

TRANSCRIPT

Grieg Seafood Q4 2020 Results

11 February 2021

Introduction

Andreas Kvame, CEO:

Good morning and welcome to the presentation of Grieg Seafood's results for the fourth quarter of 2020. My name is Andreas Kvame, I am the CEO in the company. With me I have Atle Harald Sandtorv who will go through the financials later. He is the company's CFO. The agenda as usual, first I will run through the most important things that happened during the quarter, followed by looking at the various regions. After that Atle Harald will go through the financials of the company and at the end we will come with some comments about the future outlook.

In Q4 we have been significantly impacted by lower and falling spot prices, which have impacted our earnings by NOK 120 million compared to the same quarter in '19. As we have said, the biology has been good, in Rogaland and especially in British Columbia; Finnmark has been rather significantly impacted by ISA (*Infectious Salmon Anaemia*) harvesting which we will come back to when we go through the regions. The process of selling the Shetlands has been initiated, or started. You will see in the report that Shetland is an asset being held for sale, and that is according to IFRS 5 rules, and therefore it is not included in our EBIT as of the fourth quarter. In addition, we have, in order to secure a good development in the company, we have expanded the existing bond, with the intention of financing the company, by NOK 500 million.

A fully integrated sales and marketing organization has been established during the past half year and we are, as of 1 January, up and running, and we have started to sell through it. In January this year, in 2021, we entered into a joint venture for post-smolt, a land-based production site, in Årdal in Ryfylke (Norway). We will cover that later.

During the past year, we harvested 71 000 tonnes, which was lower than our guidance, this is ex-Shetland, and is mainly due to ISA harvesting in Finnmark. We expect to harvest 80 000 tonnes in 2021, that is excluding Shetland. The total volume for Q4 ended at 20 271 tonnes. Sales increased to NOK 1.1 bn and we ended unfortunately with a loss of NOK 0.80/kg in this quarter.

2020 has been a challenging year for Grieg Seafood. We haven't managed to deliver on our ambitions or up to expectations, not only due to the Covid-19 situation worldwide, but also due to biological challenges in several of our regions. The most prominent are the winter ulcer problems we have had in Finnmark in the spring, and the ISA (*Infectious Salmon Anaemia*) cases we had later, as well as the lower sea temperatures we had throughout the year.

We have clear plans for improvements, with explicit priorities; focus on profitability is number one, streamline our organization, and make sure we have the financial capacity to achieve the goals that we have set. We are starting the process with the sale of Shetland, there are cost programmes taking place throughout the company. We shall build further on our strategy tied to post-smolt, fish health and animal welfare, or rather fish welfare. We have focused the organization around aquaculture, we have designated a responsibility area for North America, and an area of responsibility for Europe, which will mainly be Norway when we get that far. We have made a separate department for support, or feel free to call it expert help regarding fish health, R&D and other areas.

We have made our own sales and marketing organization, and the goals for both volumes and costs are ready, with the goals we have set for ourselves. Over time, this will contribute to value creation, both for our owners, through, for our owners, through increased value creation and attractive dividends.

A key factor in the development of Grieg Seafood is our post-smolt strategy. Over time, this shall lead to increased growth, better fish health, and a lower cost level for the company. It leads to more effective production, it improves our biosecurity in the sea, and we have successfully introduced post-smolt in Rogaland and partly also in Finnmark, which is on its way, and in BC, where we are in a construction phase.

In January this year we started cooperation with West Havbruk and an investor group from Stavanger called Omfar, where we created a joint venture company, where Grieg Seafood owns a third. The site in Årdal (*Rogaland*) is in a design phase right now, we expect for a start to have a production capacity of 5 000 tonnes at this production site, with a further upside to 15 000 tonnes. This will give a good supplement to our sea-based activities today, and we expect an investment cost roughly to the tune of NOK 120/kg here. In addition, we are working on other post-smolt initiatives, both closed and semi-closed production facilities, in cooperation with FishGLOBE, which is a sea-based post-smolt production facility, based today in (*inaudible* - *Lysefjord*).

So a little bit about operations in the quarter just ended. But before I start on that, before I start on the various regions, I would like to say something about sustainability in Grieg Seafood. Sustainability is fundamental for everything we do in Grieg Seafood. Our license to run operations lies here. Through this year we have had a lot of focus on Covid-19, of course, in order to safeguard our employees, significant restrictions regarding our hygiene rules here and there, and measures in our entire company, and considering this, we are proud that we have avoided having any Covid-19 impact on our production so far.

In addition to focusing on daily operations, we in Grieg Seafood are involved in many projects; I can mention one outside our organisation where we have used significant resources and energy, that is in avoiding deforestation of the rain forest in Brazil. And that means we shall only use soya from areas free of deforestation, and we are happy to see that this has materialized; there is a commitment to this, and we have done this in cooperation with many partners. But pressure from a relatively small protein (*user*) towards this has led to success and shows that it works.

I will now move on and look at the various regions. We will start with Rogaland. There we have earnings in the fourth quarter of NOK 4.70/kg, in total for the year a result of NOK 12.70/kg, and the operational EBIT for the fourth quarter ended at a positive NOK 31 million. Do notice that we have had a significant share of contracts, we have had a contract share of 41% during this quarter. Biology in Rogaland has been good, but costs are increasing somewhat in Rogaland, have been rising in the 4th quarter. We have had a little too low survival for our fish, and that is mainly due to treatment for AGD (*amoebic gill disease*), combined with the fact that the fish are large. When it comes to lice and the biological situation regarding that, the situation has been good. We are still using wrasse, and that is working well in this area.

So Rogaland, despite the Covid-19 situation and the market situation, has done relatively well. We have a goal of coming down to costs of NOK 40/kg in this region. Harvest volumes for this year we are now estimating at 28 000 tonnes for 2021.

So Finnmark. Finnmark has earnings of NOK 0.80/kg in this quarter, and for the entire year as such we had results of NOK 4.70/kg. EBIT ended at NOK 9 mill. for the quarter. We have had significant downgrades of fish due to us having ISA and ISA harvesting, mostly throughout the entire quarter, but there as well we have seen a positive impact from contracts representing 41% of volumes. Sea production has been stable during this quarter, but somewhat higher costs in the 4th quarter due to ISA harvesting. It happens to be that at our site Simanes is located in Altafjord, a national salmon fjord, where sanitary harvesting is not permitted. And that means that all the fish that had pre-arranged deals in place, or was located in the surrounding control areas, had to be harvested at external harvest sites. And we have done that during this quarter, but it has led to somewhat lower capacity utilization at our own site, we had higher, significantly higher wellboat costs, because they have to sail closed to the sanitary harvesting site due to this. In addition we get an external harvesting cost, which leads to significantly higher costs for the company as such in Finnmark.

Our goal this year is to harvest 37 000 tonnes in Finnmark. We expect relatively stable costs going into the first quarter. Be aware of one thing – last year we had significant challenges with winter ulcers in Finnmark. We see winter sores in Finnmark as well this year, but not at the same level as last year, and we have done a lot of work to mitigate and reduce this through our digital solutions, where we have done many analyses and seen what the reasons are for this. The effects of this will come later, too, but in the first quarter, with the volumes we see, nearly 25% of our fish will be downgraded.

The goal there as well is to achieve costs below NOK 40/kg in 2022 and a total volume of 45 000 tonnes in 2022 (*note - slide 9 said 45 000 in 2025*).

Then we can move on to British Columbia. It has been a relatively okay quarter in British Columbia. We achieved an EBIT of NOK 6.20/kg, and so far this year roughly zero. The costs this quarter were at CAD 8.80/kg, and so far this year, that is 2020, CAD 8.0/kg in costs in BC. This is a result driven by us having relatively good prices and due to us taking into account higher bad debt accruals earlier in 2020 simply due to being overweight in the HoReCa (*hotel, restaurant, catering*) market, and the HoReCa market in the US was shut down, and we then expected to get somewhat more losses than we actually got, but the credit situation for receivables is very good. This means that we have been able to reverse some of these accruals. We nevertheless achieved earnings of NOK 6.20/kg in this region, and we have earnings for the year which we are relatively satisfied with, considering that the market has been extremely challenging in the US.

Good biology and higher survival rates in British Columbia. We expect a gradual improvement in costs going forward, but we have to reduce the harvest target for 2021 to 15 000 tonnes, compared to 21 000 in 2020, and the reason for that has to do with smolt release on the east and west side of British Columbia (*Vancouver Island*). We have also added more capacity too, both when it comes to wellboats, that happened in 2020, and in 2021 we will also add capacity when it comes to mechanical delousing of fish in this area, because we need to have more equipment, especially when large shoals of wild fish come in from the ocean.

Our goal is to achieve a cost of CAD 7/kg by the end of 2022 and our harvest volume in 2025 has a goal of 35 000 tonnes.

So a little bit about our relationship with the Indigenous peoples in British Columbia. A lot has been said and written about that recently. This is something we are very focused on, that the Indigenous peoples

should have their rights to exercise their ownership over their traditional territories. This is an ongoing process between the authorities, the various businesses and First Nations in this area. We give our full support to this from Grieg Seafood. We have done that the whole way. Our main areas in BC, they have an agreement with First Nations. And we work very closely together with them as partners, equal partners, we learn something every day about their culture, and we look too at shared possibilities that can lie in the future.

That which happened in December is that Canadian authorities, they decided not to renew licenses in the Discovery Islands. In this area Grieg Seafood has one farming location and, as such, this will not affect us notably because we have the possibility of producing the same volumes at other locations which have agreements with First Nations.

We cooperate, as we said, very closely with the Indigenous peoples, the groups we have agreements with. We are focused on being a good neighbour to them, we shall create jobs, we shall contribute to the Nations' development, and developing further. We acknowledge too that we have areas where we must improve and can improve to develop both Grieg Seafood and the industry further. With focus on sustainability, social aspects, new technology and so on.

Interestingly enough, a consultation note was released by the Canadian authorities where everyone can express their opinions about the blue economy strategy. And it was released by Fisheries and Oceans Canada. It was released now and the consultation deadline is later this year. The focus is on what kind of value creation can come from the sea and ocean areas after Covid-19.

Then there is Newfoundland where we are also located, and strongly present. We now have 8 licenses which we are ready to use in the sea with a production capacity of up to 30 000 tonnes. That is what it is as of today. We have applied for some more, licenses, which are in various stages of approval. After challenges, some challenges, in the start with the hatchery in Newfoundland, this is now on track, and on course. We now have fish in the first stage, in the first feed, and they will be moving to the smolt department quite soon, and the first fish will be released to the sea in Jul-, probably July 2021. We expect to harvest 15 000 tonnes in this area before the end of 2025.

Then there is Shetland. As a part of the commitment we most recently outlined at our Capital Markets Update in November, we have two regions that we focus on, they are Norway, and they are Canada. It was decided in the fourth quarter that we would sell Shetland. The process has now started; DNB Markets and Nordea Markets are our advisors in this process and we expect the process to be concluded by the end of 2021. In our reporting now, you will find this in note 4, when it comes to Shetland, which is reported as an asset held for sale.

We have had major challenges with one area in Scotland, that is Isle of Skye, throughout 2020. We have also decided not to release any more fish in this area. But our results have been significantly impacted by this area, negatively. As of now, we have one remaining farm, one location on Isle of Skye, and we will harvest it in the first quarter. On an underlying basis, business in Shetland, Mainland Shetland is doing very well, I would say, and was very good in this period. We are concentrating efforts and resources, after we have finished harvesting on Skye, toward Shetland, where we are well prepared, whether it be lice or other challenges that are there. It has been a long way from the Isle of Skye to Shetland, with few synergies for Grieg Seafood.

Now for a little bit about our sales organization. Starting 1/1/2021, Grieg Seafood has its own sales organization, where we have sales offices in Bergen, in the UK, in Vancouver and the USA. The goal of this is in three parts, we shall increase values by good interaction in the organization, Increase margins, we shall reduce volatility and risk in our sales work, and not least, good interaction between farming and sales is extremely important to become a good and solid supplier to selected customer groups, which for a start we will focus on the retail sector and HoReCa sector, which we expect to return relatively soon.

I won't say so very much more about that now, but now I will give the word to Atle Harald, who will go through the financial side of the company for the fourth quarter. Welcome!

Financial Review

Atle Harald Sandtorv, CFO:

Thank you, Andreas. Now we will look a little more closely at the financials, starting with the P&L. We had sales revenue of NOK 1.2 bn in the quarter and a negative EBIT of NOK 17 mill. In the quarter the biomass value adjustment was positive this time, a little more optimism regarding prices and about the quality of the fish we have in the sea, so that came in positive with NOK 206 mill.

Our financial items are negative by nearly NOK 84 mill., somewhat higher than what we had in previous quarters, this must be seen in conjunction with, first of all, that exchange rates moved in the wrong direction this quarter. Further, our debt has increased somewhat, among other things, we issued a bond, and we have gotten our lending covenants corrected, so this in total, as we said, becomes a negative NOK 84 mill. in financial items.

Profit before tax becomes thus NOK 105 mill., and NOK 51 mill. after tax. And this, these numbers we are referring to are excluding Shetland.

We have also set up an analysis of EBIT quarter-over-quarter, where we look at the EBIT we had in Q4 in 2019, which was NOK 351 mill. Then we see that volumes went down in Q4 2020, so that had an EBIT impact of NOK 48 mill. Andreas also mentioned that the price impact, which was NOK 107 mill., was due to market prices declining. That was somewhat offset by us having contracts pulling that in the right direction, and also that which Andreas mentioned about the achieved prices we had in BC in Q4.

When it comes to our operating costs, that has unfortunately a negative impact of NOK 196 mill. in the quarter, compared to the corresponding quarter in 2019, and for the most part, driven by our costs in Norway, which again is due to ISA in Finnmark and gill challenges in Rogaland. Then we have an increase in the Group costs of NOK 17 mill., where also Newfoundland is included, with the expenses that are not capitalized. Then we end with a negative NOK 17 mill. in EBIT for Q4.

If we continue and look at our cash flow analysis, then we analyse cash starting the 4th quarter at NOK 334 mill. We had then a positive EBITDA of NOK 78 mill., and a positive contribution from working capital of NOK 102 mill. On the investment side, we were negative by NOK 374 mill., and then it is such that of that, NOK 277 mill. is ordinary depreciation, and then Shetland, to get this to add up in total, since we still own Shetland, then actually the whole cash effect of Shetland in the quarter is included at a NOK - 113 mill. there.

On the financing side, there is a positive contribution, and the key item is a bond issue contribution of NOK 500 mill., so there is a specific positive of NOK 483 mill. And then we have a post defined here as

“other” with a negative NOK 348 mill., and the largest item there is payable tax, where we paid NOK 189 mill. in the quarter, so we exited the quarter with money in the bank totalling NOK 275 mill.

So then a little more about our balance sheet and net interest-bearing debt. Now it happens to be, as I mentioned earlier, that our loan terms were corrected, in the fall of 2020 (*November 2020*) and they are now, at the end of 2020, in compliance with the new corrected covenants.

And the most important factor that was changed was net interest-bearing debt to EBITDA and that shall now be measured after Q4 2021, that means that 31/12/2021 will be the next time of measurement for that. We did a simulation about how this would look at the end of 2021 at our Capital Markets Update we had after the previous quarter. It looked good then, we are comfortable with the situation and we have done the simulation again, and it still looks comfortable at the end of 2021 the way we see it.

Our equity ratio was at 41% at the end of the quarter, and 43% when we calculate according to bank covenants. Net interest-bearing debt according to bank covenants was NOK 3.7 bn and we had NOK 275 mill. in cash, as I mentioned earlier. So then we NOK 1.2 bn in free liquidity, undrawn from the banks, so if we add that to what we have in the bank, then we have a total free liquidity of NOK 1.5 bn. And that is a good starting point that we are comfortable with.

Otherwise, it is, that which has been our focus is to secure the financial capacity, our situation through the quarter, that was then to expand the bond by a half billion. It is the sale of Shetland which is an important process for us, which Andreas talked about. We also had a short-term loan which was scheduled to mature in March 2021, which was NOK 600 mill., which functions as a bridge loan for our Shetland process. That has now been extended until the end of the year, as Andreas mentioned, as we expect that the Shetland process will be completed by 31/12/2021. Then we have delayed dividend payments, and finally we have a strong focus on cost-cutting measures in the company.

So a little about the investments that we guided for in 2021. We show that both maintenance investments which are nearly NOK 2.50/kg are those that we have calculated as maintenance investments, and we try to keep them as low as possible. But then we also do investments for growth. In Rogaland there is a focus on a new location and we are doing some improvements on Erfjord Stamfisk (*Erfjord Broodstock*). In Finnmark the focus is also on new locations and we are also doing improvements to our harvesting site.

Shetland is only included in our investments through the first half of the year. In the second half we see the completion of the sales process, but here in any case we have assumed investments in the first half. When it comes to BC then, it is the expansion of the hatchery which is ongoing, and then we are investing in delousing equipment in that region, which is important for us. In Newfoundland it is completing the hatchery phase one. And then we are investing in the first sea locations in 2021.

We also guide for working capital, we are building relatively much biomass during Q1 so that we are approaching NOK 300 mill. in working capital needs, but after that working capital is more neutral. And that likely is connected to us harvesting rather little in Q1 2021. Now I would like to give the word back to Andreas who will summarize a bit about the market.

Andreas Kvame, CEO:

Yes, thank you, Atle Harald. Then I will look at, look a little forward, and say what we believe about the market and volume development.

As you see on this slide here, so our estimate for the size, is that the volume will be roughly 2% more, globally, than it was last year. It is, you have to go all the way back, yes, to 2013, to find such a similarly small increase in this, although we did have a year in 2016 when growth was negative. But this is a considerable decline compared to what was seen globally the past year.

Because of the pandemic and what is happening, so that has contributed to disturbing the market considerably, throughout 2020, and you can't take for granted, that this will be 100% solved, but there are expectations that we will head into a little milder period when we get into the spring and the vaccine has started to work a little around the world, that people start getting out again. Having said that, there have been very strong sales with regards to retail in Europe and the US the past year. We have had an increase in Europe of around 9, 10%, and a 7, 8% increase in the US market, in total, which is very, very good, I would like to say. Many new consumers have come in.

If you look at the first weeks now in 2021, volumes have been very big. Up to and including week 4, it was, the volume increase out of Norway was 23, 24% in total, which is a high volume to stable, partly increasing prices, although if we compare with last year, so are the prices actually 40% lower through January than they were in the corresponding month last year.

In total, Kontali estimates, whom we have gotten the numbers from, that the increase in volume will amount to 70 000 tonnes. It is Norway making the increase. Chile has a corresponding decline.

Volume first in January was, as we said, 23% higher. So there we have an increase of 25 000 tonnes during the quarter, and actually, much of the increase in volume already came in January, and partly at okay prices.

There is one more thing we have to mention, that is regarding supply, it is very dependent on the biological situation, not least temperatures. The conditions we have had in Norway, especially through this winter, especially in January, we have to go back to 2010 to find something comparable. When easterly winds dominate as long as they do, then you cool down the temperatures.

In our production areas in Norway now, the temperatures are from 2.5 up to a high of 4.5 degrees in parts of Finnmark. And that probably means that increased salmon feed sales we have seen recently is going to be flatter going forward.

If we look at contract coverage for the first quarter, so, we have a contract coverage of 45% of the volumes being shipped and for 2021 as a whole, close to 30, at 28% of our volumes is what we are estimating. And then we can move right on to looking at what we expect to harvest in 2021. In Rogaland we expect to harvest 4 300 tonnes (*first quarter*). In total, we are guiding 28 000 tonnes in Rogaland for the year. In Finnmark, 6 300 tonnes in the first quarter, and in total for the year 37 000 tonnes. And in BC, as mentioned earlier, there are 600 tonnes in the first quarter, and 15 000 tonnes for the year.

When we look at the harvest profile here, in Finnmark actually, we have already taken out 65% of the fish we are targeting for the first quarter; they were harvested in January, due to ISA. Rogaland is harvesting relatively evenly, and BC harvested the amount they should in the first quarter, it was

harvested in January, and that means we won't be harvesting in BC again before April. As of today we are guiding for 80 000 tonnes, excluding Shetland.

So, summarized, our priorities. They are, as we mentioned before, that we shall improve profitability, we must and shall streamline the organization. Secure growth through that. Secure the financial capacity, Atle Harald has mentioned that. Sustainability and ESG is the focus that we have had for a long time in Grieg Seafood. Through these areas of focus, we shall create value for our owners.

Now I think we will open up for questions.

Q&A

Atle Harald Sandtorv, CFO:

Yes, it is possible to ask questions live on the web.

We have gotten some questions and we will start with a question from Lars Konrad Johnsen in Carnegie. The question relates to the book value of our Shetland business of NOK 1.481 bn, and whether that is the realistic value of a potential sale. Well, actually, we do not, of course, want to speculate about what is a realistic sales value here, but of course if we thought that the value was below book value, then we should have taken a write-down, and we haven't done that, so that means in any case that we don't think the value is lower than the book value.

Then Lars Konrad has a question about the liquidity situation the next 12 months, and given low prices and the capex and increase in working capital coming during the year. How do we see the liquidity situation? As we covered in our presentation, we are very comfortable with the situation now. Starting the year, we have NOK 1.5bn in free liquidity, both cash and undrawn bank facilities, and then we had this loan of NOK 600 million, originally maturing in March this year, which we have extended until 31/12, so in sum, we are comfortable with the liquidity situation.

Then there is a question from Karl Emil Johannesen (*Pareto*), and that regards "other costs" in the quarter of the new sales organization in Newfoundland, and so on. Well that is related to, I assume that this refers to what is included in eliminations without being included in the regions. And there we had a relatively high amount in Q4, but in a more normalized situation it would be come in between NOK 8 and 10 million (*of costs*) in Newfoundland, and then when it comes to administrative functions, in ASA (*the parent company*), the headquarters, that would be about NOK 18 mill. in the quarter, and that includes expected legal costs related to our EU case. When it comes to our sales organization, I wonder if you would comment a little about that and the level of costs there, Andreas?

Andreas Kvame, CEO:

Well, I am thinking that we can come back to that in the first quarter. Our organization is being set up there, when everything is arranged, firstly with employees, and that will mean expenses, and we will revert to that when we have finished this quarter.

Atle Harald Sandtorv, CFO:

Alexander Aukner (*DNB*) asked a question about problems with winter ulcers.

Andreas Kvame, CEO:

Yes, we had a challenge last year, especially with winter ulcers, especially in the northern part of Finnmark, and these winter ulcers, the biggest impact has actually been on larger fish. We have an area with somewhat larger fish, where we seeing somewhat more impact from winter ulcers, not at the same level as last year, but, as we said during the presentation, we do expect a downgrade percent to the amount of roughly 25% to take this into account.

Atle Harald Sandtorv, CFO:

Then a follow-up. Then we can just jump to you, Christian Nordby (*Kepler Cheuvreux*), for a follow-up, can we go a bit into details about the reasons for the winter ulcer problems?

Andreas Kvame, CEO:

Yes, we have done a lot of analysis about this, and we find significant differences, we don't find significant differences. We have gone through broodstock, looked at temperatures at the hatchery, we have gone through the various kinds of hatcheries, we have been through vaccination programmes, and so on, and what is very clearly significant in all of this, is actually the time of the fish release, and not least there is a big difference between the fish spending one winter in the sea, compared to the ones spending two winters in the sea. That is why we are changing that now, as much as we can, as quickly as we can, so that we can avoid two winters in the sea. But that is also linked to our post-smolt strategy, which we have been very explicit about, and are working intensely on, but those are the two main reasons that we see winter ulcers.

Atle Harald Sandtorv, CFO:

And so Christian Nordby also has a question about ISA, and when do we expect the extra ISA problems to be out of our numbers?

Andreas Kvame, CEO:

They will leave the numbers, be out of our numbers 5 February this year, when we have harvested the last ISA fish in Finnmark.

Atle Harald Sandtorv, CFO:

And so Alexander Aukner (*DNB*) also had a question about capex, how is it spread out through the year?

And yes, as a starting point, we haven't guided exactly on that, but relatively evenly, but for capex in Newfoundland, we are thinking that it will be more in the first half than in the second half.

Let's see. Now we have a question from Johannes Ørbeck-Nilssen and that is regarding the focus on sustainability versus profits, and the connection there, if there can potentially be too much focus on sustainability, Andreas?

Andreas Kvame, CEO:

That is a relevant question, but I think, when it comes to sustainability and profits, so will that go hand in hand. There isn't anyone who has a choice here today, other than taking into consideration things related to ESG and sustainability. There are other things, that are in the picture further ahead on the path, there is a climate question, regarding the EU taxonomy, which refers very specifically to the various areas we have to take into consideration.

If you look at our scorecard in the report, you will see that on the scorecard, that we report about mortality, lice treatment, we report about quality, etc. These things have a lot to say for the financials and the profit in the company. Low mortality is something we try to achieve, good fish welfare, those are things we are working on, and they are very closely related to sustainability.

Atle Harald Sandtorv, CFO:

And then Ørbeck-Nilssen also has a question about these investments, whether there is a good enough focus on future returns when investment decisions are being made, and whether the Board has the right competence regarding this, and any potential evaluation of replacing the Board?

Andreas Kvame, CEO:

Well, I, of course we have a very competent and good Board. Beyond that, I wouldn't like to comment.

Atle Harald Sandtorv, CFO:

Then we have a follow-up question from Karl Emil (*Johannesen*) regarding the level of growth in Rogaland, and relative to last year, how does it look, there are low temperatures there now?

Andreas Kvame, CEO:

The temperatures right now are very low, but during the last months, the growth has been satisfactorily good, I would say. But right now, we see that is flattening a lot, that applies not only to Rogaland, but also to Finnmark. The temperatures, they, with the easterly weather that we have had now for a month, the temperatures have come down a lot.

Atle Harald Sandtorv, CFO:

Yes, and then Christian Nordby asks what is the indicated harvest profile during 2021?

Andreas Kvame, CEO:

Yes, it will be, it will be about a 45/55, for the year in total, first half, second half.

Atle Harald Sandtorv, CFO:

And to Christopher Robin Vinter (*Sparebank 1*), and this is related partly to this too, it has to do with us guiding relatively low volumes in Q1, is the biomass on schedule, when guidance for the year is 80 000 tonnes?

Andreas Kvame, CEO:

Yes, we believe that the biomass is on schedule, and we should remember no matter what, that a very significant part of production takes place on land, and the companies we buy some of our post-smolt from, they are not in our biomass compilation, so you have to take that into consideration when you see it, but the answer is yes, we believe it is.

Atle Harald Sandtorv, CFO:

And then Jann Molnes (*Holberg Fund*) has a question about First Nations. Can you see a change in attitudes from them, based on authorities, what the authorities are doing over there?

Andreas Kvame, CEO:

I would say, I want to say that it has been relatively stable, this. It is obvious that, implementing this, that the First Nations shall be able to exercise their rights on their territory, has come more into focus, and we don't wish, of course, to operate where we aren't wanted, so for us it is very important that we behave properly, and that we share with those who have rights in the area.

Atle Harald Sandtorv, CFO:

Then I think we are finished with the questions that were here on the web.

Andreas Kvame, CEO:

Then we can just thank you for your attendance. Thanks for now.