuing strong demand, and in particular when the HoReCa segments return to a more normalized situation with society gradually opening up. We expect the significant decrease in supply volumes from Chile for remainder of 2021 to drive prices and create stronger demand for Norwegian salmon supply. However, the delta variant of the Covid-19 poses an unpredictable risk over the autumn, with infection rates increasing in several countries.

HARVEST GUIDING

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

HARVEST (TONNES GWT)	ROGALAND	FINNMARK	BRITISH COLUMBIA	GROUP TOTAL
Q1 2021	5 350	7 380	850	13 600
Q2 2021	7 780	4 780	5 250	17 800
Q3 2021	7 000	10 000	4 700	21 700
Q4 2021	7 870	14 840	4 200	26 900
Total 2021	28 000	37 000	15 000	80 000

OUR PROGRESS

ROGALAND

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

PILLAR	KPI & TARGET	STATUS	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	YTD 2021	YTD 2020
PROFIT & INNOVATION	Harvest volume (tonnes GWT)								
	28 000 tonnes in 2021	◆	7 783	5 346	6 532	5 039	4 527	13 129	11 471
	EBIT per kg (NOK)								
	n/a		10.2	9.2	4.7	9.9	8.9	9.7	18.5
HEALTHY OCEAN	Farming cost per kg (NOK)								
	NOK 40/kg in 2022	■	45.8	41.9	42.7	44.3	44.9	44.2	40.8
	ASC certification (# of sites)								
	All sites by 2023	■	0	0	0	0	0	n/a	n/a
HEALTHY OCEAN	Survival rate at sea								
	93% by 2022	◆	91%	91%	90%	88%	88%	n/a	n/a
	Cost of reduced survival (NOK million)								
	n/a		18.8	6.2	10.0	7.4	17.9	25.0	46.2
	Use of antibiotics (g per tonne LWE) *								
	No use of antibiotics	●	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Use of hydrogen peroxide (kg per tonne LWE) *								
	Minimize use of pharmaceutical treatments	●	1.0	7.0	0.0	0.0	2.5	3.5	15.9
	Sea lice treatments - in feed (g per tonne LWE) *								
	Minimize use of pharmaceutical treatments	●	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sea lice treatments - in bath (g per tonne LWE) *									
Minimize use of pharmaceutical treatments	●	0.4	2.8	0.0	0.0	0.0	1.4	0.0	
Escape incidents (# of fish)									
Zero escape incidents	●	0	0	0	0	0	0	0	
SUSTAINABLE FEED	High quality product								
	93% superior share	■	76%	75%	83%	90%	79%	76%	83%
PEOPLE	Employees								
	Headcount (ex contractors)	n/a	179	164	165	161	167	n/a	n/a
	Absence rate								
	Below 4.5%	●	3.0%	1.8%	2.5%	2.7%	2.8%	2.5%	3.4%
Lost time incident rate									
n/a		77	18	0	19	0	50	9	

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

n/a: No set target or data similar to quarter end. ASC certification and number of employees are disclosed per reporting date. Survival rate is defined as the last twelve months rolling survival, and thus not calculated year-to-date.

GRIEG SEAFOOD ROGALAND

Grieg Seafood Rogaland AS farms salmon in the county of Rogaland on the west coast of Norway. The company has 18* seawater license equivalents and two licenses for land-based production of smolt. We also operate our own broodstock activity in Erfjord. All the salmon we harvest in this region is processed and packed at our own facilities.

7 783

TONNES GWT HARVESTED

10.2

EBIT/KG (NOK)



Operational priorities

Grieg Seafood Rogaland aims to reduce production time in the sea, which will result in improved biological performance and a higher utilization of each site's maximum allowable biomass (MAB). Larger smolt will significantly reduce seawater production time, making the fish less exposed to issues such as sea lice and Pancreas Disease (PD). The average size of smolt transferred to sea for the first half of 2021 was close to 600 grams. The transfer of larger smolt has produced promising results, with the time the fish spend at sea reduced from the previous norm of 18 months to less than 12 months. Our freshwater facility at Trosnavåg has a production capacity of 1 500 tonnes post-smolt. We also have a 33% shareholding in Tytlandsvik Aqua, which will be expanded from its current post-smolt production capacity of 3 000 tonnes to 4 500 tonnes in 2022, with an option for further capacity increases. We also use the closed-containment facility, FishGLOBE, to produce large size smolt. We have also invested in Årdal Aqua, which we expect to produce at least 3 000 tonnes of post-smolt annually.

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

Aquaculture Stewardship Council (ASC) certification is an important objective, as we believe it provides our customers and consumers with the assurance that we are operating in a responsible manner, producing high-quality seafood certified to the highest social and environmental standards. We aim to certify all sites in Rogaland according to ASC, or be in compliance with ASC, by 2023, with the first sites being certified towards the end of 2021.

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

We have a 2022 cost target of NOK 40 per kg. We expect to harvest 7 000 tonnes in Q3 2021, with a harvest target of 28 000 tonnes for 2021, gradually increasing to 35 000 tonnes in 2025.

Operational results

Harvest volume in Rogaland was 7 783 tonnes in Q2 2021, up 72% compared to Q2 2020. Sales revenues for the quarter amounted to NOK 435.2 million, an increase of 79% compared to Q2 2020. The increase is mainly related to higher harvest volume and market prices in Q2 2021 compared to Q2 2020. The Nasdaq average spot price in Q2 2021 was NOK 62.1 per kg, compared to NOK 56.9 per kg in Q2 2020. Our price achievement in Q2 2021 was NOK 55.9 per kg, compared to NOK 53.8 per kg in Q2 2020. High average harvest weight had a positive impact on the price achievement, however this was suppressed by the sale of 46% of our volume under fixed-price contracts. The price achievement was also somewhat impacted by a decrease in the superior quality, from 79% in Q2 2020 to 76% in Q2 2021, due to winter ulcers and PD.

Freshwater production has been good during the quarter. The smolt transferred to sea this quarter had an average weight of 340 grams.

Our seawater production also performed well this quarter. One of our sites suffered an outbreak of PD at the end of Q2 2021. The 12-month rolling survival rate increased from 88% in Q2 2020 to 91% in Q1 2021, and remained unchanged in Q2 2021. Cost recognized as abnormal mortality in the income statement (cost of reduced survival) was NOK 19 million in Q2 2021 (NOK 2.4 per kg), compared to NOK 18 million in Q2 2020 (NOK 3.9 per kg). We are constantly working to improve survival rates through general health and welfare measures, by shortening the time our salmon spend at sea, by utilizing new digital technologies, by increasing focus on the freshwater phase and through a preventive and targeted approach to diseases and sea lice. We have not used antibiotics in Rogaland for several years, due to good results from vaccines and efforts to ensure robust fish health. One of the main initiatives intended to reduce sea lice numbers is our post-smolt strategy, which shortens the time spent at sea and thereby reduces sea lice pressure per fish. Our experience so far indicates a 50% reduction in sea lice treatments. In addition to post-smolt, we aim to use wild-caught wrasse and freshwater treatment as our primary methods to combat sea lice. We have had success with preventive methods, and by planning and using cleaner fish effectively, have managed to reduce the number of sea lice treatments in the period where wrasse are available (mainly July to November). We aim to avoid using hydrogen peroxide whenever possible, but it was used during the quarter as a targeted and efficient measure to keep the sea lice level low.

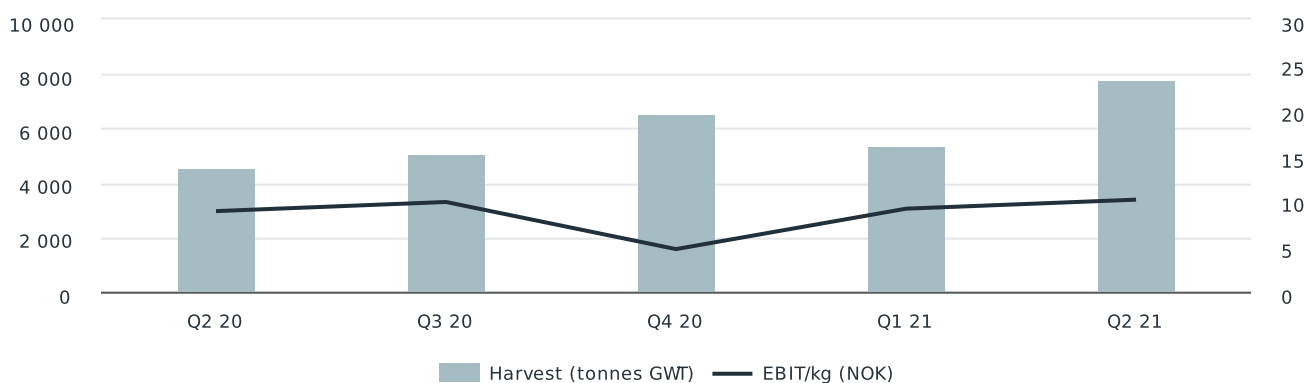
The farming cost ended at NOK 45.8 per kg in Q2 2021, up from NOK 44.9 per kg in Q2 2020 and NOK 41.9 per kg in Q1 2021, mainly due to site specific conditions. We expect a stable cost level in Q3 2021, with the farming cost decreasing from Q4 as we harvest from a new generation.

EBIT per kg before production fee and fair value adjustment of biological assets was NOK 10.2 in the quarter, compared to NOK 8.9 in Q2 2020 and NOK 9.2 in Q1 2021.

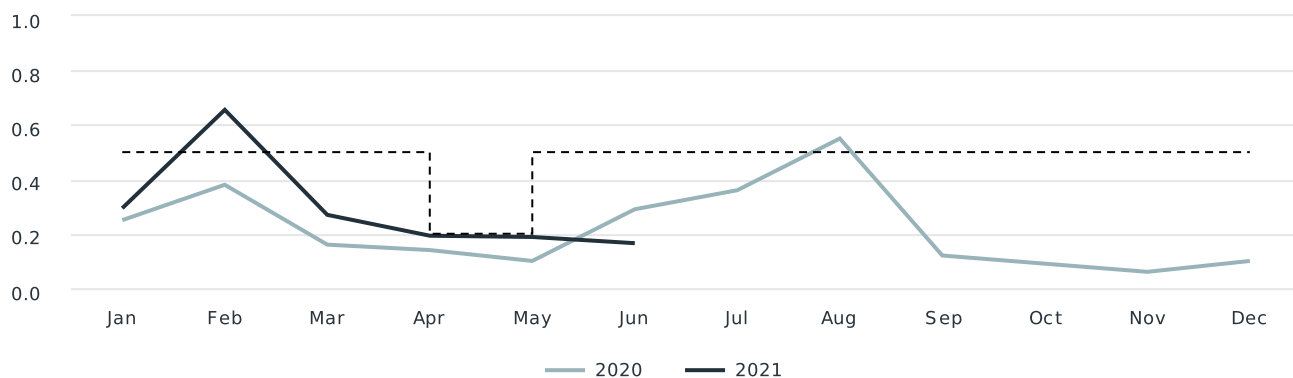
Employee well-being has been highly prioritized during the Covid-19 pandemic. We had no major incidents during the quarter, and the absence rate continued at a low level of 3.0% compared to 2.8% in Q2 2020.

NOK MILLION	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Harvest volume (tonnes GWT)	7 783	4 527	13.1	11.5
Sales revenues from sale of Atlantic salmon	435.2	243.5	708.2	680.2
EBITDA before production fee and fair value adjustment of biological assets	104.5	66.1	177.9	262.0
EBIT before production fee and fair value adjustment of biological assets	79.0	40.2	127.9	211.8
Sales revenue/kg (NOK)	55.9	53.8	53.9	59.3
Farming cost/kg (NOK)	45.8	44.9	44.2	40.8
EBIT/kg (NOK)	10.2	8.9	9.7	18.5

HARVEST AND EBIT/KG



SEA LICE LEVELS



The sea lice counts are calculated as the average number of adult female sea lice per month. Sea lice levels shall stay below the legal limit of 0.5 adult female per fish, or 0.2 during April and May when the wild salmon smolt migrate from the rivers and pass the fjords. We report sea lice levels and sea lice treatments to the Directorate of Fisheries on a weekly basis. This is publicly available information, please see [Barentswatch](#).

OUR PROGRESS

FINNMARK

● Within target ◆ On track to meet target ■ Unsatisfactory results+

PILLAR	KPI & TARGET	STATUS	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	YTD 2021	YTD 2020
PROFIT & INNOVATION	Harvest volume (tonnes GWT)								
	37 000 tonnes in 2021	◆	4 780	7 385	11 082	2 730	6 280	12 165	13 108
	EBIT per kg (NOK)								
	n/a		-2.2	-4.1	0.8	9.8	9.8	-3.4	7.0
HEALTHY OCEAN	Farming cost per kg (NOK)								
	NOK 40/kg in 2022	■	50.6	46.5	43.8	44.2	42.0	48.1	44.3
	ASC certification (# of sites)								
	All sites by 2021	◆	16	16	15	15	15	n/a	n/a
HEALTHY OCEAN	Survival rate at sea								
	93% by 2022	●	94%	93%	92%	91%	93%	n/a	n/a
	Cost of reduced survival (NOK million)								
	n/a		15.3	20.5	12.6	3.1	1.6	35.8	21.7
	Use of antibiotics (g per tonne LWE) *								
	No use of antibiotics	●	0.0	49.0	0.0	0.0	0.0	20.5	0.0
	Use of hydrogen peroxide (kg per tonne LWE) *								
	Minimize use of pharmaceutical treatments	●	0.0	0.0	10.0	0.0	0.0	0.0	0.0
	Sea lice treatments - in feed (g per tonne LWE) *								
	Minimize use of pharmaceutical treatments	●	0.0	0.0	0.1	0.0	0.0	0.0	0.0
HEALTHY OCEAN	Sea lice treatments - in bath (g per tonne LWE) *								
	Minimize use of pharmaceutical treatments	●	0.0	2.5	1.4	0.0	0.0	1.0	0.0
	Escape incidents (# of fish)								
Zero escape incidents	●	0	1 (6)	0	0	0	1 (6)	0	
SUSTAINABLE FEED	High quality product								
	93% superior share	■	78%	65%	77%	90%	65%	70%	58%
PEOPLE	Employees								
	Headcount (ex contractors)	n/a	278	248	257	249	259	n/a	n/a
	Absence rate								
	Below 4.5%	■	7.9%	8.1%	5.6%	6.4%	4.2%	8.1%	5.2%
PEOPLE	Lost time incident rate								
	n/a		23	49	10	76	52	35	33

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

n/a: No set target or data similar to quarter end. ASC certification and number of employees are disclosed per reporting date. Survival rate is defined as the last twelve months rolling survival, and thus not calculated year-to-date.

GRIEG SEAFOOD FINNMARK

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

4 780

TONNES GWT HARVESTED

-2.2

EBIT/KG (NOK)



Operational priorities

Grieg Seafood Finnmark is focused on improving fish welfare and survival rates, and works towards sustainable production. 16 out of 18 possible sites (new sites must reach peak biomass to be considered for certification) were ASC certified at the end of the quarter, equivalent to 78% of net production for the year. We aim for ASC certification of all sites within 2021.

Solving the most pressing biological challenges, winter ulcers and ISA, is a high operational priority. These conditions impact fish welfare, harvesting weight, quality and price achievement negatively. Recent occurrences are still being researched, but we are implementing mitigating measures based on insights from conducted analyses. Examples are changes to the timing of transferring fish to sea, changes to the feed composition and vaccinating the fish against ISA before transfer to sea. Further, data analyses conducted indicate that reducing the time our salmon spend at sea will reduce risk of both challenges, supporting our post-smolt strategy. In addition, we are exploring options for value added processing, to secure quality and sales margins should such conditions appear.

We farm smolt at the facilities in Adamselv and Nordnorsk Smolt (50% ownership). We target a capacity increase of 4 000 tonnes of post-smolt by 2025. Increasing the smolt weight will make the fish more robust before being transferred to sea, and a shorter period in sea will reduce exposure to biological risks.

Flexibility is a requirement to achieve better utilization of our capacity, and we are continuously looking for opportunities to secure access to good new locations.

We have set a farming cost target of NOK 40 per kg, which we expect to reach towards 2022. Grieg Seafood Finnmark expects to harvest 10 000 tonnes in Q3 2021, targeting 37 000 tonnes for the full-year 2021, increasing to 45 000 tonnes in 2025.

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

Operational results

Grieg Seafood Finnmark harvested 4 780 tonnes in Q2 2021, a decrease of 24% compared to Q2 2020. The decrease occurred because of a halt in harvesting during most of May, to allow for on-growth and utilization of MAB that was available due to the biological challenges from the previous winter.

Sales revenues for the quarter amounted to NOK 231.6 million, down 29% compared to Q2 2020, mainly related to lower harvest volume and price achievement. The Nasdaq average spot price in Q2 2021 was NOK 62.1 per kg, compared to NOK 56.9 per kg in Q2 2020. Our price achievement came to NOK 48.4 per kg in Q2 2021 compared to NOK 51.7 per kg in Q2 2020. The price achievement in the quarter was negatively impacted by a fixed-price contract share of 31%, the harvest profile (most of the volume was harvested towards the end of the quarter with lower spot prices), and low average harvest weight and quality downgrades related to winter ulcers. However, the superior share of 78% was an improvement compared to 65% in Q2 2020.

Freshwater production at both our own facility at Adamselv and at the jointly-owned Nordnorsk Smolt has been good, and during the quarter, smolt with an average weight of approximately 200 grams were transferred to sea.

Seawater production during the quarter was stable. The challenges related to low seawater temperatures and winter ulcers that we experienced during Q1 2021, improved during Q2 2021. Despite winter ulcers and the ISA outbreak in 2020, we accomplished a 12-month survival rate of 94% as of Q2 2021. Cost recognized as abnormal mortality in the income statement was NOK 15 million in Q2 2021 (NOK 3.2 per kg), compared to NOK 2 million in Q2 2020 (NOK 0.3 per kg). We are working to improve survival rates through both general and targeted health and welfare measures. Good results from vaccines and efforts to ensure robust fish health have eliminated the need of antibiotics for several years. It was used in the first quarter to safeguard the welfare of fish severely impacted by winter ulcers, before use again dropped to zero during the last quarter.

Finnmark has low sea lice levels throughout the year. Generally, lower seawater temperatures in the region are an advantage, and the interconnectivity between the sites remains low. We use targeted and preventive methods such as sea lice skirts and cleaner fish to ensure that the sea lice level is low. The sea lice level during the quarter was low and stable, and sea lice treatments were not carried out.

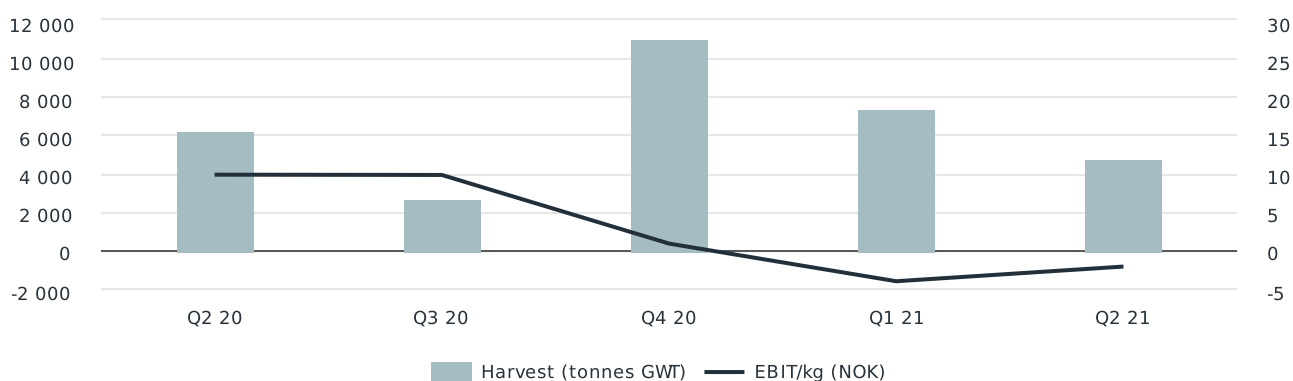
The farming cost was NOK 50.6 per kg in Q2 2021, up from NOK 42.0 in Q2 2020 and NOK 46.5 per kg in Q1 2021, which is mainly related to lower harvest volume and continued harvest related to winter ulcers and ISA at low average harvest weight. The farming cost has also been impacted by use of external harvesting services, as our own harvesting plant has been closed for upgrades the first half of 2021. We expect the farming cost per kg to decrease in Q3 2021 due to higher harvest volume, with further improvements in Q4. We are seeing strong performance of our newest generations.

EBIT per kg before production fee and fair value adjustment of biological assets was NOK -2.2 for the quarter, down from NOK 9.8 in Q2 2020 and up from NOK -4.1 in Q1 2021.

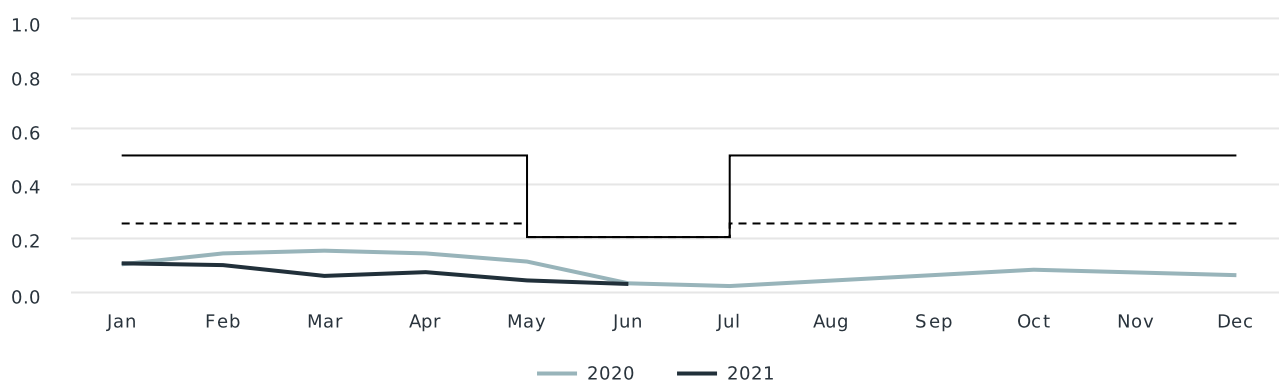
Employee well-being has been highly prioritized during the Covid-19 pandemic. The absence rate of 7.9% was similar to Q1 2021, but up compared to 4.2% in Q2 2020, mainly due to long-term sickness and Covid-19 restrictions. We always monitor developments according to our guidelines for absence from work.

NOK MILLION	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Harvest volume (tonnes GWT)	4 780	6 280	12 165	13 108
Sales revenues from sale of Atlantic salmon	231.6	325.0	544.3	672.2
EBITDA before production fee and fair value adjustment of biological assets	23.4	100.0	27.5	167.7
EBIT before production fee and fair value adjustment of biological assets	-10.5	61.6	-40.9	91.8
Sales revenue/kg (NOK)	48.4	51.7	44.7	51.3
Farming cost/kg (NOK)	50.6	42.0	48.1	44.3
EBIT/kg (NOK)	-2.2	9.8	-3.4	7.0

HARVEST AND EBIT/KG



SEA LICE LEVELS



The sea lice counts are calculated as the average number of adult female sea lice per month. Sea lice levels shall stay below the legal limit of 0.5 adult female per fish. At the green licenses in Finnmark, the limit is 0.25 adult female sea lice per fish, while during April and June, when wild salmon smolt migrate from the rivers and pass the salmon farms, the limit is 0.2 adult female sea lice per fish. We report sea lice levels and sea lice treatments to the Directorate of Fisheries on a weekly basis. This is publicly available information, please see [Barentswatch](#).

OUR PROGRESS BRITISH COLUMBIA

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

PILLAR	KPI & TARGET	STATUS	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	YTD 2021	YTD 2020
PROFIT & INNOVATION	Harvest volume (tonnes GWT)								
	15 000 tonnes in 2021	◆	5 249	853	2 657	6 648	9 332	6 101	11 876
	EBIT per kg (NOK)								
	n/a		8.4	1.1	6.2	-7.8	-1.3	7.4	2.3
HEALTHY OCEAN	Farming cost per kg (CAD)								
	CAD 7/kg in 2022	■	8.5	8.9	8.9	8.7	7.3	8.5	7.4
	ASC certification (# of sites)								
	All sites by 2021	◆	13	11	11	11	5	n/a	n/a
HEALTHY OCEAN	Survival rate at sea								
	93% by 2022	◆	91%	90%	90%	86%	90%	n/a	n/a
	Cost of reduced survival (NOK million)								
	n/a		6.8	3.0	6.6	31.3	15.8	9.8	28.2
	Use of antibiotics (g per tonne LWE) *								
	No use of antibiotics	■	41.3	92.7	47.6	2.3	106.8	66.4	83.8
	Use of hydrogen peroxide (kg per tonne LWE) * / **								
	Minimize use of pharmaceutical treatments	■	62.0	31.5	27.9	51.9	72.9	47.1	50.9
	Sea lice treatments - in feed (g per tonne LWE) *								
	Minimize use of pharmaceutical treatments	●	0.0	0.4	0.0	0.0	0.7	0.2	0.4
HEALTHY OCEAN	Sea lice treatments - in bath (g per tonne LWE) *								
	Minimize use of pharmaceutical treatments	●	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Escape incidents (# of fish)								
	Zero escape incidents	◆	1 (1)	0	0	0	0	1 (1)	0
SUSTAINABLE FEED	High quality product								
	93% superior share	◆	89%	90%	78%	85%	87%	89%	88%
PEOPLE	Employees								
	Headcount (ex contractors)	n/a	172	167	174	176	174	n/a	n/a
	Absence rate								
	Below 4.5%	◆	5.5%	6.2%	5.9%	7.3%	10.0%	5.9%	7.7%
PEOPLE	Lost time incident rate								
	n/a		13	12	0	53	26	12	65

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

** As of 01.01.2021, the Government of Canada - Department of Fisheries and Oceans Canada (DFO) changed the calculation formula for the API of hydrogen peroxide from Paramove 50 from 1 L (Paramove 50) * 1.15 (density) * 0.45 (concentration) = 1 kg H₂O₂ to 1 L (Paramove 50) * 1.19 (density) * 0.49 (concentration) = 1 kg H₂O₂, which is now also corresponding to the method used in the UK and in Norway. Previous figures have not been recalculated to comply with the correct calculation method at their time.

n/a: No set target or data similar to quarter end. ASC certification and number of employees are disclosed per reporting date. Survival rate is defined as the last twelve months rolling survival, and thus not calculated year-to-date.

GRIEG SEAFOOD BRITISH COLUMBIA

Grieg Seafood BC Ltd farms salmon on the east and west sides of Vancouver Island, and along the Sunshine Coast north of Vancouver. The company has 20 seawater licenses and one license for land-based production of smolt. We do not process our own salmon in BC.

5 249

TONNES GWT HARVESTED

8.4

EBIT/KG (NOK)



Operational priorities

Access to high-quality smolt is key to ensuring sustainable production growth. With the Gold River smolt facility, expected to be completed in Q3 2021, Grieg Seafood BC will increase smolt capacity from 500 tonnes to 900 tonnes. The first smolt transfer from the facility to sea will be in the spring of 2022. Read more about the Gold River expansion project in our [Green Bond Report](#).

Grieg Seafood BC aims to have all possible sites ASC certified within 2021. At the end of Q2 2021, a total of 13* sites out of 16 active sites are certified (corresponding to 71% of net production). Obtaining ASC certification is an important signal that our salmon is a responsible choice, as ASC has strict requirements with respect to minimizing fish farms' impact on the natural environment and supporting local communities.

The United Nations Declarations on the Rights of Indigenous Peoples (UNDRIP) is under implementation in BC, giving Indigenous Peoples rights in their own traditional territory. This is a process of reconciliation between the Government, businesses and First Nations. Three of our main farming areas in BC are operated under agreements with First Nations. These relationships are very important to us. The [Truth & Reconciliation Commission: Call to Action #92](#) provide guidance to us on our role in the reconciliation process. We work to get better at operating with respect for the culture of our First Nations partners in every way, to deepen our understanding and to provide shared opportunities. Read more about our journey of reconciliation in BC [here](#).

The Canadian federal government's plans to transition open-net-pen salmon farming in British Columbia. In July 2021, the Minister of Fisheries, Oceans and the Canadian Coast Guard published a report outlining an approach on how to move forward on this transition plan and how to work with the province of British Columbia and Indigenous communities to create a responsible transition plan. Grieg Seafood is looking forward to participate in the process, and to find solutions together with stakeholders that will ensure a sustainable aquaculture industry in British Columbia.

*As of Q2 2021, we have excluded Barnes Bay in the Discovery Island farming area from the ASC calculation, thus three new sites have been ASC certified in the quarter.

In line with the transition plan, the federal regulator Fisheries, Oceans and Canadian Coast Guard has announced that it will not renew licenses in the Discovery Islands farming area after 30 June 2022. This is not one of Grieg Seafood BC's main farming areas (we have one farm, Barnes Bay, there). As we have the capacity to move this production to other farms, our production plans will not be significantly impacted. Salmon farming companies in BC, including Grieg Seafood BC, have asked for a judicial review of the Government's decision process, to better understand the implications. The ultimate outcome is not known.

Harmful Algae Blooms (HAB) and low oxygen events represent significant biological risks in BC. Algae movements and oxygen levels are continuously monitored and analyzed using high-grade real-time in pen sensors, and machine learning with predictive environmental data software. In addition, aeration systems have been installed to enable feeding also during challenging situations. Mortality related to algae blooms was reduced from 3.4% in 2019 to 0.9% in 2020. We expect our efforts within algae mitigation and digital monitoring to increase survival and harvest volume, and reduce cost going forward. This will enable us to reach our cost target of CAD 7 per kg. We estimate to harvest 4 700 tonnes in Q3 2021, targeting 15 000 tonnes for the year 2021, increasing to 35 000 tonnes in 2025.

Operational results

Harvest volume in Q2 2021 was 5 249 tonnes, 44% below Q2 2020. The reason is mainly that harvesting volumes vary significantly every other year in BC due to local production region arrangements and less farms on the West Coast of Vancouver Island compared to the East Coast. As a consequence, the region's volume vary every other year, regardless of the underlying biology. Measures are being done to equalize harvest volumes.

Sales revenues for the quarter was NOK 348.5 million, a decrease of 27% compared to Q2 2020 mainly due to lower harvest volume. The average spot price according to the Urner Barry Farmed Salmon Index was USD 6.4 per lb in Q2 2021 compared to USD 4.3 per lb in Q2 2020. Price achievement for the quarter was NOK 66.4 per kg, compared to NOK 51.4 per kg in Q2 2020, positively impacted by the higher market prices and a superior share of 89%.

Our freshwater production has been stable during the quarter. Smolt transferred to sea this quarter had an average weight of 150 grams.

The seawater performance has been good this quarter. The 12-month rolling survival rate increased from 90% both in Q1 2021 and Q2 2020 to 91%. Cost recognized as abnormal mortality in the income statement (cost of reduced survival) was NOK 7 million in Q2 2021 (NOK 1.3 per kg, or CAD 0.2 per kg), compared to NOK 16 million in Q2 2020 (NOK 1.3/CAD 0.2 per kg). We used antibiotics in the quarter for continued treatment of Yellowmouth disease, to safeguard the welfare of the fish. Our use of antibiotics is too high, and we are installing infrastructure that will allow us to lower water temperatures and salinity to help limit the transmission of diseases. We also pursue non-therapeutic means to manage disease, such as vaccines and a healthy diet. Our post-smolt strategy will enable us to have better control of the fish's environment for a longer period. It will also make the fish more robust when they are transferred to sea, and a shorter period at sea will reduce exposure to biological risks. This in turn will reduce the risk of disease outbreaks and the need for antibiotics.

BC is heavily influenced by sea lice pressure each autumn, when the wild salmon pass our farms on their way to the river to spawn. Here, unlike Norway, the wild salmon population greatly outnumbers the farmed salmon population. We are testing preventative methods such as sea lice skirts and tarps to keep the sea lice level stable. When the sea lice level increases, we carry out the type of treatment most appropriate to the biological situation. The sea lice level was stable during the quarter, and treatment with hydrogen peroxide was carried out to maintain a stable level.

Unfortunately, we had an escape incident this quarter, where we lost one fish outside the farms containment structure during harvest. Mitigating actions such as proper use of catch nets has been put in place.

The farming cost increased from CAD 7.3 per kg (NOK 52.7) in Q2 2020 to CAD 8.5 per kg (NOK 58.0) in Q2 2021, mainly due to lower harvest volume. Compared to Q1 2021, the farming cost was down mainly due to lower mortality. We expect a stable cost level in Q3 2021, with reductions in the farming cost in the long term as volume and farm sizes increase.

EBIT per kg before production fee and fair value adjustment of biological assets was NOK 8.4, compared to NOK -1.3 in Q2 2020 and NOK 1.1 in Q1 2021.

Employee well-being has been our priority during the Covid-19 pandemic. We had no major incidents in the quarter. The absence rate of 5.5% was above our 4.5% target, mainly due to long-term sickness and the fact that we have increased the sick leave days, as employees are more cautious when it comes to going to work if they feel sick/having flu symptoms. We always monitor developments according to our guidelines for absence from work.



QUARTERLY STORY

Tlowitsis Nation signs net-cleaning contract with Grieg Seafood

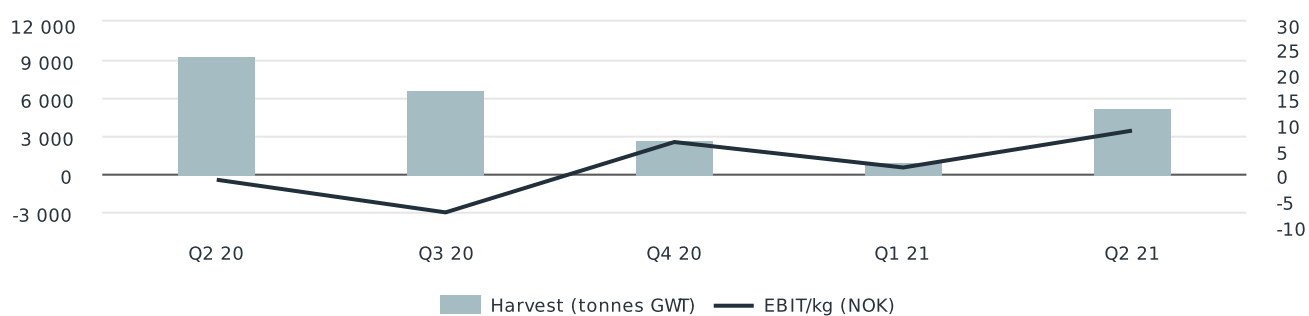
During the quarter, the Tlowitsis Nation and Grieg Seafood BC signed a contract that will see the Nation's business, Chief's Pride Aquaculture Corp., assume responsibility of all net-cleaning operations at Grieg's salmon farms in Clio Channel.

"This opportunity will enhance the already great relationship the Tlowitsis has with Grieg Seafood. When it comes to reconciliation, we think Grieg Seafood is ahead of the curve in developing its working relationship with First Nations." – Thomas Smith, Councillor, Tlowitsis Nation.

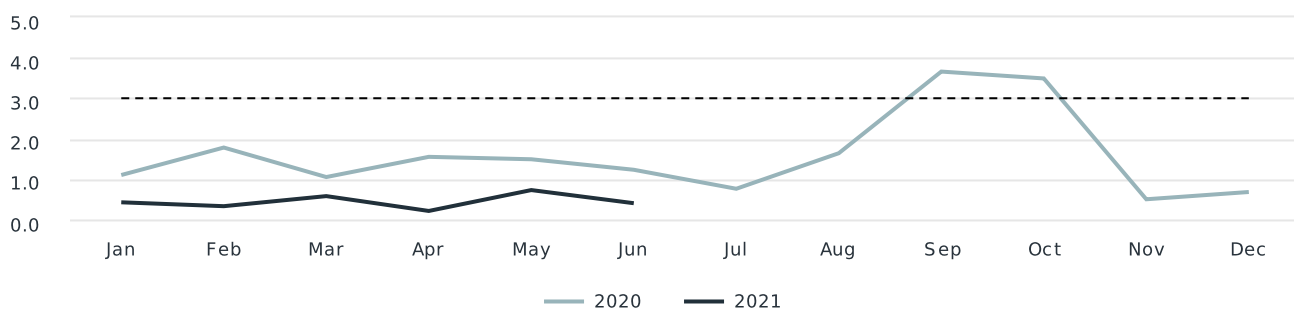
[> Read the full story here](#)

NOK MILLION	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Harvest volume (tonnes GWT)	5 249	9 332	6 101	11 876
Sales revenues from sale of Atlantic salmon	348.5	479.9	400.3	658.7
EBITDA before production fee and fair value adjustment of biological assets	68.5	14.4	93.1	81.0
EBIT before production fee and fair value adjustment of biological assets	44.2	-12.1	45.2	27.8
Sales revenue/kg (NOK)	66.4	51.4	65.6	55.5
Farming cost/kg (CAD)	8.5	7.3	8.5	7.4
Farming cost/kg (NOK)	58.0	52.7	58.2	53.1
EBIT/kg (NOK)	8.4	-1.3	7.4	2.3

HARVEST AND EBIT/KG



SEA LICE LEVELS



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

OUR PROGRESS

NEWFOUNDLAND

Grieg Seafood Newfoundland is a greenfield project located in Placentia Bay in Newfoundland. At the end of Q2 2021, we have eight seawater licenses and one freshwater license. Additional seawater licenses have been applied for.

Opportunity

The Placentia Bay Aquaculture Project will establish responsible salmon farming operations in Placentia Bay, using best-practice farming methods and technology. The project will create hundreds of local jobs in the Marystown local communities. The project includes a high-end freshwater and saltwater Recirculating Aquaculture System (RAS) facility in Marystown Marine Industrial Park, close to Placentia Bay. We have long-term exclusive farming rights to the Placentia Bay area, an area which is highly isolated from other salmon farmers in the region. Long distances and low interconnectivity between sites lower the risk of biological contamination. Read more about the project and the region [here](#).

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

The project has a long-term annual harvest potential of 45 000 tonnes. By using cutting-edge technologies at all stages of the production process, our Newfoundland region will strengthen our position as a global leader in sustainable salmon farming. Read more about the RAS facility in Marystown in our [Green Bond Report](#).

Status

The first production units of the RAS facility - the hatchery, nursery and the smolt unit, are fully operational. We received the first generation of eggs in our hatchery in July 2020. The freshwater production has been stable. We were expecting to transfer one million smolt to sea this summer, however, during a routine sampling in July, one fish provided a suspect detection of ISA. 295 additional samples have been collected and analyzed by Provincial Veterinary Authorities, and all samples provided negative results with no detection of ISA. While it would be possible to transfer the fish to sea under restrictions, we have decided to apply the precautionary approach and not transfer fish to sea. Placentia Bay is a promising area for salmon farming with no known history of ISA, and we will not risk introducing the virus into the environment. We will develop the farming region gradually and responsibly, to optimize biological conditions and to ensure sustainable operations. A thorough review is initiated to find out why an ISA detection occurred, and measures will subsequently be put in place to avoid similar occurrences in the future. As such, the first transfer of fish to sea is

postponed until the spring of 2022. The financial impact of the postponement is not significant. The first group of fish, that has been culled as a consequence of the postponement, contained few individuals compared to regular operations.

The second generation of eggs was received in the facility in April and July 2021. These eggs and fish are currently growing well in a separate building in the Marystown facility. We plan to transfer three million fish to sea during the spring and summer of 2022. The fish will be harvested in 2023/2024.

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

Operational cost for Q2 2021, including write down of NOK 13 million, totaled NOK -45 million, compared to NOK -15.6 million in Q1 2021. The increase in cost is mainly related to depreciation charges on freshwater facilities commissioned during the quarter, seawater preparation costs in addition to write down of the first generation of fish culled in August. We are evaluating options to minimize any negative impact related to the delayed stocking of smolt to sea for the company as well as for the employees.

Despite delay in seawater stocking in 2021, we are committed to develop the project according to milestones outlined in the permits granted by the authorities. We are well prepared with equipment, employees and knowledge of biological conditions, which enables us to provide a solid and safe production. We are confident that we will be able to build a strong farming region in Newfoundland during the next years, and create jobs and value for the local communities here. Grieg Seafood Newfoundland's 2025 harvesting target of 15 000 tonnes remains.



The Grieg Seafood share

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

At the end of Q2 2021, Grieg Seafood had a total of 113 447 042 shares, including treasury shares, divided between 11 097 shareholders. The Grieg family in total holds 53.2% of the Grieg Seafood shares. The 20 largest shareholders account for 76.1% of the shares.

KEY FIGURES	Q2 2021	Q2 2020	FY 2020
Number of shares at period-end (incl treasury shares)	113 447 042	113 447 042	113 447 042
Number of shares traded	28 149 982	24 525 186	99 831 798
Number of shareholders	11 097	8 653	12 436
Average value of shares traded per day (NOK million)*	39.3	41.6	37.5
Share price at period-end (NOK)	88.7	98.5	85.0
Average closing price (NOK)	83.2	100.4	99.1
Lowest closing price (NOK)	73.2	93.9	66.3
Highest closing price (NOK)	89.3	110.7	144.9
Total market value, OSE (NOK million)	10 063	11 169	9 643

*Calculated using the daily closing price.

GSF share performance vs OSEBX and OBSFX



Board's approval

Related parties' transactions

There has not been any related parties' transactions during Q2 2021 outside ordinary course of business. See Note 10 for more information on related parties and related parties transactions.

Events after the balance sheet date

On 10 August, Grieg Seafood Finnmark reported a loss of 96 000 salmon (430 tonnes), following a chlorine spill at the harvesting facility in Alta, Norway. Chlorine is normally used to disinfect the processing water, it is rapidly diluted and breaks down quickly in seawater. The pens were quickly cleaned up, and an independent environmental assessment is ongoing by an external party. According to their preliminary analyses, the spill is local, and has not spread outside the Kåfjord. Recovery and recolonization of the seabed is expected to proceed rapidly. Updates are posted on our [website](#). The company cooperates fully with authorities, and awaits their investigation into the course of events that led to the spill. Financial consequences have not been clarified. The fish was insured.

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

Statement from the Board of Directors

We hereby confirm that the financial statements for the period from 1 January to 30 June 2021, to the best of our knowledge, have been prepared in accordance with IAS 34 – Interim Financial Reporting – and that the information in the accounts gives a true and fair view of the Group and of the Group's assets, liabilities, financial position and overall results.

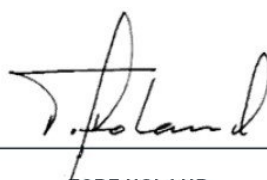
We also confirm that, to the best of our knowledge, the half-year report gives a true and fair view of the main events during the accounting period and their effect on the accounts for the first half year, as well as the principal risks as described in Note 2 and uncertainties facing the Company and the Group in the next accounting period.

THE BOARD OF DIRECTORS AND CEO

BERGEN, 18 AUGUST 2021



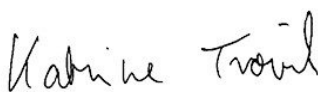
PER GRIEG JR.
CHAIR



TORE HOLAND
VICE CHAIR



MARIANNE RIBE
BOARD MEMBER



KATRINE TROVIK
BOARD MEMBER

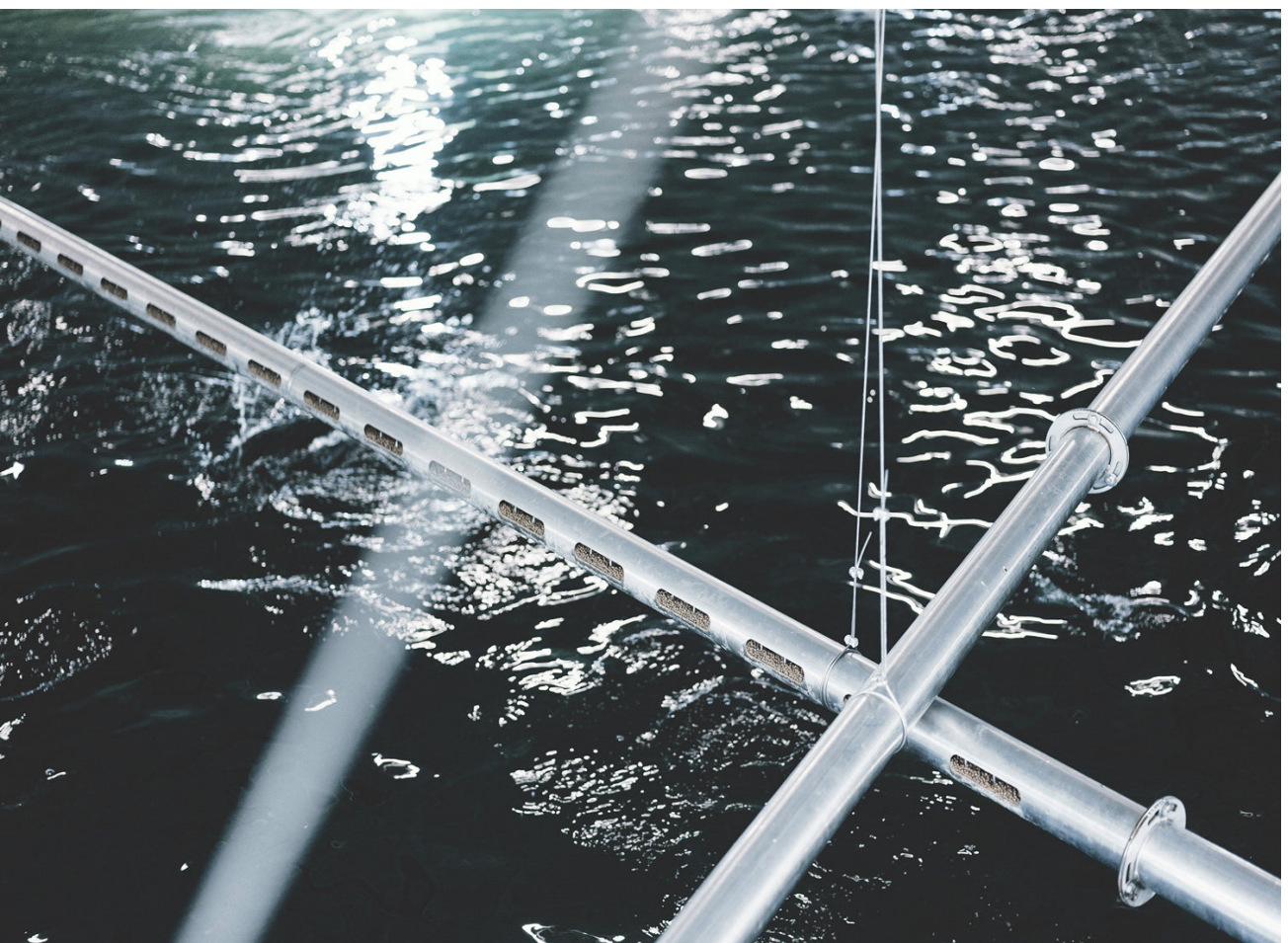


ANDREAS KVAME
CEO

PART 03

QUARTERLY RESULTS

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



Financial statements

INCOME STATEMENT

GRIG SEAFOOD NOK 1 000	NOTE	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Continuing operations					
Sales revenues	3	1 122 073	1 169 420	1 781 904	2 328 062
Other income	3	8 141	9 587	27 479	22 711
Share of profit from associates	9	176	-1 037	459	-435
Raw materials and consumables used		-478 445	-543 029	-663 323	-909 284
Salaries and personnel expenses		-119 491	-97 963	-247 851	-223 472
Other operating expenses		-390 734	-395 213	-685 372	-768 434
EBITDA before production fee and fair value adjustment of biological assets	3	141 721	141 766	213 295	449 147
Depreciation property, plant and equipment		-96 587	-92 938	-182 523	-182 340
Amortization licenses and other intangible assets		-1 610	-1 495	-3 266	-3 137
EBIT before production fee and fair value adjustment of biological assets	3	43 523	47 333	27 506	263 669
Production fee	6	-5 025	—	-10 119	—
Fair value adjustment of biological assets	5	109 814	47 222	266 277	-464 270
EBIT after production fee and fair value adjustment of biological assets		148 312	94 555	283 664	-200 601
Net financial items	8	-17 042	-91 006	-1 875	-148 948
Profit before tax from continuing operations		131 271	3 548	281 790	-349 549
Estimated taxation		-35 344	-10 317	-81 456	74 762
Net profit for the period from continuing operations		95 927	-6 768	200 333	-274 787
Discontinued operations					
Net profit for the period from discontinued operations	4	28 111	-42 764	40 139	-219 722
Net profit for the period		124 037	-49 533	240 472	-494 509
Allocated to					
Controlling interests		124 037	-53 837	240 472	-504 419
Non-controlling interests		—	4 304	—	9 910
Dividend declared and paid per share (NOK)		0.0	0.0	0.0	0.0
Earnings per share attributable to equity holders of Grieg Seafood ASA (NOK)					
Earnings per share from continuing operations		0.9	-0.1	1.8	-2.4
Earnings per share from discontinued operations		0.3	-0.4	0.4	-2.0
Earnings per share - total		1.1	-0.5	2.1	-4.5

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

COMPREHENSIVE INCOME STATEMENT

GRIEG SEAFOOD NOK 1 000	NOTE	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Net profit for the period		124 037	-49 533	240 472	-494 509
Net other comprehensive income to be reclassified to profit/loss in subsequent periods					
Currency effect on investment in subsidiaries		30 347	-53 183	40 526	34 700
Currency effect on loans to subsidiaries		15 352	-46 357	23 192	25 198
Cash flow hedges		—	50 714	—	311
Tax effect		-3 377	-959	-5 102	-5 624
Other gains or losses		—	—	—	—
Net other comprehensive income not to be reclassified to profit/loss in subsequent periods					
Change in fair value of equity instruments		—	—	—	-433
Other comprehensive income for the period, net of tax		42 322	-49 785	58 616	54 152
Total comprehensive income for the period		166 359	-99 318	299 088	-440 357
Allocated to					
Controlling interests		166 359	-120 453	299 088	-450 669
Non-controlling interests		—	21 136	—	10 312

STATEMENT OF FINANCIAL POSITION

NOK 1 000	Note	30.06.2021	30.06.2020	31.12.2020
ASSETS				
Deferred tax assets		36 340	56 427	29 293
Goodwill		657 269	670 604	638 019
Licenses incl. warranty licenses		1 533 314	1 621 216	1 508 452
Other intangible assets incl. exclusivity agreement		38 838	51 175	38 015
Property, plant and equipment incl. right-of-use assets	7	3 352 646	3 822 396	3 033 154
Indemnification assets		40 000	—	40 000
Investments in associates	9	87 380	80 635	84 421
Other non-current receivables		32 403	2 908	9 476
Total non-current assets		5 778 190	6 305 361	5 380 830
Inventories		111 816	164 793	78 001
Biological assets excl. the fair value adjustment	5	2 313 977	2 690 662	2 198 676
Fair value adjustment of biological assets	5	699 645	7 538	347 227
Trade receivables		213 179	350 898	179 384
Other current receivables, derivatives and financial instruments		200 077	294 711	217 258
Cash and cash equivalents	7	204 260	742 805	275 427
Total current assets		3 742 953	4 251 407	3 295 972
Assets held for sale	4	2 019 017	203 483	1 972 725
Total assets		11 540 159	10 760 251	10 649 527
EQUITY AND LIABILITIES				
Share capital		453 788	453 788	453 788
Treasury shares		-4 686	-4 855	-4 686
Contingent consideration (acquisition of Grieg Newfoundland AS)		701 535	701 535	701 535
Retained earnings and other equity		3 519 369	3 377 750	3 220 281
Total controlling interests		4 670 006	4 528 218	4 370 918
Non-controlling interests		—	49 286	—
Total equity		4 670 006	4 577 504	4 370 918
Deferred tax liabilities		1 011 018	942 280	908 958
Share based payments		9 986	—	491
Borrowings and lease liabilities	7	3 850 720	3 671 468	3 907 822
Subordinated loans		—	12 521	—
Total non-current liabilities		4 871 724	4 626 269	4 817 272
Current portion of borrowings and leasing liabilities	7	877 510	308 526	257 630
Factoring liabilities	7	—	88 366	—
Trade payables		531 179	595 683	562 848
Tax payable		444	182 394	14 791
Other current liabilities, derivatives and financial instruments	6	200 388	226 929	133 240
Total current liabilities		1 609 520	1 401 898	968 509
Liabilities directly associated with the assets held for sale	4	388 909	154 580	492 829
Total liabilities		6 870 153	6 182 747	6 278 609
Total equity and liabilities		11 540 159	10 760 251	10 649 527

CHANGES IN EQUITY

	Share capital	Treasury shares	Contingent cons.*	Other equity	Non-controlling interests	Total
Equity at 01.01.2020	446 648	-4 855	—	3 642 416	56 632	4 140 843
Profit for YTD 2020	—	—	—	-504 419	9 910	-494 509
Other comprehensive income YTD 2020	—	—	—	53 750	402	54 152
Total comprehensive income YTD 2020	—	—	—	-450 669	10 312	-440 357
Contribution in kind	7 140	—	—	186 002	—	193 142
Contingent consideration	—	—	701 535	—	—	701 535
Dividend (non-cash)	—	—	—	—	-17 658	-17 658
Transactions with owners [in their capacity as owners] YTD 2020	7 140	—	701 535	186 002	-17 658	877 018
Total change in equity YTD 2020	7 140	—	701 535	-264 667	-7 346	436 661
Equity at 30.06.2020	453 788	-4 855	701 535	3 377 750	49 286	4 577 504
Equity at 01.01.2021	453 788	-4 686	701 535	3 220 281	—	4 370 918
Profit for YTD 2021	—	—	—	240 472	—	240 472
Other comprehensive income YTD 2021	—	—	—	58 616	—	58 616
Total comprehensive income YTD 2021	—	—	—	299 088	—	299 088
Transactions with owners [in their capacity as owners] YTD 2021	—	—	—	—	—	—
Total change in equity YTD 2021	—	—	—	299 088	—	299 088
Equity at 30.06.2021	453 788	-4 686	701 535	3 519 369	—	4 670 006

*Contingent consideration, acquisition of Grieg Newfoundland AS.

CASH FLOW STATEMENT

NOK 1 000	Note	Q2 2021	Q2 2020	YTD 2021	YTD 2020
EBIT after production fee and fair value adjustment of biological assets		148 312	94 555	283 664	-200 601
Depreciation and amortization		98 198	94 434	185 789	185 477
Gain/loss on sale of property, plant and equipment		-743	48	-776	-103
Share of profit from associates	9	-176	1 037	-459	435
Fair value adjustment of biological assets	5	-109 814	-47 222	-266 277	464 270
Change inventory excl. fair value, trade payables and rec.		188 982	247 674	-262 657	-70 548
Other adjustments		51 316	-12 200	102 227	24 157
Taxes paid		-3 667	-3 561	-19 950	-20 564
Net cash flow from operating activities		372 407	374 764	21 562	382 523
Proceeds from sale of property, plant and equipment		337	479	352	714
Payments on purchase of property, plant and equipment		-183 507	-191 377	-316 321	-275 933
Payments on purchase of intangible assets incl. licenses		—	—	—	-58 872
Payments on business combinations		—	-620 464	—	-620 464
Accumulated cash acquired in business combinations		—	30 628	—	30 628
Government grant	7	—	—	8 443	—
Investment in associates and other invest.	9	—	10	-2 500	20
Net cash flow from investing activities		-183 170	-780 724	-310 026	-923 908
Revolving credit facility (net draw-down/repayment)	7	-150 000	10 000	-86 222	391 491
Proceeds of long-term int. bearing debt	7	1 750	1 018 560	627 399	1 018 560
Repayment long-term int. bearing debt	7	—	—	-51 003	-49 173
Repayment bridge loan financing for the acquisition of Grieg Newfoundland	7	—	-600 000	—	—
Restricted cash classification of the bridge loan financing of Grieg Newfoundland	7	—	600 000	—	—
Repayment lease liabilities	7	-47 349	-46 744	-87 962	-91 051
Net interest and other financial items	8	-47 520	-30 888	-99 870	-46 221
Net cash flow from financing activities		-243 119	950 929	302 341	1 223 606
Net change in cash and cash equivalents		-53 882	544 969	13 876	682 221
Cash and cash equivalents - opening balance		208 016	280 177	275 427	214 497
Currency translation of cash and cash equivalents		399	-4 041	2 781	5 197
Discontinued operations, other cash flow items	4	49 727	-78 300	-87 825	-159 111
Cash and cash equivalents - closing balance		204 260	742 805	204 260	742 805

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

SELECTED NOTES

NOTE 1 ACCOUNTING PRINCIPLES

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

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

Management is required to make estimates and assumptions concerning the future that affect the accounting policies and recognized amounts of assets, liabilities, income and expenses. Significant estimates relate to valuation of biological assets and intangible assets. Estimates and underlying assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be probable under the present circumstances. The final outcomes may deviate from these estimates. Changes in estimates are reflected in the accounts as they occur.

Additional accounting principles

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

Production fee

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

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

In 2021, and applied retrospectively, the Crown Estate Scotland production fee is reported in line with the Norwegian production fee. As at 30 June 2021, as in 2020, the Group classifies the Shetland assets as assets held for sale, as such the effect of the retrospective change in accounting policy for the Crown Estate Scotland charges is limited to the note disclosure of discontinued operations (Note 4).

Government grants

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

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

NOTE 2 RISKS AND UNCERTAINTIES

The Group is exposed to risks in numerous areas, such as biological production, the effects of climate change, degradation of nature, compliance risk, the risk of accidents, changes in salmon prices, and the risk of politically motivated trade barriers. The current Covid-19 pandemic poses a material risk to most of the Group's operational areas. The Group's internal controls and risk exposure are subject to continuous monitoring and improvement, and efforts to reduce risk in different areas have a high priority. Management has established a framework for managing and eliminating most of the risks that could prevent the Group from attaining its goals. See the Group's risk overview [here](#). A summary of some of these risks, in the context on the short- and medium term as from Q2 2021, is included below.

OPERATIONAL RISK

The greatest operational risk relates to biological developments within the Group's aquaculture operations. The book value of live fish at cost at quarter-end was NOK 2 314 million (20% of the balance sheet value). Biological risks include oxygen depletion, diseases, viruses, bacteria, parasites, algae blooms, jelly fish and other contaminants. To reduce this risk, the Group focuses on improving fish health and welfare through several initiatives, including joint fallowing and area-based management, switching from pharmaceutical to mechanical delousing treatment methods, and use of sensor technology to reduce algae challenges. The Group's post-smolt strategy, where fish are grown to a larger size on land, thereby shortening the time they spend in open sea pens, is an important part to reduce the biological risk.

During the quarter, the biological seawater situation has been stable in all our regions, with increasing survival rates. The ISA infected fish in Finnmark have been harvested and issue with winter ulcers is improving with rising seawater temperatures. As at quarter end, Grieg Seafood Rogaland had PD at one site, with two more sites being infected after quarter end. The sea lice pressure has been low and stable in all regions.

After quarter end, ISA was detected on one fish during a routine sampling in our freshwater facility in Newfoundland. The first generation of close to one million fish has been culled, postponing the transfer of fish to seawater from 2021 to 2022, as a precautionary approach and to reduce risk.

The feed industry is characterized by large global suppliers operating under cost plus contracts, and feed prices are accordingly directly linked to the global markets for fishmeal, vegetable meal, animal proteins and fish/vegetable/animal oils which are the main ingredients in fish feed. Access to feed ingredients was limited during the quarter, resulting in increased feed prices for all our regions. We expect the limitation to persist also into the third quarter.

MARKET RISK

The Covid-19 pandemic and the measures implemented by authorities worldwide to deal with it, have caused a shift in demand from the HoReCa segment to retail. Supply lines have remained largely open during the pandemic, but limited availability has made airfreight expensive. The market situations has been challenging, despite high demand, and markets prices have decreased. During Q2 2021, the situation has improved. Global supply of Atlantic salmon increased by approximately 8% compared to Q2 2020, and the average NQSALMON (less distributor margin of NOK 0.75) was NOK 62.1 per kg in Q2 2021 compared to NOK 56.9 per kg in Q2 2020. A decrease in supply of fish to the US market has pushed prices, contributing to a strong price achievement in BC. Downgraded fish due to winter ulcers has been an issue both in Rogaland and Finnmark during the quarter, and we expect the situation to improve going forward. To mitigate similar severities during future winters, we are implementing measures such as changes in our approach to transferring fish to sea, more post-smolt, in addition to securing VAP capacity which will provide more flexibility and contribute to increased sales margins. We expect a strong demand and increased market prices going forward.

The Group targets a fixed price contract share of 20-50%. Estimated contract share for 2021 is 28% of the Norwegian harvest volume, or 23% of total volume for the year. We do not have fixed price contracts in BC.

During the quarter, we reached an important milestone, as we transferred all global sales activities to our new sales and market organization.

The transition period following the UK's withdrawal from the European Union (Brexit) expired at year-end 2020. The outcome of Brexit still represents an uncertainty for the Scottish salmon farming industry and Norwegian exporters, due to possible tariffs on trade and logistical difficulties in getting fresh salmon from Norway to the UK and from UK to the rest of Europe. So far, our sales have not been significantly affected by Brexit.

COMPLIANCE RISK

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry. Grieg Seafood is one of the companies under investigation. Based on the EU investigation, US competition authorities launched their own investigation into the matter in November 2019. By the end of 2019, four class-action lawsuits had been filed by minor customers in the USA and two in Canada. Grieg Seafood is not aware of any anti-competitive behavior within the Group, neither in Norway, the EU, the USA, nor in Canada. We are fully collaborating with European and American authorities in this matter and will follow up the lawsuits in the USA and Canada accordingly. As of the end of the quarter, there is no new information regarding these investigations. NOK 8.1 million was spent on lawyer fees related to the EU commission investigation during the quarter. The cost is included as ownership cost, see Note 3.

After quarter end, we had a chlorine leak at our harvesting facility in Grieg Seafood Finnmark. During the incident, 15 000 liters of chlorine unfortunately leaked into the fjord, and 96 000 fish, who were in the pens at the harvesting plant, died. The pens will be cleaned up, and an independent assessment of the environmental impact will be performed. We cooperate fully with authorities. Financial consequences have not been clarified.

FINANCIAL RISK

Financing risk

Our business and future plans are capital intensive. Management monitors the Group's liquidity reserve, which comprises a bond, loan facility, bank deposits, and cash equivalents, based on expected cash flows. The Group has as at 30 June 2021 NOK 600 million in bridge loan financing maturing in Q1 2022, and a syndicated debt of NOK 450 million and EUR 45 million maturing in Q1 2023. Lastly, our Green Bond issue of NOK 1 500 million mature in Q2 2025.

In November 2020, the Group was granted an amendment to its loan covenants through the third quarter of 2021, which gives management greater room for maneuver in an uncertain market still affected by Covid-19. The next measurement date of the financial covenant NIBD/EBITDA is 31 December 2021.

On 29 June 2021 Grieg Seafood entered into an agreement with Scottish Sea Farms Ltd for the divestment of our Shetland assets, expected to be finalized within Q4 2021, depending on processing time with relevant competition authorities. The transaction is expected to make a positive contribution on the Group's liquidity, leverage ratio and financial flexibility.

Liquidity risk

The Group has invested substantial amounts during the last year, such as the acquisition of Grieg Newfoundland and the build-up of its biomass. The Group utilizes factoring agreements to finance its trade receivables. In Q2 2021, factoring arrangement the Norwegian sales organization was re-established. The trade financier purchases 100% of the credit-insured trade receivables from the Norwegian sales organization, transferring significant (95%) risk and control to the credit insurer. The purchased receivables by the trade financier are derecognized from the statement of financial position of the Group.

At the end of Q2 2021, the Group had NOK 690 million in available undrawn liquidity. The revolving credit is flexible, as it can be drawn upon within a month, or for a longer period, depending on the Group's need for liquidity. Management monitors the Group's liquidity reserve, which comprises a loan facility, bank deposits, and cash equivalents, based on expected cash flows. This is carried out at group level in collaboration with the operating companies. Management and the Board seek to maintain a high equity ratio (40% at 30 June 2021), to be well positioned to meet financial and operational challenges.

Currency risk

The Group is primarily impacted by currency exposure to CAD, USD, GBP and EUR. The production companies sell in local currencies to the sales organization, which hedges its transactions against currency fluctuations related to CAD/USD, EUR/NOK, GBP/EUR and USD/NOK, and other currencies if required. However, the Group may not be successful in hedging against currency fluctuations and significant fluctuations may have a material adverse effect on the Group's financial results and business.

Interest rate risk

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

Credit risk

Credit risk is managed at Group level. Credit risk arises from transactions involving derivatives and deposits in banks and financial institutions, transactions with customers, including trade receivables, and fixed contracts as well as loans to associates. The Group has procedures to ensure that products are only sold to customers with satisfactory creditworthiness. The Group normally sells to new customers solely against presentation of a letter of credit or against advance payment, and credit insurance is used when deemed necessary.

CLIMATE RISK

The UN Climate Change report released this August, concludes, amongst others, that the world is likely to hit 1.5C warming limit within 20 years, and that the extreme weather events are likely to become more severe. The climate plays an important role in Grieg Seafood's operations. We have performed climate-related scenario analysis, and identified physical risks such as damage caused by extreme weather, biological challenges due to higher or fluctuating seawater temperature, and limited access to feed ingredients. Transition risks identified includes regulatory risk related to carbon reduction requirements and carbon taxes, financial risk/to access to capital, market risk related to requirements from customers and consumers, and reputational risk related to environmental impact. Several of our ongoing initiatives target climate challenges, such as utilizing technology to manage and mitigate seawater issues and post-smolt to reduce the time in sea and thereby reduce the risk of biological challenges.

During the quarter, we have published our first complete Scope 3 carbon emission account, which provides the basis for our carbon emission reduction plan. We have set carbon emission targets, which are approved by the Science-Based Targets initiative, and are evaluating initiatives to reduce our emissions in Scope 1, 2 and 3.

NOTE 3 SEGMENT INFORMATION

The operating segments are identified on the basis of the reports which Group management uses to assess performance and profitability at a strategic level. Group management assesses business activities from a geographical perspective, based on the location of assets. The Group has one production segment: Production of farmed salmon. Earnings from the sales companies in the Group is reported per producer. Geographically, management assesses the results of production in Rogaland – Norway, Finnmark – Norway and BC – Canada, and - as from Q1 2021 - Newfoundland - Canada. In Q4 2020, Grieg Seafood defined the reporting segment "Shetland-UK" as part of the disposal group "Shetland", currently classified as held for sale (see Note 4).

Group management evaluates the results from the segments based on EBIT before production fee and fair value adjustments of biological assets. The operating segments are divided geographically by country or region, based on the reporting applied by Group management when assessing performance and profitability at a strategic level.

The method of measurement excludes the effect of non-recurring costs, such as restructuring costs, legal costs on acquisition and amortization of goodwill and intangible assets when amortization is attributable to an isolated event which is not expected to recur. The measurement method also excludes the effect of share based payments, as well as unrealized gains and losses on financial instruments, and ownership costs. These gains/losses and costs are reported in the "Elim/Other" column in the segment information of Grieg Seafood.

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

In the segment reporting, sales revenue on regional level include revenue from sale of Atlantic salmon. On regional level, other income include sale of bi-products (such as ensilage), as well as income from sale of smolt, fry and roe. On Group level, such income are reclassified to sales revenue in the "Elim/Other"-column in the Group's segment information. Other income also include, both on regional and Group level, rental income and income from overcapacity of operational assets. Other gains/losses are in the segment information included in the line "other income", such as gains/losses from the sale of fixed assets and other equipment.

Sales revenue/kg reported in the segment information is equal to the sum of sales revenue of the regions divided by the related harvest volume.

Farming cost/kg reported in the segment information contributes all cost directly related to production and harvest of salmon, divided by the related harvest volume. Thus, on regional level, farming costs equal the operational costs. Other income are included in the farming cost metric, thus considered as cost reduction activities. Group farming cost is calculated based on the farming operation of the Group, excluding ownership costs and costs from Group companies not geared for production.

Other costs incl. ownership and headquarter costs/kg reported in the segment information include all costs and revenue not directly related to production and harvest of salmon, hereof the costs from activities conducted by the parent company and other Group companies not geared for production, divided by the Group's harvest volume. In addition, until the first harvest in Newfoundland is carried out, costs attributable to the Newfoundland region are included as other costs/kg.

EBIT/kg reported in the segment information is equal to the EBIT before production fee and fair value adjustment of biological assets divided by the related harvest volume.

Q2 2021 SEGMENTS (NOK 1 000)	FARMING EUROPE		FARMING NORTH AMERICA		ELIM./ OTHER	GROUP
	ROGALAND NORWAY	FINNMARK NORWAY	BC CANADA	NL CANADA		
Sales revenues	435 199	231 559	348 520	—	106 795	1 122 073
Other income	14 510	6 425	2 524	—	-15 318	8 141
EBITDA	104 480	23 416	68 523	-33 208	-21 490	141 721
EBIT before production fee and fair value adjustment of biological assets	79 008	-10 499	44 217	-44 660	-24 543	43 523
Harvest volume tonnes GWT	7 783	4 780	5 249	—	—	17 812
Sales revenue/kg	55.9	48.4	66.4	—	—	57.0
Farming cost/kg	45.8	50.6	58.0	—	—	50.7
Other costs incl. ownership and headquarter costs/kg	—	—	—	—	—	3.9
EBIT/kg	10.2	-2.2	8.4	—	—	2.4
EBITDA %	24%	10%	20%	0%	-20%	13%
EBIT %	18%	-5%	13%	0%	-23%	4%

In Q2 2021, the ownership cost includes lawyer fees related to the EU commission investigation of NOK 8.1 million.

Q2 2020 SEGMENTS (NOK 1 000)	FARMING EUROPE		FARMING NORTH AMERICA		ELIM./ OTHER	GROUP
	ROGALAND NORWAY	FINNMARK NORWAY	BC CANADA	NL CANADA		
Sales revenues	243 500	324 999	479 915	—	121 006	1 169 420
Other income	14 295	14 091	3 666	—	-22 465	9 587
EBITDA	66 140	99 963	14 365	—	-38 701	141 766
EBIT before production fee and fair value adjustment of biological assets	40 229	61 560	-12 094	—	-42 363	47 333
Harvest volume tonnes GWT	4 527	6 280	9 332	—	—	20 140
Sales revenue/kg	53.8	51.7	51.4	—	—	52.1
Farming cost/kg	44.9	42.0	52.7	—	—	47.6
Other costs incl. ownership and headquarter costs/kg	—	—	—	—	—	2.1
EBIT/kg	8.9	9.8	-1.3	—	—	2.4
EBITDA %	27%	31%	3%	—	-32%	12%
EBIT %	17%	19%	-3%	—	-35%	4%

YTD 2021 SEGMENTS (NOK 1 000)	FARMING EUROPE		FARMING NORTH AMERICA		ELIM./ OTHER	GROUP
	ROGALAND NORWAY	FINNMARK NORWAY	BC CANADA	NL CANADA		
	Sales revenues	708 199	544 273	400 337		
Other income	29 824	18 131	6 013	566	-27 056	27 479
EBITDA	177 886	27 479	93 073	-46 725	-38 418	213 295
EBIT before production fee and fair value adjustment of biological assets	127 946	-40 872	45 178	-60 211	-44 535	27 506
Harvest volume tonnes GWT	13 129	12 165	6 101	—	—	31 395
Sales revenue/kg	53.9	44.7	65.6	—	—	52.6
Farming cost/kg	44.2	48.1	58.2	—	—	48.4
Other costs incl. ownership and headquarter costs/kg	—	—	—	—	—	3.3
EBIT/kg	9.7	-3.4	7.4	—	—	0.9
EBITDA %	25%	5%	23%	0%	-30%	12%
EBIT %	18%	-8%	11%	0%	-34%	2%

YTD 2020 SEGMENTS (NOK 1 000)	FARMING EUROPE		FARMING NORTH AMERICA		ELIM./ OTHER	GROUP
	ROGALAND NORWAY	FINNMARK NORWAY	BC CANADA	NL CANADA		
	Sales revenues	680 211	672 231	658 713		
Other income	43 929	29 970	3 666	—	-54 855	22 711
EBITDA	261 983	167 672	80 969	—	-61 478	449 147
EBIT before production fee and fair value adjustment of biological assets	211 773	91 848	27 793	—	-67 745	263 669
Harvest volume tonnes GWT	11 471	13 108	11 876	—	—	36 455
Sales revenue/kg	59.3	51.3	55.5	—	—	55.2
Farming cost/kg	40.8	44.3	53.1	—	—	46.1
Other costs incl. ownership and headquarter costs/kg	—	—	—	—	—	1.9
EBIT/kg	18.5	7.0	2.3	—	—	7.2
EBITDA %	39%	25%	12%	—	-19%	19%
EBIT %	31%	14%	4%	—	-21%	11%

NL-CANADA: Newfoundland. Acquired in Q2 2020, reported as a region as from 2021 and included in "Elim/Other" through 2020.

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

All note disclosures in this financial report for Q2 2021 have been prepared for the Group's continuing operations if not otherwise explicitly stated in the note disclosures. This Note 4 has been prepared for the Group's discontinued operations only.

The Group's Income Statement and Cash Flow Statement have been re-presented for the comparative figures for Q2 2020 for the effects of the disposal group's Shetland. The YTD 2020 are according to the Annual Report of 2020. The Statement of Financial Position is not re-presented for the comparative 30 June 2020 figures. Intercompany balances and transactions between the entities within the disposal group's, as well with other Group Companies, have been eliminated. As at 30 June 2020, Ocean Quality was classified as discontinued operations and assets held for sale.

SHETLAND

In November 2020, we announced that we will divest our investment and operations in Shetland, as we will focus on our operations in Norway and Canada going forward. On 29 June 2021, Grieg Seafood ASA entered into an agreement with Scottish Sea Farms Ltd for the disposal of all shares in Grieg Seafood Hjaltdland UK Ltd, the parent company of Grieg Seafood ASA's Shetland business. The enterprise value is set to GBP 164 million, assuming a normalized working capital, and to be adjusted for cash and debt. The transaction is subject to certain customary closing conditions. It is expected to close within Q4 2021, depending on processing time with relevant competition authorities and some other customary closing conditions.

The net asset values booked in the quarterly report directly associated with the Shetland assets held for sale amounts to NOK 1 630 million. Estimated transaction fee is not booked as at 30 June 2021 as the transaction is not finalized, and the transaction fee mechanism is "no cure, no pay". No impairment has been charged in the Shetland assets as at 30 June 2021. A disposal group held for sale is measured at the lower of book value and fair value less cost of sale. The operations defined as discontinued are presented as held for sale at 30 June 2021, and the discontinued operations of Shetland are defined as the farming and sales operations by Grieg Seafood in Shetland. Thus, the discontinued operation of Shetland includes the prior reporting segment of Shetland UK, in addition to the UK sales operations.

Grieg Seafood Shetland harvested 4 007 tonnes in Q2 2021, an increase of 6% compared to Q2 2020. YTD 2020 harvest volume in Shetland was 7 176 tonnes (5 817 tonnes). Following a period of restructuring and operational improvement, production on mainland Shetland has developed positively. Measures that have been undertaken, includes extended fallowing areas coordinated with neighboring farmers, and control of the sea lice situation by means of aeration systems, sea lice skirts and freshwater treatments. In addition, a new vaccination strategy to improve smolt quality have significantly increased the survival rate for smolt transferred to the sea. The last fish on the Isle of Skye, which have been impacted by severe biological challenges in prior periods, was harvested in Q2 2021. Operating income from the disposal group Shetland amounted to NOK 277.0 million in Q2 2021, and EBITDA was NOK 56 million. The Shetland asset financials are prepared in line with IFRS 5, thus amortization and depreciation of property, plant and equipment and right-of-use assets hasn't been carried out (NOK 38 million for Q2 2021).

SHETLAND: BIOLOGICAL ASSETS AT 30.06.2021	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (NOK 1 000)	FAIR VALUE ADJUSTMENT (NOK 1 000)	CARRYING AMOUNT (NOK 1 000)
Biomass onshore	3 860	77	17 155	—	17 155
Biological assets with round weight < 4.60 kg	4 718	5 321	322 519	25 695	348 214
Biological assets with round weight > 4.60 kg	420	2 252	100 926	5 246	106 172
Total	8 998	7 650	440 600	30 941	471 541

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

OCEAN QUALITY

On 23 May 2020, we entered into an agreement with Bremnes Fryseri to dissolve the Ocean Quality sales partnership. At the same time, we announced that we would establish a fully owned sales organization to support our growth and downstream strategy. At 31 December 2020, we completed the transaction with Bremnes Fryseri to sell our shares (60%) in Ocean Quality AS (now known as Sjør AS). The discontinued operations were defined as the operations related to Ocean Quality's sale of fish produced by Bremnes Fryseri, as well as the trading activity within Ocean Quality (purchase and resale of fish not produced by Grieg Seafood nor Bremnes Fryseri). For more information on the accounting treatment of the Ocean Quality disposal group, see our Annual Report for 2020. In Q2 2021, information disclosed for the Ocean Quality disposal group are provided for the comparable period, Q2 2020 and YTD 2020 of the income- and cash flow statements.

Financial information for the held for sale disposal groups

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

	SHETLAND*				OCEAN QUALITY**			
	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating income	277 006	255 682	462 007	411 392	—	906 629	—	1 649 141
Operating expenses	-220 792	-298 892	-407 449	-434 021	—	-903 888	—	-1 642 130
EBIT before production fee and fair value adjustment of biological assets	56 213	-43 210	54 558	-22 629	—	2 741	—	7 011
Production fee***	-1 398	-1 347	-3 068	-2 118	—	—	—	—
Fair value adjustment of biological assets	-31 776	-4 937	49 063	-272 207	—	—	—	—
EBIT after production fee and fair value adjustment of biological assets	23 040	-49 494	100 553	-296 953	—	2 741	—	7 011
Net financial items	-1 145	-12 758	-2 220	4 501	—	2 546	—	5 612
Profit before tax from discontinued operations	21 895	-62 252	98 333	-292 452	—	5 287	—	12 623
Estimated taxation	6 216	15 184	-58 193	62 820	—	-983	—	-2 714
Net profit for the period from discontinued operations	28 111	-47 068	40 140	-229 632	—	4 304	—	9 909
Gain on the sale of the subsidiary after income tax	—	—	—	—	—	—	—	—
Net profit for the period from discontinued operations	28 111	-47 068	40 140	-229 632	—	4 304	—	9 909

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

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

***See Note 1

TOTAL PROFIT (LOSS) FROM DISCONTINUED OPERATIONS TOTAL (NOK 1 000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Shetland disposal group	28 111	-47 068	40 140	-229 632
Ocean Quality disposal group	—	4 304	—	9 909
Net profit for the period from discontinued operations	28 111	-42 764	40 140	-219 722

CLASSES OF ASSETS AND LIABILITIES OF THE DISPOSAL GROUP (NOK 1 000)	TOTAL (SHETLAND)	TOTAL (OCEAN QUALITY)
	30.06.2021	30.06.2020
Classes of assets and liabilities of the disposal group		
Deferred tax assets	48 424	—
Intangible assets	560 618	—
Property, plant and equipment and right-of-use assets	747 568	6 128
Biological assets incl fair value	471 541	—
Inventories	32 345	33 847
Trade receivables and other receivables	154 772	151 117
Cash and cash equivalents	3 748	12 391
Assets directly related with disposal group	2 019 017	203 483
Non-current liabilities	204 815	8 120
Current liabilities	184 094	146 461
Liabilities directly associated with disposal group	388 909	154 580
Net assets directly associated with disposal group	1 630 108	48 903

As at 30 June 2021 the net assets classified as held for sale attributes fully to the Shetland disposal group, while the net assets classified as held for sale as at 30 June 2020 attributes fully to the Ocean Quality disposal group.

Amounts included in accumulated OCI associated with the disposal group (NOK 1 000)	TOTAL (SHETLAND)	TOTAL (OCEAN QUALITY)
	30.06.2021	30.06.2020
Currency effect on investment in subsidiaries	4 603	—
Currency effects on loans to subsidiaries	96 431	—
Other gains and losses	-636	—
Cash flow hedges	—	676
Tax effects	-21 215	-149
Reserve of disposal group classified as held for sale	79 183	527

CASH FLOWS FROM DISCONTINUED OPERATIONS (NOK 1 000)

CASH FLOWS FROM DISCONTINUED OPERATIONS (NOK 1 000)	SHETLAND				OCEAN QUALITY			
	Q2 2021	Q2 2020	YTD 2021	YTD 2020	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Net cash flow from operating activities	77 000	-49 943	34 655	-33 994	—	-11 671	—	-24 990
Net cash flow from investing activities	-3 563	-18 346	-9 691	-34 102	—	—	—	—
Net cash flow from financing activities	-25 516	12 355	-109 962	-50 733	—	-297	—	-2 189
Net change in cash and cash equivalents	47 920	-55 934	-84 998	-118 829	—	-11 968	—	-27 179
TOTAL CASH FLOWS FROM DISCONTINUED OPERATIONS (NOK 1 000)	47 920	-67 902	-84 998	-146 008				
Net change in cash and cash equivalents	47 920	-67 902	-84 998	-146 008				
Reconciliation with "Discontinued operations" in Continued Operations Cash Flow Statement:								
Other changes in cash	—	50 842	—	62 497				
Usage of Group Account, Shetland*	-49 727	27 458	87 825	96 614				
Discontinued operations	-49 727	78 300	87 825	159 111				

*Grieg Seafood Shetland, included in the disposal group "Shetland", is part of Grieg Seafood ASA' group account (cash pool) arrangement with banks.

NOTE 5 BIOLOGICAL ASSETS AND FAIR VALUE ADJUSTMENT

The accounting treatment of live fish by enterprises applying IFRS is regulated by IAS 41 Agriculture. IAS 41 comprises a hierarchy of methods for accounting measurement of biological assets at level 3. The basic principle is that such assets shall be measured at fair value less cost to sell. Fair value is defined in IFRS 13 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. According to IFRS 13, the highest and best use of the biological asset establishes the valuation premises. For salmon including parent fish, a present value model is applied to estimate fair value. For roe, fry and smolt, historical cost provides the best estimate of fair value.

In accordance with the principle for highest and best use, Grieg Seafood considers that the optimal harvest weight is 4.60 kg, which corresponds to 4 kg gutted weight. Fish with a live weight of 4.60 kg or more are classified as ready for harvest (mature fish), while fish that have not achieved this weight are classified as not harvestable (immature fish).

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

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

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

The estimated future cash flow is discounted by a monthly rate. The discount rate takes into account both risk adjustment (risk related to volume, cost and price), compensation for the value of the licenses (hypothetical rent) and time value (tying up capital). The Group uses a different discount factor when calculating the fair value of biological assets for the activity in the different regions. The discount factor reflects a combination of the cost of capital for the biomass, risk discounting and synthetic licenses rent. The reason for differentiating the discount factor per regional level is the different prerequisites for biological production and thus also a differentiation of recognized synthetic license rent. See further information on the accounting assumptions applied on the biological asset accounting estimates in our the Annual Report of 2020.

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

Newfoundland: No fish in sea at 30 June 2021.

BIOLOGICAL ASSETS	TONNES				NOK 1 000			
	Q2 2021	YTD 2021	Q2 2020	YTD 2020	Q2 2021	YTD 2021	Q2 2020	YTD 2020
Biological assets beginning of period	53 381	52 619	64 523	67 614	2 913 595	2 545 903	2 893 822	3 437 947
Biological assets classified as held for sale	n/a	n/a	-12 484	-11 480	n/a	n/a	-579 309	-641 389
Currency translation	n/a	n/a	n/a	n/a	15 635	20 649	-28 255	39 058
Increases due to production	20 492	36 903	17 459	32 787	773 152	1 437 652	725 305	1 377 414
Decrease due to sales	-20 751	-36 399	-23 976	-43 399	-818 472	-1 343 001	-860 495	-1 501 057
Fair value adjustment beginning of period	n/a	n/a	n/a	n/a	-569 933	-347 227	-147 453	-708 357
Fair value adjustment period end	n/a	n/a	n/a	n/a	699 645	699 645	204 103	204 103
Biological assets period end	53 122	53 122	45 522	45 522	3 013 621	3 013 621	2 207 719	2 207 719
Biological assets classified as held for sale*	n/a	n/a	11 895	11 895	n/a	n/a	490 481	490 481
Biological assets period end	53 122	53 122	57 416	57 416	3 013 621	3 013 621	2 698 200	2 698 200

As at 30 June 2021, the Shetland assets are classified as held for sale. The classification was made in Q4 2020, thus on the opening balance of 2021, biological assets related to Shetland are booked as assets held for sale in the statement of financial position. In the table above, the opening-to-closing balance specification are disclosed for the Group's continued operations. In Q2 2020, the Shetland-assets was included in the statement of financial position. See more information in Note 4.

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

BIOLOGICAL ASSETS AT 30.06.2021	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (NOK 1 000)	FAIR VALUE ADJUSTMENT (NOK 1 000)	CARRYING AMOUNT (NOK1 000)
Biomass onshore	23 551	390	145 936	—	145 936
Biological assets with round weight < 4.60 kg	26 306	40 816	1 723 682	638 009	2 361 690
Biological assets with round weight > 4.60 kg	2 288	11 916	444 359	61 636	505 995
Total (ex. Shetland)	52 145	53 122	2 313 977	699 645	3 013 621

BIOLOGICAL ASSETS AT 30.06.2020	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (NOK 1 000)	FAIR VALUE ADJUSTMENT (NOK 1 000)	CARRYING AMOUNT (NOK1 000)
Biomass onshore	22 615	691	155 817	—	155 817
Biological assets with round weight < 4.60 kg	23 192	43 086	1 777 540	209 846	1 987 386
Biological assets with round weight > 4.60 kg	342	1 745	70 260	-5 743	64 516
Total (ex. Shetland)	46 150	45 522	2 003 616	204 103	2 207 719

SPECIFICATION OF THE FAIR VALUE ADJUSTMENT, INCOME STATEMENT (NOK 1 000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Change in fair value adjustment of biological assets	124 706	52 316	347 033	-518 346
Change in physical delivery contracts related to fair value adjustments of biological assets	—	—	—	—
Change in fair value of financial derivatives from salmon (Fish Pool contracts)	-14 892	-5 094	-80 756	54 076
Total recognized fair value adjustment of biological assets	109 814	47 222	266 277	-464 270

Provisions allocated to future physical delivery contracts that require fair value adjustments are recognized as other current liabilities in the balance sheet. The contracts are calculated based on the same forward prices used for fair value calculation of biological assets. Value adjustment of financial derivatives from salmon are recognized in the balance sheet as derivatives and other financial instruments. Financial derivatives are calculated at market value.

NOTE 6 PRODUCTION FEE

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

PRODUCTION FEE, INCOME STATEMENT (NOK 1 000)	Q2 2021	YTD 2021
Rogaland, Norway	-3 113	-5 252
Finnmark, Norway	-1 912	-4 867
Total production fee	-5 025	-10 119

PRODUCTION FEE, STATEMENT OF FINANCIAL POSITION (NOK 1 000)	30.06.2021
Rogaland, Norway	5 252
Finnmark, Norway	4 867
Total production fee (incl. in other current liabilities)	10 119

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

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

NON-CURRENT BORROWINGS AND LEASE LIABILITIES (NOK 1 000)	30.06.2021	30.06.2020	31.12.2020
Green bond loan	1 500 000	1 000 000	1 500 000
Non-current syndicated loan and other interest-bearing debt	873 702	995 093	922 300
Revolving credit facility	910 000	1 024 560	996 646
Non-current debt to the Province of Newfoundland and Labrador, Canada*	26 121	—	—
Lease liabilities (operating leases according to IFRS prior to 1 January 2019)	261 849	302 804	176 226
Lease liabilities (finance leases according to IFRS prior to 1 January 2019)	319 985	371 924	355 417
Amortized loan costs	-40 936	-22 913	-42 768
Total non-current borrowings and lease liabilities	3 850 720	3 671 468	3 907 822

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

In Q1 2021, Her Majesty in Right of Newfoundland and Labrador in Canada has been issued preference shares in the Canadian holding company of Grieg Newfoundland. The arrangement are in line with the Newfoundland project plan. The preference shares are in substance deemed as debt financing. The consideration will be repaid as from 2026. Repayment schedule based on free cash flow and balloon payment if not repaid within 2039. The debt financing carries an interest of 3% to be calculated as from 2026. The estimated benefit of below market rate from 2026, and interest-free term of the loan from 2021-2026, has been recognized as a government grant. The grant has in Q2 2021 been reclassified from subordinated loan in the statement of financial position, to deduction of acquisition cost of property, plant and equipment of the Newfoundland Greenfield project facility. The government grant will be recognized in profit and loss systematically in line with the depreciation period of the Newfoundland facility.

CURRENT PORTION OF BORROWING AND LEASING LIABILITIES (NOK 1 000)	30.06.2021	30.06.2020	31.12.2020
Overdraft facility	—	—	—
Current portion of borrowings	703 029	100 298	104 435
Lease liabilities (operating leases according to IFRS prior to 1 January 2019)	100 376	132 661	75 426
Lease liabilities (finance leases according to IFRS prior to 1 January 2019)	74 105	75 566	77 769
Acquisition financing of Grieg Newfoundland AS*	—	—	—
Total current portion of borrowing and leasing liabilities	877 510	308 526	257 630

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

Specification of the effect of IFRS 16

The following two tables summarize the effect of IFRS 16 compared with IFRS in force prior to 1 January 2019. The income statement figure of Q2 2020 has been re-presented as it excludes the Group's discontinued operations in Shetland. The Group's Statement of Financial Position is not re-presented when applying IFRS 5. See Note 4 for more information on the Group's disposal groups.

EFFECT OF IFRS 16 (NOK 1 000)	30.06.2021*	30.06.2020**	30.06.2020***
Right of use assets included in property, plant and equipment incl. right-of-use assets	357 153	446 642	272 543
Lease liabilities included in non-current lease liabilities	261 849	307 447	186 086
Lease liabilities included in current lease liabilities	100 376	133 463	85 000

*The IFRS 16 effect 30 June 2021 exclusive of discontinued operations.

**The IFRS 16 effect in line with the Statement of Financial Position at 30 June 2020.

***Proforma financial information: The IFRS 16 effect 30 June 2020 ex. discontinued operations.

EFFECT OF IFRS 16 (NOK 1 000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Other operating expenses	31 668	29 286	54 877	57 758
EBITDA	31 668	29 286	54 877	57 758
Depreciation and amortization	-28 633	-28 051	-49 890	-55 823
EBIT before production fee and fair value adjustment of biological assets	3 035	1 235	4 987	1 935
Fair value adjustment of biological assets	—	—	—	—
EBIT after production fee and fair value adjustment of biological assets	3 035	1 235	4 987	1 935
Net financial items	-1 626	-6 467	-2 994	2 529
Profit before tax from continuing operations	1 409	-5 232	1 993	4 464

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

Net interest-bearing liabilities and equity according to covenants

Grieg Seafood ASA was in Q4 2020 granted an amendment to the covenants through the third quarter of 2021, and the next measurement date of NIBD/EBITDA is 31 December 2021. In the period up until and including Q3 2021, Grieg Seafood is required to have a minimum free liquidity of NOK 200 million including undrawn and available commitments under overdraft and revolving facilities. Temporary requirements for 12 month rolling EBITDA have been set for the period. Grieg Seafood ASA was in compliance with these temporary amended terms at 30 June 2021.

The equity ratio requirement according to the financial covenants of the syndicated loan agreement is 35%, calculated excl. the effects of IFRS 16. At 30 June 2021, the Group had an equity ratio (according to IFRS) of 40%, while the equity ratio according to financial covenants was 42% (45%), compared to 43% at 31 December 2020.

The Green bond (GSF01 G, listed at Euronext) matures on 25 June 2025. The bond carries a coupon rate of 3 months NIBOR + 3.4% p.a. The bond's financial covenant is an equity-ratio requirement of minimum 30%, measured consistent with the Group's equity-ratio financial covenants as defined in its syndicated loan agreement with secured lenders. The syndicated debt matures in February 2023, and carries an interest rate of 3M NIBOR + 3.5 % p.a.

During Q2 2021, the Group has made a net repayment on the revolving credit facility and overdraft facility of NOK 150 million, with a total drawdown of NOK 910 million at 30 June 2021, compared to NOK 1 060 million at end of Q1 2021.

Total unutilized credit facilities of the Group was NOK 690 million as at 30 June 2021 compared to NOK 540 million at the end of Q1 2021. Of the available credit facilities, NOK 1 500 million of revolving credit facility and NOK 100 million of overdraft are part of the syndicated bank loan (NOK and EUR term loans) agreements with maturity in February 2023. The Shetland-transaction, expected to be completed in Q4 2021, is expected to positively impact the Group's liquidity and leverage ratio.

NET INTEREST-BEARING LIABILITIES ACCORDING TO COVENANTS (NOK 1 000)	30.06.2021	30.06.2020	31.12.2020
Bond loan (1)	1 500 000	1 000 000	1 500 000
Non-current borrowings incl. syndicate term loan and revolving facility (1)	1 809 823	2 019 653	1 918 946
Non-current lease liabilities	581 834	674 728	531 644
Total non-current interest-bearing liabilities	3 891 656	3 694 381	3 950 589
Current portion of borrowings	703 029	100 298	104 435
Current portion of lease liabilities	174 481	208 228	153 195
Factoring liabilities	—	88 366	—
Total current interest-bearing liabilities	877 510	396 892	257 630
Gross interest-bearing liabilities	4 769 166	4 091 273	4 208 219
Cash and cash equivalents	-204 260	-755 196	-275 427
Loans to associates	-2 062	—	-1 910
Net interest-bearing liabilities	4 562 845	3 336 077	3 930 882
Factoring liabilities	—	-88 366	—
Quote of Bremnes' share of cash Ocean Quality AS (40%) (2)	—	11 668	—
Lease liabilities (3)	-362 225	-435 465	-251 653
Non-current debt to the Province of Newfoundland and Labrador, Canada	-26 121	—	—
Net interest-bearing liabilities according to covenants	4 174 499	2 823 914	3 679 230
NIBD/EBITDA (4)	n/a	2.7	n/a

1) Bond loan and non-current borrowings incl. syndicate term loan and revolving facility as presented above, are exclusive of amortized loan borrowing costs.

2) The transaction with Bremnes Fryseri for the sale of Ocean Quality AS (Sjór AS) was completed at 31 December 2020. Up until, but not including, 31 December 2020, the net interest-bearing liabilities were adjusted for the non-controlling interest's (Bremnes Fryseri) share of cash in Ocean Quality AS.

3) Leasing liabilities that would, according to IFRS in force prior to 1 January 2019, be classified as operational leases, are excluded from the net interest-bearing liabilities according to the covenant calculation.

4) NIBD/EBITDA is calculated in accordance to the covenants. 12-month rolling EBITDA before fair value adjustment.

NOTE 8 NET FINANCIAL ITEMS

NET FINANCIAL ITEMS (NOK 1 000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Changes in fair value from hedging instruments	2 008	-3 196	16 318	-26 976
Net financial interest	-49 038	-22 814	-95 442	-40 323
Net currency gain (losses)	33 251	-61 048	85 666	-75 665
Dividend	—	10	—	20
Net other financial income (expenses)	-3 263	-3 958	-8 417	-6 004
Net financial items	-17 042	-91 006	-1 875	-148 948

NOTE 9 INVESTMENT IN ASSOCIATED COMPANIES

Associates that are closely related to the Group's operations and included in the Group's value chain are classified on a separate line in EBIT when the relevant associates operate in the same position in the value chain as the Group.

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

ASSOCIATES CLASSIFIED AS OPERATIONS	EQUITY INTEREST	EQUITY INTEREST	BOOK VALUE	SHARE OF PROFIT FROM ASSOCIATES	OTHER CHANGES IN THE PERIOD	BOOK VALUE
	01.01.2021	30.06.2021	01.01.2021	YTD 2021	YTD 2021	30.06.2021
Nordnorsk Smolt AS	50.00%	50.00%	41 264	-935	—	40 328
Tytlandsvik Aqua AS	33.33 %	33.33 %	43 158	1 627	—	44 785
Årdal Aqua AS	0.00 %	37.04 %	—	-232	2 500	2 268
Total associates classified as operations			84 421	459	2 500	87 380

The Group owns, through Grieg Seafood Finnmark AS, a 50.00% ownership interest in Nordnorsk Smolt AS together with Norway Royal Salmon ASA (50.00%). At 30 June 2021, Grieg Seafood Finnmark has an outstanding long-term loan to Nordnorsk Smolt AS, amounting to NOK 2.1 million (NOK 1.9 million at 31 December 2020), which is included in the Group's other non-current receivables in the Statement of Financial Position. Nordnorsk Smolt AS is located in Troms and Finnmark county in Northern Norway. Nordnorsk Smolt has an annual production capacity of 800 tonnes.

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

New investment in 2021

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

NOTE 10 RELATED PARTIES

Related parties' transactions

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

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

SHARES CONTROLLED BY THE BOARD MEMBERS AND MANAGEMENT AT 30.06.2021	NO. OF SHARES	SHARE-HOLDING
Board of directors		
Per Grieg Jr. *	60 354 324	53.20%
Tore Holand	2 000	0.00%
Sirine Fodstad (resigned 13 August 2021)	—	0.00 %
Marianne Ødegaard Ribe	—	0.00 %
Katrine Trovik	—	0.00 %
Group management		
CEO	39 489	0.03%
CFO	24 532	0.02%
COO Farming Europe	22 489	0.02%
COO Farming North America	23 889	0.02%
CCO	324	0.00 %
CTO	23 831	0.02%
CHRO	12 060	0.01%
GCM	324	0.00 %
Total shares controlled by Board members and Group management	60 503 262	53.33%

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

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

NOTE 11 SHARE CAPITAL AND SHAREHOLDERS

As at 30 June 2021, the Company had 113 447 042 shares with a nominal value of NOK 4.00 per share. All shares issued by the Company are fully paid-up. There is one class of shares and all shares confer the same rights.

SHARE CAPITAL AND NUMBER OF SHARES	NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL (NOK 1 000)	NUMBER OF ORDINARY SHARES
Total	4.00	453 788	113 447 042
Holding of treasury shares	4.00	-5 000	-1 250 000
Sale of treasury shares to employees 2018-2020	4.00	314	78 506
Total excl. treasury shares	4.00	449 102	112 275 548

Treasury shares

In June 2011, the Company purchased 1 250 000 treasury shares at NOK 14.40 per share. From 2018 through 2020, the treasury shares have been sold to employees for use in the share savings program. As at 30 June 2021, the Company has 1 171 494 treasury shares.

THE 20 LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA AT 30.06.2021	NO. OF SHARES	SHARE-HOLDING
Grieg Aqua AS	56 914 355	50.17%
Folketrygdfondet	4 879 366	4.30%
OM Holding AS	4 713 957	4.16%
Ystholmen Felles AS	2 428 197	2.14%
State Street Bank and Trust Comp (nominee)	1 990 821	1.75%
Clearstream Banking S.A. (nominee)	1 892 318	1.67%
Ferd AS	1 456 453	1.28%
The Bank of New York Mellon SA/NV (nominee)	1 375 000	1.21%
Six Sis AG (nominee)	1 304 109	1.15%
Banque Degroof Petercam Lux. SA (nominee)	1 259 653	1.11%
Grieg Seafood ASA	1 171 494	1.03%
JPMorgan Chase Bank, N.A., London (nominee)	998 448	0.88%
Kvasshøgdi AS	996 772	0.88%
Ronja Capital II AS	895 004	0.79%
UBS Switzerland AG (nominee)	864 421	0.76%
State Street Bank and Trust Comp (nominee)	744 934	0.66%
State Street Bank and Trust Comp (nominee)	710 873	0.63%
Verdipapirfondet Pareto Investment	644 000	0.57%
DZ Privatbank S.A. (nominee)	583 400	0.51%
Danske Invest Norge Vekst	561 000	0.49%
Total 20 largest shareholders	86 384 575	76.15%
Total others	27 062 467	23.85%
Total number of shares	113 447 042	100.00%

ESG CORPORATE GOVERNANCE FRAMEWORK

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

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

ALTERNATIVE PERFORMANCE MEASURES (APM)

APM	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
EBIT = EBIT before production fee and fair value adjustment of biological assets	<p>Operating profit incl. amortization and depreciation ex. production fee and fair value adjustment of biological assets.</p> <p>Unless otherwise specified, EBIT before production fee and fair value adjustment of biological assets is shortened to EBIT (earnings before interest and taxes). This also applies to all key figures where EBIT is a component, including: EBIT-margin (%), EBIT/ kg GWT and ROCE.</p>	EBIT before production fee and fair value adjustment provides a more informative result as it does not consider country-specific taxation charged on harvest volume and future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period. EBIT before production fee and fair value adjustment is generally considered the industry measure for profitability.
EBITDA = EBITDA before production fee and fair value adjustment of biological assets	<p>Operating profit before amortization and depreciation ex. production fee and fair value adjustment of biological assets.</p> <p>Unless otherwise specified, EBITDA before production fee and fair value adjustment of biological assets is shortened to EBITDA. This also applies to all key figures where EBITDA is a component, including: EBITDA-margin (%), and NIBD/EBITDA.</p>	EBITDA before production fee and fair value adjustment provides a more informative result as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period.
Equity ratio	<p>Equity ratio equals equity divided by total assets.</p> <p>Up until year-end 2020, the equity ratio was calculated both with and without consolidation of Ocean Quality entities. The bank syndicate equity covenant definition is exclusive of Ocean Quality. It covers only Grieg Seafood companies both with regards to equity and total liabilities.</p> <p>As from 31.12.2020, the investment in Ocean Quality is divested, in the equity-ratio is calculated without the excl. of sales companies.</p> <p>The equity ratio according to covenants are calculated exclusive of the effect of IFRS 16 compared with IFRS in force prior to 1 January 2019.</p>	The equity ratio is applied to measure financial solidity in accordance with the Group's covenant requirements.
NIBD	<p>Net interest-bearing debt (NIBD) comprises non-current and current debt to financial institutions, after deducting cash and cash equivalents. Shetland assets and related liabilities are not included in the NIBD calculation of Grieg Seafood.</p> <p>As from 31.12.2020, the investment in Ocean Quality is divested, in the equity-ratio is calculated without the excl. of sales companies.</p> <p>NIBD is calculated in three ways:</p> <ol style="list-style-type: none"> 1) For ROCE calculation: including all long-term and current debt to credit institutions, incl. IFRS 16 effect (compared with IFRS in force prior to 1 January 2019) and factoring liabilities. 2) For covenant calculation as required by the bank syndicate: NIBD as in 1) but excl. the effect of IFRS 16 compared with IFRS in force prior to 1 January 2019, and excl. factoring. This method is used for calculation of NIBD/EBITDA. 	NIBD/EBITDA is a measure of solidity and one of the covenants in our bank agreement. When calculating NIBD/EBITDA, NIBD is calculated according to method 2 and EBITDA is before production fee and fair value adjustment of biological assets.

APM	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
ROCE	<p>Return on capital employed (ROCE) is calculated using values before fair value adjustment of biological assets, but after production fee, and is calculated as follows:</p> <p>ROCE for the year is calculated as the average of the ROCE for each of the years four quarters. Quarterly ROCE is calculated as quarterly EBIT before fair value adjustment of biological assets, and after production fee, multiplied by four to annualize the EBIT figure. Then, this annualized EBIT figure is divided by the sum of NIBD plus equity before fair value adjustment of biological assets.</p> <p>The quarterly values for NIBD and equity are calculated as opening balance plus ending balance divided by 2. NIBD is calculated according to method 1, described in the NIBD section above.</p> <p>EBIT before fair value adjustment included in the ROCE calculation is excl. Shetland, while equity is calculated before fair value adjustment of biological assets, incl. the biological assets at Shetland classified as held for sale.</p>	<p>ROCE measures the return on invested capital. Fair value adjustment of biological assets is extracted, as this reflects future gains or losses on fish not yet sold, which can affect the comparability of performance from period to period.</p>
FARMING COST/ KG	<p>Farming cost per kg is the farming cost directly related to production and harvest of salmon (head-on-gutted), divided by the related harvest volume of the farming operation. We disclose our farming cost figures for year-to-date and quarter-to-date, per region and Group level.</p> <p>Farming cost on Group level is calculated on the farming operation of the Group, e.g. excluding headquarter/ownership costs.</p>	<p>Each generation of salmon tie up net-working capital (production cost recognized as biological assets) for a considerable time, while the sales prices in the markets are highly dependent on the prevailing spot prices. We track and measure our farming cost level for the Group as a whole, and per region level, to evaluate our profitability and operational performance.</p>



About Grieg Seafood

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

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

GRIEG SEAFOOD ASA

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Tore Holand
Vice chair

Katrine Trovik
Board member

Marianne Ødegaard Ribe
Board member

Group Management

Andreas Kvame
CEO

Atle Harald Sandtorv
CFO

Alexander Knudsen
COO Farming Europe

Roy-Tore Rikardsen
COO Farming North America

Erik Holvik
Chief Commercial Director

Knut Utheim
CTO

Kathleen O. Mathisen
CHRO

Kristina Furnes
Global Communications Manager

Financial calendar

Q3 2021
3 November 2021

Q4 2021
16 February 2022

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