



PASSION FOR IMPROVEMENT

Q2 2020

ROOTED IN NATURE

FARMING THE OCEAN

FOR A BETTER FUTURE

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

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CEO Comment

The second quarter of 2020 was impacted by the continuous effect of the Covid-19 pandemic. Thanks to our fantastic employees, I am proud to state that Grieg Seafood has been able to maintain efficient operations throughout the quarter.

Employee safety and wellbeing is our first priority, and we have kept in place all HSE measures implemented at the beginning of the pandemic to reduce the risk of Covid-19 outbreaks as much as possible. During the second quarter, operations and logistics have not been materially impacted by the pandemic.

The biggest effect has been in the market, with low prices

during the second quarter and into the third quarter, as the increasing volumes of harvested salmon have not been absorbed by the virus ridden markets as easily as usual.

We have particularly seen disruptions in the US market due to Covid-19, which is mainly supplied by our British Columbia region. However, lower prices in the US have been matched by improved biology, lower costs and increased competitiveness in BC. We see positive effects from our algae mitigation systems, which has reduced mortality caused by seasonal harmful algae blooms. As such, both fish welfare and our ability to withstand lower prices are improved. All in all, we keep calm as we partly see the price reduction as a seasonal effect, and we seize this opportunity to build a larger customer base for the future.

In Finnmark and Rogaland, the underlying biology remains strong. However, due to low seawater temperatures during the winter and spring, we have experienced reduced growth in Finnmark. Based on this external factor in combination with expectations of low market prices in the short term, we have decided to optimize production, utilize our existing licenses and postpone some harvest to 2021. While this move retrieves more value from our fish, the harvest volume for the Group will be reduced to 95 000 tonnes in 2020. In Shetland, cost has remained high during the quarter, due to few synergies between our operations on the Shetland isles and Skye in Scotland. In our new Newfoundland region, the first eggs were put into the hatchery in July, according to schedule. First harvest is expected in 2022/23. We maintain our long-term ambitions to produce 150 000 tonnes in 2025.

Grieg Seafood is also making progress towards the 2025 strategy in other areas. We are restructuring our organization to improve focus on farming operations, R&D and sustainability, and are making progress with appointments from inside and outside the company. To deliver on our downstream ambitions, we have announced that we will establish our own sales and marketing organization. This quarter, we appointed a Chief Commercial Officer to lead our new sales force. During the summer months, we started to build the organization with five more appointments. We are excited to see so many industry talents applying for these positions.

While we are in the middle of a pandemic, we have not set our commitments to sustainability on hold. Reducing our environmental footprint and improving fish welfare are key factors to achieve our financial and operational targets. Over the last months, we received ASC certification on two new sites. 36% of our net production are now ASC certified, and we aim for 100% in 2023. During the second quarter, we strengthened our greenhouse gas reduction target. From a 2018 base year, we are now committed to reducing Scope 1, 2 and 3 GHG emissions with 35% by 2030 and achieve zero net emissions by 2050. As a company with Brazilian soy in our feed, we are also concerned about the increasing deforestation rates in the country, especially as we are now entering the high season for forest fires. We are committed to use our market power to push towards an end to soy-related deforestation where we source soy, the Brazilian Cerrado biome.

During the quarter, we successfully completed a senior unsecured Green Bond issue of NOK 1 billion. This has strengthened our financial position and our ability to navigate through these short-term rough waters. We remain positive about the prospects ahead.

Andreas Kvame

CEO Grieg Seafood ASA

Main achievements in the quarter

GROUP HIGHLIGHTS

- Harvest volume of 23 910, up 10% from Q2 2019 (21 802)
- EBIT before fair value adjustment of NOK 3 million (NOK 302 million)
- EBIT/kg NOK 0.12 (NOK 13.86)
- Earnings impacted by low market prices due to effects of Covid-19, amounting to NOK 211 million vs Q2 2019
- Margin in Finnmark still impacted by winter ulcers
- Continued cost reductions in BC, cost in Shetland somewhat impacted by lower survival rate
- Group total of 20 sites ASC certified at quarter end, 36% of net production
- Successful completion of senior unsecured Green Bond issue of NOK 1 billion
- Construction of RAS facility and approval of licenses in Newfoundland according to plan
- First members of the new sales organization appointed, including Chief Commercial Officer
- Expected harvest of 21 400 tonnes in Q3 2020, new guidance of 95 000 tonnes (100 000) in 2020 due to reduced growth in Finnmark caused by lower than average seawater temperatures in addition to market adjustments

ROGALAND

- Harvest volume of 4 527 tonnes (8 526)
- EBIT/kg NOK 8.89 (27.22)
- Good biological conditions resulted in strong production
- Loss of fish due to sea lice treatment and cardiomyopathy syndrome (CMS) at three sites reduced the 12-month survival rate to 88% (94%)
- Earnings impacted by low harvest volume and low market price
- Average smolt size of 550g transferred to sea
- Expect harvest of 5 300 tonnes in Q3 2020 with lower cost/kg due to higher harvest volume
- Harvest expectation of 25 000 tonnes in 2020 maintained

FINNMARK

- Harvest volume of 6 280 tonnes (5 391)
- EBIT/kg NOK 9.80 (20.53)
- Good biological conditions, but reduced growth due to lower than average seawater temperatures
- Earnings impacted by lower market price and weaker price achievement. Superior share impacted by quality downgrades related to winter ulcers
- Total of 15 sites ASC certified (80% of net production)
- Granted a new location in the Hammerfest area
- Expect harvest of 4 500 tonnes in Q3 2020 with lower cost/kg
- Harvest estimate reduced to 33 000 tonnes (38 000) in 2020 due to slower growth than expected in seawater

SHETLAND

- Harvest volume of 3 770 tonnes (3 297)
- EBIT/kg NOK -12.36 (-6.00)
- Earnings impacted by low market prices and somewhat reduced quality due to sea lice treatments
- High sea lice pressure and treatments during the quarter, but significant cost improvements y-o-y
- Continued strong smolt performance due to initiatives to improve smolt robustness and biological performance
- Expect harvest of 5 600 tonnes in Q3 2020, with stable cost /kg in Q3 and gradual cost improvements longer term
- Harvest estimate reduced to 15 000 tonnes (17 000) in 2020 as sea lice treatments have impacted growth

BRITISH COLUMBIA

- Harvest volume of 9 332 tonnes (4 587)
- EBIT/kg NOK -1.30 (-0.77)
- Biological conditions affected by algae bloom, limited impact on survival due to algae mitigation system. 12-months survival rate increased to 90% (86%)
- Earnings driven by increased harvest volume, offset by a challenging market with low prices
- Two sites ASC certified during the quarter
- Expect harvest of 6 000 tonnes in Q3 2020, with stable cost /kg in Q3 and gradual cost improvements longer term
- Harvest estimate increased to 22 000 tonnes (20 000) in 2020 due to stable biology and increased survival

Key figures (from continuing operations*)

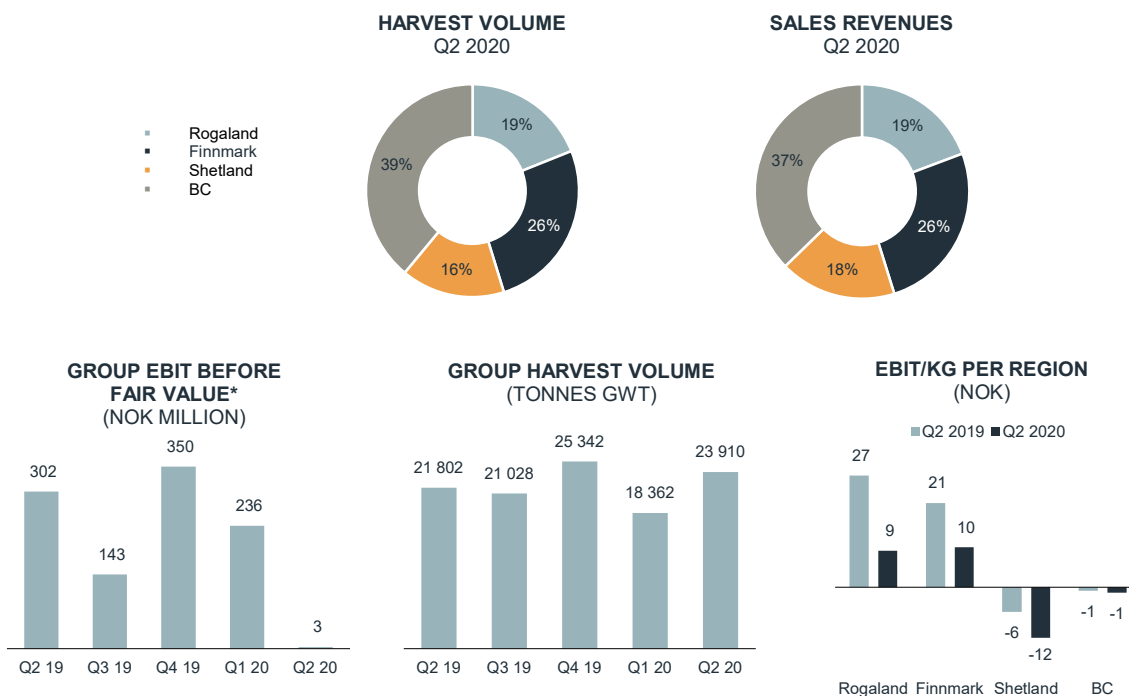
NOK 1 000	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Sales revenues	1 415 009	1 539 439	2 727 922	2 605 001
EBITDA	130 722	401 523	487 230	757 686
EBIT before fair value adjustment of biological assets	2 777	302 103	238 924	567 165
EBIT after fair value adjustment of biological assets	45 062	215 593	-497 553	532 014
Profit before tax	-58 703	178 732	-642 001	504 980
Harvest volume (tonnes GWT)	23 910	21 802	42 271	36 603
EBIT/kg (NOK)	0.12	13.86	5.65	15.50
Total assets	10 760 251	8 763 015	10 760 251	8 763 015
Net interest-bearing liabilities (1)	3 247 711	2 006 000	3 247 711	2 006 000
Equity	4 577 504	4 053 410	4 577 504	4 053 410
Equity % (2)	43%	46%	43%	46%
ROCE (3)	13%	21%	14%	20%
Dividend per share (NOK)	-	2.00	-	2.00
Earnings per share, continued operations (NOK)	-0.48	1.27	-4.54	3.55
Number of employees (excl Ocean Quality)	901	787	901	787

*As from Q2 2020 the Group classifies discontinued operations as held for sale. The figures for Q2 2019 and YTD 2019 have been re-presented to be comparable to the Q2 2020 and YTD 2020 figures. Figures presented above are for the Group's continuing operations. See Note 5 for more information.

1) NIBD excluded factoring. Included in NIBD is the effect of IFRS 16 of NOK 435 million (compared to IFRS in force prior to 1 January 2019). Total net interest-bearing liabilities incl. factoring is NOK 3 336 million. See Note 8 for further information.

2) Equity ratio according to covenants definition is 45%. See Note 8 for further information.

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



*The Q3 19 and Q4 19 figures are based on a preliminary IFRS 5 adjustment of the Group's disposal group. Finalized re-presented Q3 2019 and Q4 2019 will be disclosed in Q3 2020 and Q4 2020 respectively.

Our scoreboard

	ASPECT	TARGET	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	STATUS	PAGE
PROFIT & INNOVATION	Return on capital employed	12% p.a.	13%	15%	25%	11%	21%	●	5
	Harvest volume (tonnes GWT)	95 000 tonnes in 2020	23 910	18 362	25 342	21 028	21 802	●	5
HEALTHY OCEAN	ASC certifications*	100% by 2023	20	18	10	10	8	●	20, 22
	Survival rate sea (GSI standard)	93%							24
	Rogaland		88%	90%	93%	93%	94%	●	
	Finnmark		93%	93%	96%	96%	96%	●	
	Shetland		87%	88%	89%	87%	87%	●	
	British Columbia		90%	89%	88%	86%	86%	●	
	Antibiotics g/tonne**	No use of antibiotics							25
	Rogaland		0.0	0.0	0.0	0.0	0.0	●	
	Finnmark		0.0	0.0	0.0	0.0	0.0	●	
	Shetland		0.0	0.0	0.0	0.0	43.8	●	
	British Columbia		106.8	64.3	198.9	0.0	41.5	●	
	Sea lice treatment (excl hydrogen peroxide) g/tonne**	Minimize use of pharmaceutical treatments							27
	Rogaland		0.0	0.0	0.0	0.0	0.0	●	
	Finnmark		0.0	0.0	0.6	0.2	0.1	●	
	Shetland		3.7	1.2	1.8	1.0	2.1	●	
	British Columbia		0.1	0.1	1.0	0.5	0.5	●	
	Escape incidents	Zero escape incidents							25
	Rogaland		0	0	0	0	0	●	
	Finnmark		0	0	0	0	0	●	
	Shetland		0	0	0	0	1	●	
	British Columbia		0	0	0	0	0	●	
SUSTAINABLE FOOD	High quality product	93% superior share							28
	Rogaland		79%	86%	88%	77%	63%	●	
	Finnmark		65%	51%	89%	84%	84%	●	
	Shetland		72%	85%	90%	93%	96%	●	
	British Columbia		87%	90%	85%	86%	89%	●	
PEOPLE	Absence rate	Below 4.5%							31
	Rogaland		2.8%	4.4%	2.2%	3.0%	4.7%	●	
	Finnmark		4.2%	6.2%	5.3%	3.7%	4.5%	●	
	Shetland		3.2%	4.2%	3.8%	3.1%	2.2%	●	
	British Columbia		10.0%	5.4%	1.7%	1.3%	2.8%	●	
LOCAL COMMUNITIES	Support our local communities	Collaborate and contribute to local communities	Yes	Yes	Yes	Yes	Yes	●	33

*Number of sites certified. Target: 100% ASC compliant within 2023. **Amount of active pharmaceutical ingredients (APIs) used (g) per tonne of fish produced (LWE).

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

Our approach to sustainable business



THE UNITED NATIONS DEVELOPMENT GOALS

To promote sustainable development, Grieg Seafood strives to find the right balance between environmental, social and economic considerations in our operations. The 17 United Nations Sustainable Development Goals guide countries' and companies' efforts. Our production is in line with several of these goals, and we will focus particularly on the goals where we can have the greatest impact.

In our long-term perspective, there is no contradiction between clean seas, healthy fish and financial profit. It is our task to make these aspects go hand in hand. Our overall target goes beyond short-term profitability. With our five pillars, we are committed to sustainable and long-term value creation for all of our stakeholders.

FARMING THE OCEAN FOR A BETTER FUTURE				
PROFIT & INNOVATION	HEALTHY OCEAN	SUSTAINABLE FOOD	PEOPLE	LOCAL COMMUNITIES
<ul style="list-style-type: none"> Seafood demand Economic productivity Profitable growth Precision Farming Research and innovation 	<ul style="list-style-type: none"> Fish health and welfare Sea lice control Escape control Limiting local emissions Interaction with wildlife 	<ul style="list-style-type: none"> Safe and healthy food Sustainable feed ingredients Reducing carbon emissions Climate risk Waste management 	<ul style="list-style-type: none"> Human rights and ethics Embracing diversity Creating attractive jobs Keeping our employees safe Anti-corruption 	<ul style="list-style-type: none"> Local value creation and ripple-effects Local procurement Respect for Indigenous rights Dialogue and engagement

Sustainability is core to the industry and strongly impacts our financial performance.



ROOTED IN

PROFIT & INNOVATION

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

Achieving sustainable growth – our focus areas

Grieg Seafood's objective is to ensure sustainable growth by combining skilled and motivated people and new technology, and to increasingly farm salmon on nature's terms.

Grieg Seafood has had a stated ambition to reach an annual harvest volume of 100 000 tonnes in 2020 with cost at or below industry average, building a platform for sustainable growth beyond 2020. The foundation for the ambition were new sites, more than 25 million smolt transferred to sea in 2019, increasing survival rates and good average harvest weight. Due to low seawater temperatures the recent winter and spring, we have experienced reduced growth in Finnmark. We have also had challenges with winter ulcers in Finnmark and have harvested all fish with winter ulcers during the quarter to safeguard fish welfare. Combined with expectations of low market price, we have decided to postpone some harvest to 2021, lowering expected harvest volume for 2020 to 95 000 tonnes.

The focus areas for achieving our ambitions remain:

SUSTAINABILITY			
Post-smolt strategy	Biosecurity and fish welfare	Digitalization in the salmon industry	Expansion opportunities

The post-smolt strategy has provided positive results. The average smolt transferred to sea in Rogaland so far in 2020 was 550g, with expectation to reach an average of 410g for the year. As a result, the average time in the sea will be reduced to 14 months for the 2020 generation, compared to 16 months for the 2019 generation. In April 2020, a batch of smolt with average weight of 830g was transferred from the closed containment system in sea, the FishGLOBE, to our sea sites.

As a result of targeted measures to improve biosecurity and fish welfare, smolt health has improved significantly in Shetland. Biosecurity and fish welfare are also closely related to the digitalization projects across the different regions, including the introduction of GSF Precision Farming with a dedicated operations center in Rogaland, and technological and operational developments in BC to combat recurring algae blooms. Together, these measures have driven improvements to survival and growth rates, as well as harvest weights and cost.

GSF 2025 – Scaling globally through growth and value chain innovation

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

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



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

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

We aim to increase the value of our products by becoming an innovation partner for our customers. This will be achieved through a stronger presence in the market, based on partnerships, category development and brand cultivation. To optimize upstream activities with local customer demand, and fully integrate sales and marketing with our farming operations, we are establishing our own global sales organization. The current Ocean Quality partnership with Bremnes Fryseri will cease at year end 2020. A fully integrated organization is also expected to contribute to cost saving. Please refer to the People section for more information about our new sales and marketing organization.

With the acquisition of Grieg Newfoundland AS, we took an important step towards realization of the 2025 objectives. The investment has a long-term harvest potential of 30-45 000 tonnes Atlantic salmon and includes long-term exclusive farming rights in Placentia Bay, a farmable area larger than the Faroe Islands. With proximity to the US East Coast, the acquisition reinforces our US market exposure and underpins the 2025 strategy to strengthen our position as a global leader in sustainable salmon farming.

In the quarter, Grieg Seafood issued a Green Bond. Reducing environmental footprint and improving fish welfare is key to achieve operational and financial targets, and several initiatives will be financed through the Green Bond. Over the next years, we will invest significantly in post-smolt production, ASC certifications, carbon emission reducing initiatives and help commercialization of new feed ingredients with lower environmental impact.

Covid-19 impact and update

The Covid-19 pandemic continued to impact the market situation also in the second quarter. The escalation of the pandemic and measurements taken by governments around the world to address the situation have caused uncertainties for producers, processors and end consumers. Nevertheless, despite the challenging circumstances, demand for Atlantic salmon remains strong and Grieg Seafood has been able to maintain efficient operations throughout the quarter.

TAKING CARE OF EMPLOYEES

Since the outbreak of Covid-19, employee wellbeing has been the number one priority for Grieg Seafood. We follow the advice of the authorities in the regions where we operate. Measures to lower the risk of contamination to ensure business continuity have been implemented, including strict routines at harvest- and production sites to ensure limited physical contact and encourage social distancing. Crisis management teams were quickly established at the head office and in each region. Remote work has been endorsed whenever possible, and personal- and business travel have been restricted.

PRODUCTION UPHELD

During the pandemic, the salmon farming industry has been recognized as an essential function in Norway, Canada and the UK, and despite the challenging circumstances, we have been able to maintain efficient operations with productivity of all key functions. This includes ensuring flexibility for potential harvest delays while remaining in compliance with MAB (maximum allowed biomass). In BC, biomass in sea is high, allowing for relatively low harvest flexibility.

Grieg Seafood maintains a constructive dialogue with the authorities in Norway, Canada and the UK through industry organizations, continuously monitoring and discussing possible arrangements to safeguard salmon farming operations in various scenarios.

CHALLENGING AND VOLATILE MARKETS

Covid-19 has disrupted the salmon market, with a significant shift in demand, away from hotel, restaurants and catering (HoReCa) and to a greater extent towards the retail segment. In the second quarter, the HoReCa segment has recovered somewhat as more countries have gradually opened up after lockdown. Sales have remained good, but market prices have been impacted by supply growth and the already mentioned changes in demand, particular in the US market, which has a higher HoReCa segment compared to the European market.

The shift from HoReCa to retail is expected at some point to be reversed, but current market situation may also lead to permanent changes in consumer behavior. With an increasing share of people preparing food at home, combined with a growing preference for healthy food and the current low prices, the demand for salmon may increase in the retail segment going forward.

Most of our salmon is shipped by truck from Norway or the UK to European markets, or from Canada to the North American markets. Our diversified geographical presence provides some flexibility and reduces logistical

challenges. Airfreight has continued to be a challenge, particularly between Europe and the US, but has gradually become somewhat more accessible during the period.

Towards the end of the quarter, the Norwegian salmon export to China dropped significantly after Covid-19 was discovered at a Beijing market where salmon was processed and sold. It was later established that the salmon itself was not the source of the virus, however, seafood sales was disrupted.

ROBUST FINANCIAL SITUATION

At the end of Q2 2020, Grieg Seafood had a robust financial position with an equity ratio of 43% (45% according to covenant) and NIBD/EBITDA of 2.7. Long-term loan agreements include two term loans of NOK 600 million and EUR 60 million, both with maturation in 2023. Our cash balance at the end of the quarter was NOK 743 million with an additional NOK 575 million available in undrawn credit facilities.

In June, we successfully completed the placement of a new senior unsecured Green Bond issue of NOK 1 000 million. The transaction was significantly oversubscribed. For more information on interest-bearing liabilities, please see Note 8.

Due to the higher market uncertainty, the risk of loss of customer receivables has increased. Grieg Seafood has good routines for collecting and managing receivables, and we have an open dialogue with our customers. Countries highly dependent on tourism have been hit hard, and the US market has been impacted significantly due to their high share of HoReCa market. The increased risk of loss is considered in our accruals at the end of the quarter.

We have earlier communicated planned investments of NOK 1 664 million in 2020. In the current market climate, and with a satisfactory solidity and liquidity situation, our 2025 strategy remains, including the integration of Grieg Newfoundland. However, considering the increased uncertainty, we have developed contingency plans for alternative scenarios. As part of this, we have identified up to NOK 300 million related to growth investments, including the Gold River smolt facility in BC, which may be delayed short-term without any material impact on short-term harvest plans or medium- to long-term growth ambitions. Several measures have also been identified and implemented to safeguard a flexible working capital and maintain financial solidity going forward. We are also continuously assessing operational cost-saving measures.

The Board maintains the Company's long-term dividend strategy, stating that the average dividend should correspond to 30-40% of profit after tax, before fair value adjustment of biological assets. Dividends will be evaluated twice a year. Due to the increased volatility and uncertainty caused by the Covid-19 situation, combined with an extensive investment plan, the Board has decided to postpone the ordinary dividend during the second half of 2020. The Board has been given an authorization provided by the Annual General Meeting to pay dividend later in the year.

Group financial review

Improving sustainability is key to increasing our profits. By focusing on reducing our environmental impact and improving fish welfare, we aim to increase harvest rates and reduce production cost. We aim to provide our shareholders with a competitive return on capital invested and have set a ROCE target of 12%. Our investments reflect our growth strategy: digitalization, post-smolt, biosecurity and fish welfare, and continuous evaluation of expansion opportunities.

CONTINUING OPERATIONS

Grieg Seafood is establishing a fully owned sales organization and will cease the sales partnership with Bremnes Fryseri by 31 December 2020. As of Q2 2020, Grieg Seafood has classified Ocean Quality as held for sale and consequently presented it as discontinued operations. Figures for Q2 2019 and YTD 2019 of the income statement and cash flow statement have been re-presented to be comparable with Q2 2020 and YTD 2020. The comparable balance sheet figures are not re-presented, the Q2 2020 balance sheet assets- and liabilities attributable to the disposal group are presented separately from assets and liabilities of the Group's continuing operations. See note 5 for further information.

PROFIT (Figures for Q2 2019 in brackets)

The Grieg Seafood Group harvested 23 910 tonnes GWT in Q2 2020, up 10% compared to 21 802 tonnes in Q2 2019.

Average spot salmon price for Q2 2020 was down compared to both Q2 2019 and Q1 2020. Grieg Seafood's revenues in Q2 2020 from continuing operations amounted to NOK 1 415 million, a decrease of 8% compared to Q2 2019. The revenue decrease is driven by negative price developments in Q2 2020; comparing total harvest figures with the spot price in Q2 2020, the price effect from the market prices outweighed the volume effect of the Group's total harvesting compared to Q1 2020.

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

The Group's EBIT before fair value adjustment of biological assets was NOK 3 million (NOK 302 million) during the quarter, corresponding to an EBIT per kg of NOK 0.12 (13.86). EBIT from the four regions includes value creation from the respective sales activities of the Group's jointly owned sales company, Ocean Quality.

EBIT PER REGION (NOK MILLION)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Rogaland	40.2	232.1	211.8	377.1
Finnmark	61.6	110.7	91.8	253.7
BC	-12.1	-3.5	27.8	19.2
Shetland	-46.6	-19.8	-32.7	-44.7
Elimination/Others	-40.3	-17.4	-59.8	-38.2
EBIT from continuing operations	2.8	302.1	238.9	567.2

Fair value adjustments of biological assets amounted to NOK 42 million (NOK -87 million) at the end of the quarter. The EBIT after fair value adjustment of biological assets is NOK 45 million (NOK 216 million) from the Group's continuing operations.

Net financial items were NOK -104 million (NOK -37 million) for the quarter, resulting in a pre-tax loss of NOK 59 million (pre-tax profit of NOK 179 million) from continuing operations.

Tax for the period is estimated to a tax income of NOK 5 million (tax expense of NOK 39 million), resulting in loss after tax of NOK 54 million (profit after tax of NOK 140 million) from continued operations.

The net profit for discontinued operations in Q2 2020 was NOK 4 303 million, compared to the re-presented figure of NOK 7 292 in Q2 2019. The disposal group primarily relates to Grieg Seafood' non-controlling interests in Ocean Quality AS. See more information in Note 5.

CASH FLOW (Figures for Q2 2019 in brackets)

Cash flow from operating activities during the quarter amounted to NOK 362 million (NOK 428 million). Change in working capital during the quarter ended at NOK 300 million (NOK 46 million).

Net cash flow from investing activities was NOK -830 million (NOK -99 million) during the quarter. Total gross investment excluding the effect of IFRS 16 (compared to IFRS in force prior to 1 January 2019) was NOK -242 million (NOK -110 million), whereas NOK -33 million (NOK -26 million) was financed with leases that would be classified as finance leases according to IFRS in force prior to 1 January 2019. The difference in net cash flow from investing activities from Q2 2019 to Q2 2020 is mainly driven by the cash outflow for the acquisition of Grieg Newfoundland AS on 15 April 2020 of NOK 620 million. Additionally, approximately NOK 117 million of the gross investment of NOK 242 million relates to investment made in Grieg Newfoundland' facilities after the acquisition date until the end of Q2 2020.

Net cash flow from financing activities in Q2 2020 was NOK 926 million (NOK -401 million). The Group's interest-bearing debt (including factoring and leasing) increased by NOK 1 002 million (NOK -143 million) during the quarter. The difference in net cash flow from financing activities in Q2 2020 compared to Q2 2019 is mainly related to the Group's successful placement of a new unsecured Green Bond of NOK 1 000 million in Q2 2020, dividend payout of NOK 221 million in Q2 2019, and net changes within the Group's long-term credit facility.

Net change in cash and cash equivalents was positive at NOK 458 million (NOK -72 million) for the second quarter of 2020, and at the end of the period, the Group had cash holdings of NOK 743 million, compared to NOK 179 million at end of Q2 2019.

FINANCIAL POSITION AND LIQUIDITY (Figures for Q2 2019 in brackets)

At 30 June 2020, book value of total assets was NOK 10 760 million (NOK 8 763 million) compared to NOK 8 935 million per 31 December 2019. The increase in book values of total assets is mainly driven by the acquisition of Grieg Newfoundland AS, which was completed on 15 April 2020, in addition to a successful placement of a Green Bond, and property, plant and equipment and right-of-use assets. See Note 3 for more information related to the acquisition of Grieg Newfoundland. Total equity amounted to NOK 4 578 million (NOK 4 053 million) compared to NOK 4 141 million per 31 December 2019, corresponding to an equity-ratio of 43% at Q2 2020 (46%) compared to 46% at 31 December 2019.

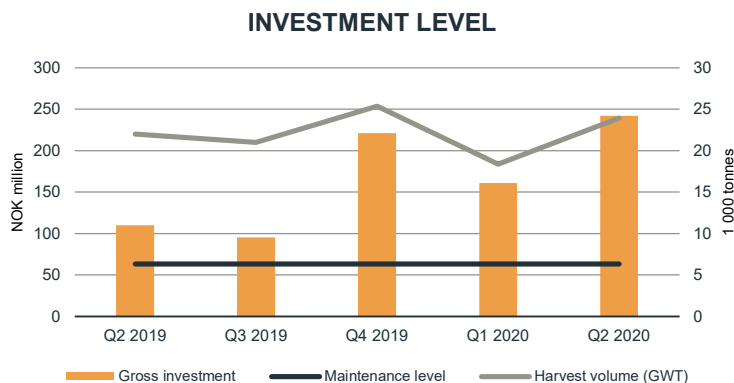
The level of free liquidity at the end of the quarter is regarded as good, with available cash and credit facilities totaling NOK 1 318 million at the end of Q2 2020. In Q1 2020, the Group had made a drawdown of NOK 600 million of short-term bridge financing for the acquisition of Grieg Newfoundland, a facility that has been settled in full during Q2 2020. During the quarter, Grieg Seafood successfully completed a senior unsecured Green Bond issue of NOK 1 000 million with maturity date 25 June 2025. The transaction was significantly oversubscribed. Please find our Green Bond Framework and the Second Opinion issued by CICERO Center for International Climate Research here: <https://www.griegseafood.no/investors/bond/>

At the end of Q2 2020, net interest-bearing debt (NIBD) amounted to NOK 3 336 million, up from NOK 2 376 million at the end of Q4 2019, and up from NOK 2 520 at the same time last year. The change in NIBD is mainly driven by the Group's bond issue of NOK 1 000 million in Q2 2020. The net interest-bearing debt at 30 June 2020 includes lease liabilities of NOK 435 million (NOK 405 million) that would be recognized as operational leases according to IFRS in force prior to 1 January 2019, up from NOK 380 million at 31 December 2019. The Group has committed to lease liabilities of approximately NOK 80 million commencing after 30 June 2020.

Factoring liabilities amounted to NOK 88 million compared to NOK 86 million at the end of Q4 2019, and NOK 514 million at the same time last year. The Norwegian sales company, Ocean Quality AS, entered into a new factoring agreement in Q3 2019, with the factoring company purchasing all credit-insured trade receivables from Ocean Quality AS, effective from 1 September 2019, which explains the change from Q2 2019. Please refer to Note 8 for more information.

The Group aims to provide shareholders with a competitive return on invested capital through payment of dividends and share price increases. The Board of Directors maintains that, as an average over time, dividends should correspond to 30-40% of the Group's profit after tax, adjusted for the effect of fair value of biological assets. The Board proposes a stable and good dividend policy, however, the Board will consider the financial situation with the ongoing Covid-19 pandemic and has been given an authorization provided by the Annual General Meeting to pay dividends later in the year.

Grieg Seafood's total investments in Q2 2020, excluding the effect of IFRS 16 compared to IFRS in force prior to 1 January 2019, amounted to NOK 242 million (hereof NOK 33 million with leasing financing provided by credit institutions). NOK 117 million of the gross investment relates to activities towards completion of the newly acquired facilities of Grieg Newfoundland. Other investments include the RAS facility under construction in Grieg Seafood BC, as well as general maintenance investments.



SUMMARY OF THE FIRST HALF YEAR OF 2020 (Figures for first half 2019 in brackets)

Grieg Seafood' sale revenues for the first half of 2020 amounted to NOK 2 728 million (NOK 2 605 million). The average spot salmon price for the period (NQSALMON, less distributor margin of NOK 0.75/kg) was down NOK 14.43/kg, from NOK 77.07/kg end of FY 2019. Harvest volume YTD 2020 is 42 271 tonnes compared to 36 603 tonnes YTD Q2 2019, down 1 029 tonnes compared to previous guiding. The lower harvest volume is mainly due to reduced growth in sea in Finnmark caused by low seawater temperatures.

The farming costs (total cost related to fish harvested in this period) developed negatively in the period, resulting in an EBIT before fair value adjustments of biological assets of NOK 239 million (NOK 567 million), equivalent to an EBIT/kg of NOK 5.65 (NOK 15.50).

First half of 2020 results were negatively affected by total fair value adjustments of biological assets of NOK -736 million (NOK -35 million). The fair value adjustment of YTD 2020 derives primarily to the Q1 2020 fair value measurement, as the Q2 2020 measurement was positive with NOK 42 million.

Net financial items came to NOK -144 million (NOK -27 million), mainly driven by currency exchange rate development in the period. Profit before tax for YTD 2020 was NOK -642 million (NOK 505 million). Tax for the period is estimated to a tax income of NOK 138 million (tax expense of NOK -113 million) bringing net profit for the period from continuing operations to NOK -504 million (NOK 392 million). Net profit from discontinued operations was NOK 10 million (NOK 11 million). The disposal group primarily relates to Grieg Seafood' non-controlling interests in Ocean Quality AS. See more information in Note 5.

The net cash flow from operation activities for the first half of 2020 was NOK 393 million (NOK 529 million). The lower cash flow from operating activity is mainly derived from a lower EBIT/kg compared to YTD 2019. Working capital was negative with NOK -160 million (NOK -232 million).

For the first half of 2020, the net cash flow from investing activities totaled NOK -989 million (NOK -169 million), of which NOK 620 million relates to payments made related to the acquisition of Grieg Newfoundland AS, and NOK 58 million to aquaculture licenses. The remainder of the net cash outflow from investment activities comprise a combination of maintenance and growth, including upgrade of equipment and increased sea- and smolt capacity.

The net cash flow from financing activities for the first half of 2020 was NOK 1 136 million (NOK -306 million), whereof NOK 1 000 million relates to the Green Bond issue in Q2 2020.

The net change in cash and cash equivalents for the first six months of 2020 was NOK 540 million (NOK 54 million), and at 30 June 2020, the Group had cash holdings of NOK 743 million (NOK 179 million).

Sales and market development

Grieg Seafood's farming operations sell their fish to Ocean Quality, which resells the salmon to third parties for further processing and to other customers for consumption as is. Ocean Quality aims to be a preferred and reliable global supplier.

OCEAN QUALITY GROUP

Ocean Quality is the sales organization of Grieg Seafood and Bremnes Fryseri, with an ownership of 60% and 40%, respectively. All fish produced by Grieg Seafood is sold by Ocean Quality with the purpose of generating a positive margin to the market price for salmon. In May 2020, Grieg Seafood announced that it will establish a fully owned sales organization to support growth and the downstream strategy. The new sales organization will partly be based on the Ocean Quality sales force, as all employees of Ocean Quality in North America, the UK and the USA will be employed by Grieg Seafood within 31 December 2020. In Norway, we will gradually build a new sales organization, as Bremnes Fryseri will take over ownership of the Norwegian organization Ocean Quality AS as well as Ocean Quality Shanghai. The sales partnership will continue as today until 31 December 2020, when the sale of shares in Ocean Quality AS from Grieg Seafood to Bremnes Fryseri will occur. To facilitate the transition, Grieg Seafood and Bremnes Fryseri will continue the sales partnership until the separation is completed in June 2021. For more information on our new sales organization, please refer to the People section.

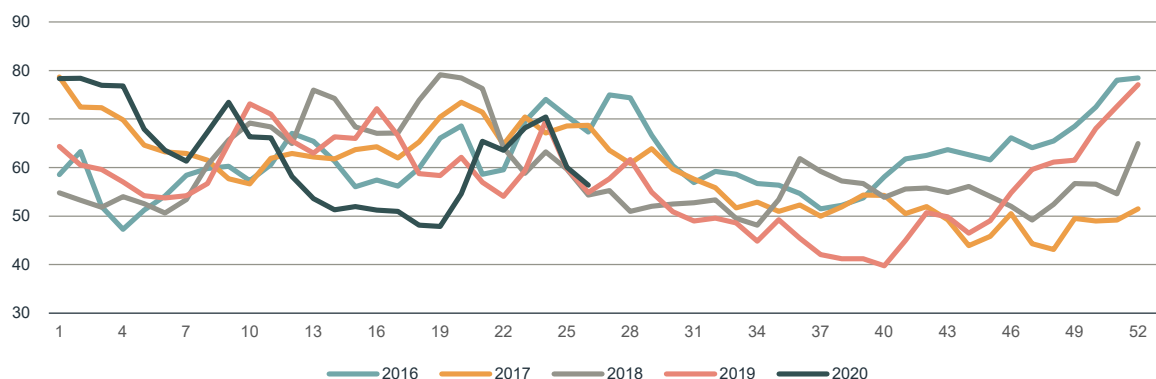
MARKET DEVELOPMENT

Covid-19 has impacted both consumption patterns and overall demand of salmon. Supply lines remained for the most part open during the quarter. Sales to the HoReCa segment essentially closed during Q1 but opened gradually during Q2 as more countries relaxed their lockdown measures. The retail segment and home consumption has boosted. However, with a supply growth and loss in the HoReCa segment, prices have suffered. Average spot salmon price (Nasdaq) for Q2 2020 was NOK 56.93 per kg, down by NOK 5 per kg compared to Q2 2019, and down by more than NOK 11 compared to Q1 2020. Prices were in the low fifties coming into the quarter and continued down, however with a surprising peak in June, and ended at quarter end in the mid-fifties.

The North American market has seen a continuous decrease with low market prices during the quarter, negatively impacted by supply growth and the Covid-19 situation affecting demand. The same trend has been observed in the UK market.

The overall supply of Atlantic salmon for the quarter increased by approximately 1% compared to Q2 2019, according to Kontali. The supply of Atlantic salmon to the EU, China, the USA and Japan increased compared to Q2 2019, while sales to Brazil and Russia decreased. Overall, the timing of our harvest volumes impacted our achieved price somewhat for the quarter, but more significantly, the low prices observed in the North American market negatively impacted our sales revenue from British Columbia.

NQSALMON WEEKLY AVERAGE (NOK/KG)



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

MARKET EXPECTATIONS AND GUIDING

The global supply of Atlantic salmon in 2020 is expected to increase by 2-3%, according to Kontali. With limited increase in the harvest volume, high prices would normally be expected, but the market situation has been impacted significantly by Covid-19. Increased supply combined with a market affected by Covid-19 measures continue to impact market prices entering Q3 2020, with prices trending down towards the mid-forties. With the uncertainties of the ongoing pandemic and possible reinforcement of restrictions, the short-term market outlook remains uncertain with forward prices on Fishpool around NOK 50 per kg for the rest of the year. The medium- and long-term view on the market is looking better than the short-term, with higher price expectations. During Q2 2020, Fishpool has been traded between NOK 58-60 for the full year of 2021.

During earlier economic downturns with lower salmon prices, we have experienced an increase in number of consumers buying salmon, expanding the market and driving demand in the longer run. We believe that the current market situation could lead to permanent changes in consumer behavior. In addition, this time, more people are turning to prepare healthy products like salmon at home, which could also drive demand. We see a potential for increasing our presence in the market through partnerships, in particular as e-commerce is increasing, in line with our 2025 strategy.

The Group targets a contract share of 20-50%. During the second quarter, the total share of fixed price contracts was 35% in Norway and 4% in the UK. Estimated contract shares for Q3 is 63% and 5% respectively for Norway and the UK, with full year estimates of 32% and 8%.

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

In 2019, a total of 25.2 million smolt with an average weight of 190 grams was stocked to sea, with the aim of harvesting 100 000 tonnes in 2020. Our seawater production has been good, however, cold seawater temperatures in Finnmark during the winter and spring have impacted growth. With expectancy of low market prices in the short term, we have decided to postpone some harvest to 2021, reducing our harvest volume to 95 000 tonnes in 2020.

HARVEST 2020 (TONNES GWT)	ROGALAND	FINNMARK	SHETLAND	BRITISH COLUMBIA	GROUP TOTAL
Q1 2020	6 940	6 830	2 050	2 540	18 400
Q2 2020	4 530	6 280	3 770	9 330	23 900
Q3 2020	5 300	4 500	5 600	6 000	21 400
Q4 2020	8 200	15 400	3 600	4 100	31 300
Total 2020	25 000	33 000	15 000	22 000	95 000

INSPECTION BY THE EUROPEAN COMMISSION

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry. Grieg Seafood is one of the companies under investigation. Based on the EU investigation, US competition authorities launched their own investigation into the matter in November 2019. By the end of 2019, four class-action lawsuits had been filed by minor customers in the USA and two in Canada.

Grieg Seafood is not aware of any anti-competitive behavior within the Group, not in Norway, the EU, the USA, nor in Canada. We are fully collaborating with European and American authorities in this matter and will follow up the lawsuits in the USA and Canada accordingly.

Currently, there is no new information regarding these investigations.

NOK 11.7 million was spent on lawyer fees related to the EU commission investigation during the quarter. The cost is included as ownership cost, see Note 4.

GRIEG SEAFOOD ROGALAND

4 527
TONNES GWT HARVESTED

8.89
EBIT/KG (NOK)

19 • 2
SEAWATER LICENSES •
FRESHWATER LICENSES

167
EMPLOYEES

RESULTS

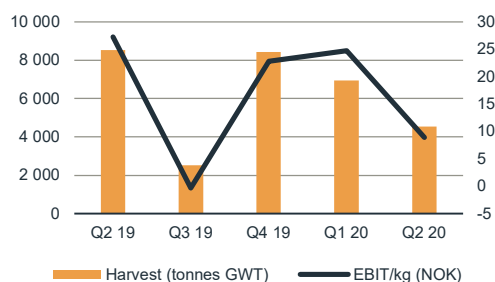
Harvest volume in Rogaland was 4 527 tonnes in Q2 2020, down 47% compared to Q2 2019, but 527 tonnes above guidance due to slightly accelerated harvesting and good production in the quarter.

Revenues for the quarter amounted to NOK 252.5 million, a decrease of 55% compared to Q2 2019, driven by lower harvest volume and significantly lower prices. In addition, harvest volumes were skewed towards the beginning of the quarter when prices were lower.

Rogaland had an average survival rate of 88% over the last 12 months, down from 90% as of Q1 2020. The decrease was driven by increased mortality at three sites, caused by sea lice treatments and CMS (Cardiomyopathy Syndrome). Underlying biological conditions at the remaining sites were good and production was strong during the quarter. Cost per kg increased compared to Q2 2019 and Q1 2020, mainly due to mortality write downs and lower harvest volume. We expect cost per kg to decrease in Q3 2020.

EBIT per kg before fair value adjustment of biological assets was NOK 8.89 in the period, compared to NOK 27.22 in Q2 2019 and NOK 24.70 in Q1 2020.

NOK MILLION	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Revenues	252.5	562.6	704.3	933.9
EBITDA	66.1	255.9	262.0	418.5
EBIT	40.2	232.1	211.8	377.1
Harvest volume (tonnes GWT)	4 527	8 526	11 471	14 257
EBIT/kg (NOK)	8.89	27.22	18.46	26.45



PRIORITIES

Grieg Seafood Rogaland aims to reduce production time in the sea from 18 to 12 months, primarily by increasing average smolt size. Average size of smolt put to sea in Q2 2020 was 550 grams. We have had promising results using large size smolt that spend less than 12 months in the sea.

Sea lice and Pancreas Disease (PD) have been challenges in Rogaland over recent years, impacting feed- and growth rates negatively, and increasing cost. Entering the second quarter, Grieg Seafood Rogaland had PD at one site. The site was harvested according to plan in April, and at the end of the quarter, no sites were affected by PD.

As part of our Precision Farming strategy, an integrated operations center pilot is monitoring all sites in Rogaland. Precision Farming will ensure more efficient feeding, leading to reduced cost and improved growth going forward.

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

GRIEG SEAFOOD FINNMARK

6 280
TONNES GWT HARVESTED

9.80
EBIT/KG (NOK)

28 (8) • 1 • 15
SEAWATER LICENSES (GREEN) •
FRESHWATER LICENSE • ASC-
CERTIFIED SITES

259
EMPLOYEES

RESULTS

Grieg Seafood Finnmark harvested 6 280 tonnes in Q2 2020, an increase of 16% compared to Q2 2019, but 720 tonnes below guidance due to reduced growth as a consequence of low seawater temperatures during the winter and spring.

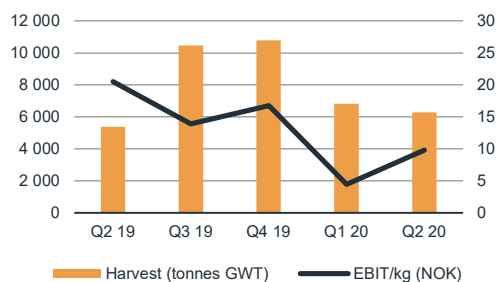
Revenues for the quarter amounted to NOK 339.1 million, up 6% compared to Q2 2019. Price achievement in Q2 2020 was significantly impacted by winter ulcers, and, although the average harvest size was good, the timing of harvest was skewed towards the beginning of the quarter when prices were low.

Production during the quarter was good, but winter ulcers caused by cold seawater temperatures continued to impact the quality of harvested fish at one of our production areas. This resulted in a superior share of 65% for the quarter, compared to 84% in Q2 2019. Winter ulcers also impacted survival rate, with 12-month survival rate decreasing from 96% at the end of Q2 2019 to 93% at end of Q2 2020. All fish affected by winter ulcers have been harvested at quarter end to safeguard fish welfare.

Cost per kg increased compared to Q2 2019 but decreased compared to Q1 2020. Low sea temperatures have negatively impacted growth rates and resulted in increased cost per kg. Cost per kg is expected to decrease in Q3.

EBIT per kg before fair value adjustment of biological assets was NOK 9.80 for the quarter, down from NOK 20.53 in Q2 2019 and NOK 4.44 in Q1 2020.

NOK MILLION	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Revenues	339.1	319.6	698.5	666.1
EBITDA	100.0	141.9	167.7	315.4
EBIT	61.6	110.7	91.8	253.7
Harvest volume (tonnes GWT)	6 280	5 391	13 107	11 111
EBIT/kg (NOK)	9.80	20.53	7.01	22.84



PRIORITIES

Grieg Seafood Finnmark is focused on improving fish welfare and survival rates and works towards sustainable production. Currently, 15 of our sites in Finnmark are ASC certified, corresponding to 80% of net growth. We aim for ASC certification of all sites within 2021.

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

Production at the smolt facilities at Adamselv and Nordnorsk Smolt AS (50% ownership) is good, and during the quarter, smolt with an average weight of approximately 200 grams were transferred to sea. Grieg Seafood Finnmark has reduced the targeted harvest volume to 33 000 tonnes (38 000) in 2020 due to slower growth caused by low seawater temperatures.

GRIEG SEAFOOD SHETLAND

3 770
TONNES GWT HARVESTED

-12.36
EBIT/KG (NOK)

17 • 1
ACTIVE SEAWATER LICENSES •
FRESHWATER LICENSE

226
EMPLOYEES

RESULTS

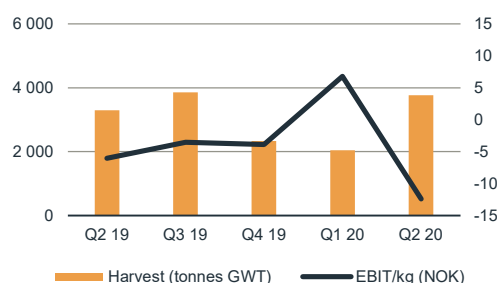
Harvest volume in Q2 2020 was 3 770 tonnes, slightly below guiding, and an increase of 14% compared to Q2 2019.

Revenues amounted to NOK 230.5 million during the quarter, an increase of 2% compared to Q2 2019 due to higher harvest volume. The increase was offset by low market prices. The UK market had a significant discount compared to the Norwegian/European market during the quarter. In addition, the price achievement was somewhat impacted by a lower superior share of 72% in Q2 2020 compared to 96% in Q2 2019.

During the quarter, the sea lice level remained high with corresponding intensity in mechanical treatments, impacting survival rates and superior share negatively, and driving up cost per kg. However, cost per kg improved significantly from Q2 2019. Compared to Q1 2020, cost was slightly up, driven by increased mortality write downs. The cost per kg is still significantly above our target, but with increased production and higher harvest volumes, we expect to drive down the cost per kg in the longer term.

The resulting EBIT per kg before fair value adjustment of biological assets was NOK -12.36 compared to NOK -6.00 in Q2 2019 and NOK 6.80 in Q1 2020.

NOK MILLION	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Revenues	230.5	225.4	380.2	347.7
EBITDA	-13.1	5.2	30.2	4.5
EBIT	-46.6	-19.8	-32.7	-44.7
Harvest volume (tonnes GWT)	3 770	3 297	5 817	5 085
EBIT/kg (NOK)	-12.36	-6.00	-5.62	-8.79



PRIORITIES

Grieg Seafood Shetland cooperates with other sea farmers in the region to secure sustainable marine biology.

Production is concentrated to the best sites with the strongest biological control, and routines and systems for monitoring and mitigating algae-related issues have been implemented. Other measures to ensure strong biosecurity, improved fish health and welfare, and control of the sea lice situation in particular, include the use of aeration systems, cleaner fish, sea lice skirts and freshwater treatments.

Healthy and robust smolt is essential to secure growth and reduce cost. Grieg Seafood Shetland has taken several measures to improve the smolt quality, including a new vaccination strategy. The initiatives are providing positive results, and survival rate on smolt transferred to sea in 2020 has increased significantly.

During the quarter, we had an incident with a fire at our hatchery where we lost 250 000 parr. No employees were injured, and the loss will not impact our targeted harvest volume. Expected harvest volume is guided down to 15 000 tonnes (17 000) as growth rates have been somewhat reduced due to sea lice treatments in addition to low market prices.

GRIEG SEAFOOD BRITISH COLUMBIA

9 332
TONNES GWT HARVESTED

-1.30
EBIT/KG (NOK)

20 • 1 • 5
SEAWATER LICENSES •
FRESHWATER LICENSE • ASC-
CERTIFIED SITES

174
EMPLOYEES

RESULTS

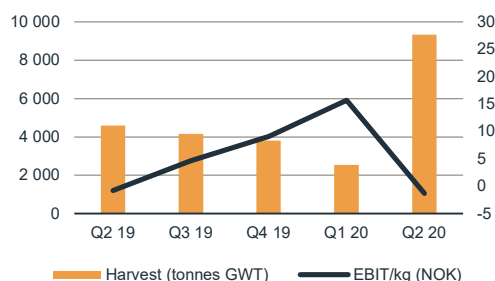
Harvest volume in Q2 2020 was 9 332 tonnes, 668 tonnes below guidance as we have delayed some harvest to adjust to the market situation, but more than double compared to Q2 2019. The increase is due to the cyclical nature of the site utilization and fallowing procedures in the region.

Revenues for the quarter was NOK 489.0 million, an increase of 74% compared to Q2 2019, driven by the higher harvest volume and somewhat offset by lower market prices compared to Q2 2019. The salmon market in North America was challenging during the quarter, resulting in significantly lower average sales price compared to our European regions. The superior share was 87% in the quarter compared to 89% in Q2 2019, but with a higher average harvest weight.

Biological conditions have been somewhat challenging during Q2 2020, with harmful algae blooms (HAB) negatively impacting feeding. Due to our algae mitigation system, we managed to limit the impact, and the 12-month survival rate increased from 89% at end of Q1 2020 to 90% at the end of Q2 2020.

Cost per kg was down both from Q2 2019 and Q1 2020. Cost is expected to remain at current level short term but decrease as volume and survival rate increase in the medium term. EBIT per kg before fair value adjustment of biological assets was NOK -1.30, compared to NOK -0.77 in Q2 2019 and NOK 15.68 in Q1 2020.

NOK MILLION	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Revenues	489.0	280.2	669.3	379.7
EBITDA	14.4	13.7	81.0	53.2
EBIT	-12.1	-3.5	27.8	19.2
Harvest volume (tonnes GWT)	9 332	4 587	11 876	6 149
EBIT/kg (NOK)	-1.30	-0.77	2.34	3.12

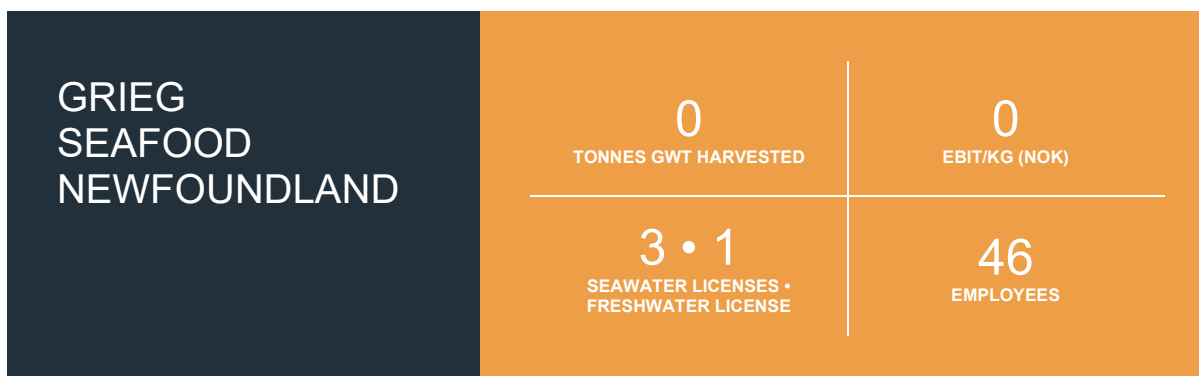


PRIORITIES

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

During the quarter, Grieg Seafood BC received ASC-certification on two sites, with a total of five sites certified (34% of net production growth) as of the end of the quarter. The aim is to have all sites ASC certified by the end of 2021.

HAB and low oxygen events represent significant biological risks in BC. Algae movements and oxygen levels are therefore continuously monitored and analyzed using high-grade sensor equipment and satellite imagery. In addition, aeration systems have been installed to enable feeding also during challenging situations. Historically, algae blooms comparable to the ones in Q2 2020 have impacted farm mortality up to 75%, but with our algae mitigation system we were able to maintain very good survival rates. Our efforts within algae mitigation and digital monitoring will increase survival and harvest volume, and reduce cost going forward. As a result, we have upgraded our targeted harvest volume to 22 000 tonnes (20 000) in 2020.



STATUS

The acquisition of Grieg Newfoundland AS was completed on 15 April 2020. The project comprises licenses for 11 sea sites across four areas in the Placentia Bay area in Newfoundland. Three licenses are approved and registered, five licenses are approved and awaiting certificate of registration, and the rest are in different stages of application.

The licenses require use of sterile salmon in order to eliminate the risk of genetic pollution of wild Atlantic salmon in case of escape. We see this as an opportunity to minimize our impact on the environment. The first batch of eggs was delivered in July, and we expect our first harvest to be in 2022/23.

The project also includes a high-end freshwater Recirculating Aquaculture System (RAS) facility in Marystown Marine Industrial Park, close to Placentia Bay. The current facility under construction includes a hatchery, nursery and a smolt facility with an annual capacity of 3 000 tonnes. An additional three post-smolt modules are projected, increasing the annual capacity to 7 000 tonnes. By implementing our post-smolt strategy also in the Newfoundland region, we will increase fish robustness and reduce time in the sea to potentially comprise only one winter. The construction commenced in April 2019, and the construction work is according to plan.

The region will be developed gradually. We will follow a stepwise approach to increased production, and planned investments will be subject to frequent review and evaluation to ensure the viability and sustainability of growth and production. Production cost and investment per kg are expected to be in line with Grieg Seafood's Norwegian operations. The marine sites have favorable biological conditions for salmon farming, with environmental conditions like northern Norway. The sites are exposed to high seas and will be equipped with state-of-the-art technology and systems for harsh environments. 40-meter-deep pens and underwater feeding will allow the fish to stay below layers of super-chilled or potential warm water. We have initiated purchase of seawater equipment for our first farming area.

OPPORTUNITY

The Newfoundland project includes long-term exclusive farming rights to the Placentia Bay area. This means that the area is highly isolated from other salmon farmers in the region. Long distances and low interconnectivity between sites lower the risk of biological contamination. The sites and production areas chosen in Placentia Bay are minimum 100-meter-deep, have good currents and optimal oxygen levels. There are no known algae issues in the area.

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 marketing 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 region is expected to contribute with 15 000 tonnes harvest by 2025. The project has a long-term annual harvest potential of 30 000-45 000 tonnes. By using cutting-edge technologies at all stages of the production process, we are strengthening our position as a global leader in sustainable salmon farming.

ROOTED IN

HEALTHY OCEAN

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

General focus areas to keep oceans healthy include fish health and welfare, sea lice control, escape control, limiting local emissions and impact on wildlife. All areas are reported on in the Grieg Seafood Annual Report 2019.

Fish health and welfare

Good fish health and welfare is both an ethical responsibility and the most important measure we can do to ensure good growth, higher harvesting quality and lower cost.

SURVIVAL RATE

Grieg Seafood targets a survival rate of 93% (calculated as number of mortalities in sea last 12 months, according to the standards of the Global Salmon Initiative). Only Finnmark reached this target in Q2 2020. Finnmark has a stable survival rate due to good biological conditions, however the survival rate so far in 2020 has been impacted by winter ulcers. The survival rate in Rogaland was impacted by mechanical delousing treatment during the quarter.

SURVIVAL RATE	Q2 2020	Q2 2019	FY 2019
Rogaland	88%	94%	93%
Finnmark	93%	96%	96%
Shetland	87%	87%	89%
British Columbia	90%	86%	88%

Although the survival rate in Shetland has gradually increased the last years, it is still affected by gill diseases, winter ulcers and mechanical delousing treatments. Shetland has adjusted its smolt and vaccination strategies to improve smolt robustness and increase the survival in sea. As a result, the hatchery is IPN (infectious pancreatic necrosis) free, and the 90 days post smolt mortality rate

has been reduced by almost 50%. While winter ulcers remain an issue in the older fish, we have not seen winter ulcers in the smolt inputs since Q3 2019. In Q2 2020, the main causes of mortality were cold water lesions and sea lice treatment losses. We have increased our capacity to perform non-pharmaceutical delousing treatments and aim to reduce the number of pharmaceutical treatments.

In BC, the survival rate has been impacted by incidents of low oxygen levels and plankton blooms in earlier periods but is steadily increasing due to positive results of our algae mitigation system which stabilizes the survival rate in periods of challenging environmental conditions. The main cause of mortality this quarter was related to oxygen challenges prevalent during the plankton event.

Cleaner fish should have just as good health and welfare as our salmon. We are in the process of revising and approving our policies for cleaner fish. This includes working more systematically to report and reduce mortality. We expect to start sharing mortality numbers in Q3 2020.

USE OF ANTIBIOTICS

Grieg Seafood aims to avoid using antibiotics in all forms, to preserve their effectiveness and to minimize resistance against antibiotics. It is only used after adequate risk assessment to treat bacterial diseases without vaccines or reduced effect of vaccines. The use of antibiotics is subject to strict internal regulations. All use requires top management approval, and prescriptions are signed by certified fish health personnel. We comply with limits and medicine withdrawal periods to ensure that harvestable salmon contain no residues.

USE OF ANTIBIOTICS*	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Rogaland	0.00	0.00	0.00	0.00
Finnmark	0.00	0.00	0.00	0.00
Shetland	0.02	43.83	0.02	76.97
British Columbia	106.81	41.48	83.80	52.44

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

There has been no use of antibiotics at our Norwegian operations in recent years, due to good results from vaccines and efforts to ensure good fish health. During the quarter, Shetland used antibiotics for the treatment of winter ulcers. The introduction of a new vaccination program last fall to improve smolt health and robustness has eliminated incidents of winter ulcers for smolt transferred to sea since Q3 2019, and we expect limited use of antibiotics going forward. BC used antibiotics for treatment of Yellowmouth disease, to safeguard the welfare of the fish. We are installing infrastructure that will allow us to lower water temperatures and salinities to aid in limiting the transmission of diseases.

Through our post-smolt strategy, we have better control of the environment of the fish for a longer

period. It will also make the fish more robust before being transferred to sea, and a shorter period at sea will reduce exposure to biological risks. This in turn will reduce the risk of disease outbreaks and the need for antibiotics.

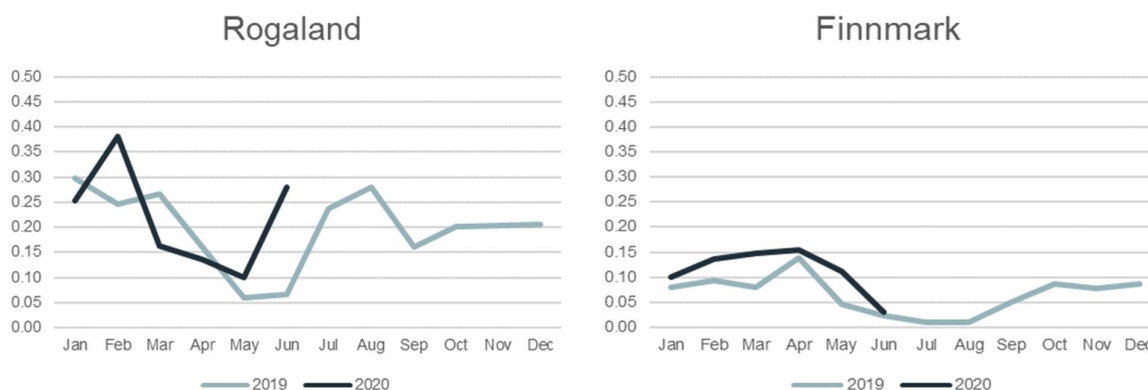
Escape control

Grieg Seafood has zero tolerance for escapes and we had no escapes in Q2 2020.

Escaped farmed salmon may mix genetically with wild salmon stocks and it is our responsibility to use farming methods that minimize impact on the wild salmon population. Amongst the efforts to reduce the risk of escape incidents, we are implementing the NYTEK standard on all facilities to avoid escapes during harsh weather. We have procedures to avoid escapes before, during and after operations, and employees attend escape-prevention courses regularly. We also perform regular inspections to control compliance by vessels, moorings and facilities and inspections before and after harsh weather.

Sea lice control

Controlling sea lice levels is one of the most important measures to protect wild salmon, as well as the health and welfare of farmed salmon. Sea lice treatments are expensive and resource intensive. Grieg Seafood's approach to sea lice control is preventative measures, such as cleaner fish, sea lice skirts and post-smolt development. If the sea lice limit rises and approaches legal limits, our policy is to perform continuous assessment and apply additional measures. If we need to use sea lice treatments, we favor non-chemical delousing methods, and we always consider fish welfare and potential resistance to sea lice treatments.



The sea lice counts are calculated as the average number of adult female sea lice per month.

Sea lice levels shall stay below the legal limit of 0.5 adult female per fish in Norway. At the green licenses in Finnmark, the limit is 0.25 adult female sea lice per fish, while during April and June, when wild salmon smolt migrate from the rivers and pass the salmon farms, the limit is 0.2 adult female sea lice per fish. We report sea lice levels and sea lice treatments for our Norwegian entities to the Directorate of Fisheries, on a weekly basis. This is publicly available information, please visit <https://www.barentswatch.no/en/fishhealth/>.

Grieg Seafood Rogaland has had success with preventive methods, and by planning and using wrasse effectively, we manage to reduce the number of sea lice treatments. One of the main initiatives aimed at increasing sea lice control is our post-smolt strategy, which shortens the time spent at sea and thereby reduces sea lice pressure per fish. The sea lice pressure increased towards the end of the quarter, and freshwater treatments were carried out.

Finnmark has low sea lice levels year-round. Generally lower seawater temperatures in the region are an advantage, and the interconnectivity between the sites is low. We use targeted preventive methods such as sea lice skirts and cleaner fish to ensure that the sea lice level is low. The sea lice level was relatively stable during the quarter, with limited treatment carried out.



In general, sea lice levels in Shetland are higher than in Norway. In the past year, we have increased our non-pharmaceutical treatment capacity. Levels above two adult female sea lice per fish are reported to the regulating authority, Marine Scotland. Actions are required when the level increases above six female sea lice per fish. The sea lice level during the quarter was comparable to the same period last year, and both pharmaceutical and mechanical delousing treatments were carried out.

BC is heavily influenced by sea lice pressure from wild salmon each autumn. We are testing preventive methods such as sea lice skirts to keep the sea lice level stable. When sea lice level increases, we carry out the type of treatment we consider most appropriate. The threshold in BC is an average of three motile sea lice. To ensure comparability within our regions, we measure the levels as adult female sea lice. We aim to keep the level below 0.5 adult female sea lice. The sea lice pressure was high but stable from the beginning of the quarter, and treatments have been carried out.

SEA LICE TREATMENTS*	Q2 2020		Q2 2019		YTD 2020		YTD 2019	
	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED
Rogaland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Finnmark	0.00	0.00	0.06	0.00	0.02	0.00	0.03	0.00
Shetland	3.70	0.15	1.85	0.21	2.53	0.10	2.53	0.20
British Columbia	0.00	0.65	0.00	0.50	0.00	0.37	0.00	0.26

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

HYDROGEN PEROXIDE*	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Rogaland	2.52	8.31	15.85	19.07
Finnmark	0.00	0.00	0.00	0.00
Shetland	7.58	0.00	18.08	17.39
British Columbia	72.93	14.28	50.93	23.66

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

ROOTED IN

SUSTAINABLE FOOD

A sustainable food chain is important both to ensure our license to operate, and to become preferred by our customers and consumers.

General focus areas to make the value chain more sustainable includes ensuring safe and healthy food, sustainable feed ingredients, reducing carbon emissions, climate risk, and waste management. All areas are reported on in the Grieg Seafood Annual Report 2019.

Safe and healthy food

Environmental contaminants in our feed and fish are kept far below the safe limits set by the food safety authorities. In our monitoring program we include dioxin, PCBs, dioxin-like PCBs and heavy metals. We have a fully integrated value chain from roe to harvest, and our production program and trading system provides documentation and full traceability. The certifications BAP and GLOBALG.A.P. cover our entire supply chain, and our sales organization, Ocean Quality, is chain of custody certified according to GLOBALG.A.P. and ASC. Grieg Seafood Shetland operates according to standards such as those from the British Retail Consortium (BRC), Protected Geographic Federation, and Kosher.

QUALITY AND CLAIMS

SUPERIOR SHARE	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Rogaland	79%	63%	83%	67%
Finnmark	65%	84%	58%	84%
Shetland	72%	96%	77%	96%
British Columbia	87%	89%	88%	86%

We categorize our salmon as superior, ordinary or production grade. Superior quality has a positive overall impression with good meat quality and no external damage or faults. The superior share is calculated as a percentage of net biomass, excluding discards.

share of superior quality fish has been consistently high, although this quarter it was significantly affected by winter ulcers and, to some extent, mechanical sea lice treatments. The claims were mainly related to ulcers and texture. The share of superior quality in BC has been increasing the last years but was impacted by poor performing fish this quarter. The claims during the quarter were mainly related to pigmentation and texture.

The share of superior quality fish in Rogaland has been impacted by PD (Pancreas Disease) until the end of Q2 2019. The quality has improved but was again affected by PD in Q2 2020 in addition to winter ulcers. The share of claims in the quarter was very low and mainly related to gristle and melanin. In Finnmark, cold sea water temperatures caused winter-ulcers with a severe impact on the superior share in the quarter. The share of claims for the quarter was low, with texture and melanin being the main reasons. In Shetland, the

PRODUCT RECALLS

We have Hazard Analysis and Critical Control Point (HACCP) systems at our processing plants, approved by national food safety authorities. HACCP is a management system which maintains food safety through the analysis and control of biological, chemical and physical hazards – from raw materials, production, procurement and handling, to manufacturing, distribution and consumption of the finished products.

We did not have any product recalls during Q2 2020. We have not had any product recalls for the last ten years. We perform regular training on our procedures for managing product recalls.

Reducing carbon emissions

We have revised our GHG (greenhouse gas) emission targets during the quarter and are aiming for a climate-neutral production by 2050. Our submission to the Science Based Targets initiative (SBTi) was approved in July, with GHG emission reduction targets well below 2°C (2030) and 1.5°C-aligned (2050) in accordance with the Paris Agreement's aim to pursue efforts to limit the temperature increase. From a 2018 base year, we have committed to reduce absolute Scope 1, 2, and 3 GHG emissions with 35% by 2030 and aim to achieve zero net emissions by 2050. Our approved targets will shortly be listed on <https://sciencebasedtargets.org/>.

Sustainable feed

Fish feed is the most important and cost intensive input factor in salmon farming. Input factors in fish feed, both marine ingredients and plant-based ingredients, should come from sustainable sources. We have focused on the most material supply chain risks connected to feed ingredients for several years.

RISK OF OVERFISHING

Overfishing can be a risk connected to marine ingredients, with the potential of impacting ocean biodiversity and the livelihoods of local communities depending on these fisheries. To avoid overfishing, Grieg Seafood has the following criteria for marine ingredients:

- No marine ingredients come from illegal, unreported, or unregulated fisheries.
- By end of 2020, all marine ingredients are certified by MSC or Marine Trust (formerly IFFO RS including FIP).
- We comply with the ASC standard for how much fish meal and fish oil we have in our feed.

RISK OF DEFORESTATION

Deforestation is a material risk connected to feed ingredients like palm oil (0.21% of our feed globally) and soy protein concentrate (16% of our feed globally). Deforestation has a severe negative impact on climate and biodiversity and may further infringe on eco-system services like water systems and Indigenous communities. We are committed to eliminate deforestation associated with our supply chain. We are working to achieve that the following ways:

Direct impact on deforestation

- 100% of our soy protein concentrate is certified according to ProTerra or Round Table on Responsible Soy (segregated).
- 100% of palm oil is certified according to Round Table on Sustainable Palm Oil.

Indirect impact on deforestation

We recognize that we may indirectly contribute to deforestation by increasing demand. We work to use our market power to push towards a deforestation free soy industry in the Brazilian Cerrado.

- Grieg Seafood is a founding member of the Cerrado Funding Coalition together with Tesco and Nutreco. The coalition aims to end all soy-driven deforestation in the Cerrado, by funding a Brazilian-led industry-wide solution which provides financial incentives to farmers that expand soy onto existing agricultural land. Learn more at www.cerradofundingcoalition.com
- We will give preferential treatment to Brazilian soy protein concentrate producers with a cut-off date at the latest in 2020 for all of their soy products.
- We have excluded Cargill Aqua Nutrition from our NOK 1 billion Green Bond use of proceeds, until their mother company Cargill Inc. has significantly reduced their soy related deforestation risk in Brazil.
- Grieg Seafood is a Steering Group member of the Cerrado Manifesto Statement of Support. Please see: <https://www.theconsumergoodsforum.com/environmental-sustainability/business-for-the-cerrado/>

During 2020, we will conduct a broader risk assessment of our feed ingredients, which will include assessment areas like carbon footprint, human rights and more. With a growing global population, the aquaculture industry and Grieg Seafood are poised for growth during the coming decades. We recognize the need to find alternatives and will take part in commercialization of alternative feed ingredients.



ROOTED IN

PEOPLE

The passion and dedication of our people drive Grieg Seafood forward.
Engaged employees are key to achieving our targets.

General focus areas are human rights and ethics, diversity, creating attractive jobs, keeping our employees safe, and anti-corruption. All areas are reported on in the Grieg Seafood Annual Report 2019.

Keeping our employees safe

Accidents can be prevented through the development of adequate operating procedures, a safety-focused corporate culture, and by improving equipment quality. We never compromise on health and safety and have a zero-tolerance philosophy for accidents. We target an absence rate of below 4.5% in reach region.

LTIR* & ABSENCE RATE	Q2 2020		Q2 2019		YTD 2020		YTD 2019	
	LTIR	ABSENCE	LTIR	ABSENCE	LTIR	ABSENCE	LTIR	ABSENCE
Rogaland	0	2.84%	0	4.68%	9	3.42%	21	4.49%
Finnmark	52	4.21%	22	4.51%	33	5.16%	11	5.32%
Shetland	36	3.19%	12	2.24%	41	3.66%	12	3.29%
British Columbia	26	9.98%	30	2.75%	65	7.71%	34	2.71%

*Lost Time Incident Rate (LTIR): number of lost-time injuries divided by the total number of hours worked, multiplied by 1 000 000.

Injuries are caused mainly by being struck by objects, handling equipment, squeezes, cuts, slips, and falls. According to risk assessment, the injuries posing high-risk consequences, are being struck by an object, squeezes and cuts. We had no major accidents in Q2 2020.

During the ongoing Covid-19 pandemic, employee wellbeing has been the number one priority. We follow the advice of the authorities in the regions where we operate. Measures to lower the risk of contamination have been implemented, such as strict routines at harvest- and production sites to ensure limited physical contact and encourage social distancing. Remote work is endorsed whenever possible and personal- and business travel have been restricted. We do not compromise on health and safety and encourage our employees to work from home whenever they can. In Q2 2020, BC is impacted by high long-term absence as a result of the preference for employees to stay at home with their families during the Covid-19 pandemic.

Ethics and integrity

Ethical conduct and strong business integrity are essential to become a preferred provider of sustainably produced salmon. We conduct our activities without discrimination, we treat our employees fairly and compensate fairly. Grieg Seafood has zero tolerance for bullying, unwanted sexual attention and harassment.

Creating attractive jobs

As announced in May, we have added farming capabilities to our executive team to strengthen our focus on operations. Former Managing Director of Grieg Seafood Rogaland, Alexander Knudsen is appointed Chief Operating Officer Farming Europe. Nina Willumsen Grieg will take the position as Managing Director in Rogaland when returning from maternity leave in spring 2021, meanwhile the Production Manager Kjetil Ørnes has taken the temporary position as Managing Director. Roy-Tore Rikardsen, former Managing Director of Grieg Seafood Finnmark is appointed Chief Operating Officer Farming North America, while Vidar Aamo Nikolaisen has taken the position as Managing Director Finnmark. Knut Utheim, former Chief Operating Officer, has taken the position as Chief Technology Officer.

To support our growth ambitions, we are building a new technological production department to cover areas such as sustainability, R&D and fish health/welfare, as well as activities within feed and procurement. We are also building our own fully integrated global sales and marketing organization. Erik Holvik has been appointed Chief Commercial Officer to drive the development and execution of our downstream efforts and global commercial strategy. Several other members of the sales team have already been appointed. We will continue our search for candidates that is motivated to work in a growing, global company, with opportunities for personal development.



ROOTED IN

LOCAL COMMUNITIES

We are grateful to our local communities for giving us permission to farm salmon in their fjords. We need their license to operate to achieve sustainable growth. In return, we contribute to vibrant local communities.

Grieg Seafood's license to operate is two-fold. First, it is based on the public's trust that the Company, operating in the Commons, always work to reduce its environmental footprint and to improve fish welfare. Secondly, it is based on our ability to give sufficiently back to local communities. This is primarily done by creating full-time, well-paying jobs in rural areas, by paying local taxes, by using local suppliers of goods and services as often as possible, by hiring local apprentices and by supporting local sports- and cultural activities.

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

In British Columbia and Finnmark, Grieg Seafood is farming in areas that belong to Indigenous Peoples. We recognize that they have special rights, as acknowledged to them by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and we take particular care to avoid infringing on such rights.

Together with other salmon farmers in British Columbia, Grieg Seafood has partnered up with food banks to provide healthy protein to Canadians during the Covid-19 pandemic. In April, salmon farmers in the province donated around 86 000 cans and 16 000 pounds of fresh salmon that was distributed to food banks across the



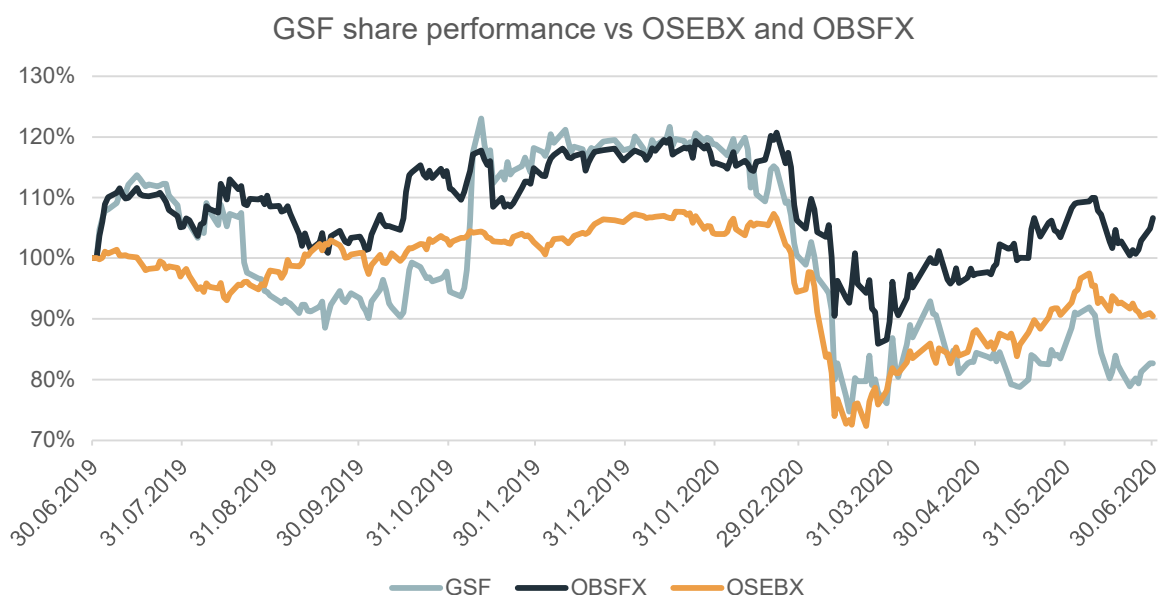
British Columbia. In June, Grieg Seafood BC and Cermaq Canada donated an additional 120 000 cans to Food Banks Canada's national hamper distribution initiative to assist with the demands on food banks due to the ongoing pandemic. We know how hard people have been hit during this pandemic, so getting healthy, canned salmon to homes is one thing we can do as salmon farmers to help.

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 2020, Grieg Seafood had a total of 113 447 042 shares, including treasury shares, divided between 8 653 shareholders. The Grieg family in total holds 52.76% of the Grieg Seafood shares. The 20 largest shareholders account for 76.09% of the shares. The share capital of Grieg Seafood ASA was increased during Q2 2020, please refer to Note 11 and 12 for more information.

KEY FIGURES	Q2 2020	Q2 2019	FY 2019
Number of shares at period-end (incl treasury shares)	113 447 042	111 662 000	111 662 000
Number of shares traded	24 525 186	20 335 661	72 001 397
Number of shareholders	8 653	5 168	4 968
Total value of shares traded per day (NOK million)	41.7	38.1	33.7
Share price at period-end (NOK)	98.5	118.3	140.3
Average share price (NOK)	100.3	112.4	118.0
Lowest closing price (NOK)	91.7	96.8	96.8
Highest closing price (NOK)	114.2	130.5	146.8



Applied index base for the GSF share price, OBSFX and OSEBX is 30.06.2019.

Related parties' transactions

The acquisition of Grieg Newfoundland AS was completed on 15 April 2020. Grieg Newfoundland AS was 39% owned by Grieg Kapital AS/Grieg Aqua AS (the owner of the majority of the shares in Grieg Seafood ASA), and 39% by Kvasshøgdi AS (owned by Per Grieg Jr, Chairman of the Board of Grieg Seafood ASA). Refer to Note 11 for more information.

Events after the balance sheet date

No 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 2020, 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 2020



TORE HOLAND
Vice Chair



PER GRIEG JR.
Chair



MARIANNE Ø. RIBE
Board Member



KATRINE TROVIK
Board Member



SIRINE FODSTAD
Board Member



ANDREAS KVAME
CEO

Financial statements

INCOME STATEMENT

NOK 1 000	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Continuing operations				
Sales revenues	1 415 009	1 539 439	2 727 922	2 605 001
Other income	19 681	13 406	34 243	14 996
Share of profit from associates	-1 037	-2 307	-435	-1 885
Raw materials and consumables used	-691 350	-578 737	-1 038 237	-793 106
Salaries and personnel expenses	-127 787	-131 381	-283 352	-274 334
Other operating expenses	-483 794	-438 897	-952 911	-792 986
EBITDA before fair value adjustment of biological assets	130 722	401 523	487 230	757 686
Depreciation property, plant and equipment	-126 445	-98 017	-245 160	-187 730
Amortization licenses and other intangible assets	-1 500	-1 403	-3 146	-2 791
EBIT before fair value adjustment of biological assets	2 777	302 103	238 924	567 165
Fair value adjustment of biological assets	42 285	-86 510	-736 477	-35 151
EBIT after fair value adjustment of biological assets	45 062	215 593	-497 553	532 014
Net financial items	-103 765	-36 861	-144 447	-27 034
Profit before tax from continuing operations	-58 703	178 732	-642 001	504 980
Estimated taxation	4 867	-38 754	137 581	-113 396
Net profit for the period from continuing operations	-53 837	139 979	-504 419	391 584
Discontinued operations				
Net profit for the period from discontinued operations	4 304	7 292	9 910	11 260
Net profit for the period	-49 533	147 272	-494 509	402 845
Allocated to				
Controlling interests	-53 837	139 979	-504 419	391 585
Non-controlling interests	4 304	7 292	9 910	11 260
Dividend declared and paid per share (NOK)	-	2.00	-	2.00
Earnings per share for continuing operations (NOK)	-0.48	1.27	-4.54	3.55
Earnings per share for discontinued operations attributable to equity holders of parent / Grieg Seafood ASA (NOK)	0.00	0.00	0.00	0.00

The Income Statement is prepared for the Group's continuing operations. Comparable figures are re-presented. See further information in Note 5.

COMPREHENSIVE INCOME STATEMENT

NOK 1 000	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Net profit for the period	-49 533	147 272	-494 509	402 845
<i>Net other comprehensive income to be reclassified to profit/loss in subsequent periods</i>				
Currency effect on investment in subsidiaries	-53 183	2 497	34 700	12 717
Currency effect on loans to subsidiaries	-46 357	-14 339	25 198	-7 342
Cash flow hedges	50 714	-551	311	1 531
Tax effect	-959	3 276	-5 624	1 278
<i>Net other comprehensive income not to be reclassified to profit/loss in subsequent periods</i>				
Change in fair value of equity instruments	-	-	-433	-
Other comprehensive income for the period, net of tax	-49 785	-9 117	54 152	8 185
Total comprehensive income for the period	-99 317	138 155	-440 357	411 030
<i>Allocated to</i>				
Controlling interests	-120 453	130 645	-450 669	398 901
Non-controlling interests	21 136	7 510	10 312	12 129

STATEMENT OF FINANCIAL POSITION

NOK 1 000	30.06.2020	30.06.2019	31.12.2019
ASSETS			
Goodwill	670 604	108 793	109 526
Licenses incl. warranty licenses	1 621 216	1 118 869	1 133 630
Other intangible assets incl. exclusivity agreement	51 175	20 380	16 205
Deferred tax assets	56 427	1 718	998
Property, plant and equipment incl. right-of-use assets	3 822 396	2 775 344	2 957 942
Investments in associates	80 635	36 487	81 071
Other non-current receivables	2 908	45 408	3 130
Total non-current assets	6 305 361	4 107 000	4 302 503
Inventories	164 793	150 337	177 847
Biological assets	2 698 200	3 223 858	3 437 948
Trade receivables	350 898	889 346	459 897
Other current receivables	251 952	183 953	334 625
Derivatives and other financial instruments	42 759	29 812	7 368
Cash and cash equivalents	742 805	178 709	214 497
Total current assets	4 251 407	4 656 014	4 632 181
Assets held for sale	203 483	-	-
Total assets	10 760 251	8 763 015	8 934 684
EQUITY AND LIABILITIES			
Share capital	453 788	446 648	446 648
Treasury shares	-4 855	-4 914	-4 855
Contingent consideration (acquisition of Grieg Newfoundland AS)	701 535	-	-
Retained earnings and other equity	3 377 750	3 570 353	3 642 417
Total controlling interests	4 528 218	4 012 087	4 084 211
Non-controlling interests	49 286	41 323	56 632
Total equity	4 577 504	4 053 410	4 140 843
Deferred tax liabilities	942 280	993 249	874 664
Cash-settled share options	-	12 768	8 379
Borrowings	2 996 740	1 323 855	1 563 935
Subordinated loans	12 521	13 002	13 240
Lease liabilities	674 728	607 502	632 666
Total non-current liabilities	4 626 269	2 950 376	3 092 883
Current portion of borrowings	100 298	106 861	98 212
Current portion of lease liabilities	208 228	180 981	199 327
Factoring liabilities	88 366	513 722	86 122
Trade payables	595 683	645 297	855 061
Tax payable	182 394	107 552	211 569
Derivatives and other financial instruments	24 597	2 279	9 321
Other current liabilities	202 332	202 537	241 346
Total current liabilities	1 401 897	1 759 229	1 700 958
Liabilities directly associated with the assets held for sale	154 580	-	-
Total liabilities	6 182 747	4 709 604	4 793 840
Total equity and liabilities	10 760 251	8 763 015	8 934 684

CHANGES IN EQUITY

NOK 1 000	Q2 2020 CI*	Q2 2020 NCI**	YTD 2020 CI*	YTD 2020 NCI**
Equity at period start	3 753 995	45 809	4 084 211	56 632
Profit for the period	-53 837	4 304	-504 419	9 910
Other comprehensive income for the period	-66 616	16 831	53 750	402
Total recognized income for the period	-120 453	21 136	-450 669	10 312
Contribution in kind	193 142	-	193 142	-
Contingent consideration (acquisition of Grieg Newfoundland AS)	701 535	-	701 535	-
Dividend to non-controlling interests	-	-17 658	-	-17 658
Total change in equity in the period	774 223	3 477	444 007	-7 347
Equity at period end	4 528 218	49 286	4 528 218	49 286

* Controlling interest: Shareholders of GSF ASA

** Non-controlling interest

CASH FLOW STATEMENT

NOK 1 000	Q2 2020	Q2 2019	YTD 2020	YTD 2019
EBIT after fair value adjustment of biological assets	45 062	215 593	-497 553	532 014
Depreciation and amortization	127 945	104 417	248 306	201 009
Gain/loss on sale of property, plant and equipment	48	208	-103	240
Share of profit from associates	1 037	2 307	435	1 885
Fair value adjustment of biological assets	-42 285	86 510	736 477	35 151
Change inventory excl. fair value, trade payables and rec.	299 837	46 427	-160 126	-232 195
Other adjustments	-65 925	-27 371	85 882	15 218
Taxes paid	-3 561	-484	-20 564	-24 307
Net cash flow from operating activities	362 158	427 606	392 753	529 016
Proceeds from sale of fixed assets	479	433	714	595
Payments on purchase of property, plant and equipment	-208 888	-81 556	-310 546	-150 588
Payments on purchase of intangible assets incl. licenses	-835	-1 946	-58 872	-3 530
Payments on business combinations	-620 464	-	-620 464	-
Investment in associated companies	10	-15 597	20	-15 597
Net cash flow from investing activities	-829 698	-98 666	-989 149	-169 120
Proceeds of long-term int. bearing debt	1 058 560	100 000	1 440 052	380 000
Proceeds of short-term int. bearing debt	-	48 805	600 000	48 805
Repayment long-term int. bearing debt	-30 000	-321 225	-79 173	-389 173
Repayment of short-term int. bearing debt (acquisition financing)	-600 000	-	-600 000	-
Restricted cash acquisition financing	600 000	-	-	-
Repayment lease liabilities	-62 549	-51 799	-122 697	-95 125
Change in factoring liabilities	35 526	81 269	817	19 155
Paid dividend	-	-220 867	-	-220 867
Paid dividend to non-controlling interests	-17 342	-20 263	-17 342	-20 263
Dividend to non-controlling interests – non-cash effect	17 342	-	17 342	-
Net interest and other financial items	-75 549	-16 644	-103 088	-28 240
Net cash flow from financing activities	925 989	-400 723	1 135 912	-305 708
Net change in cash and cash equivalents	458 449	-71 783	539 516	54 188
Cash and cash equivalents - opening balance	280 177	312 553	214 497	137 920
Currency translation of cash and cash equivalents	-2 090	755	-2 266	650
Accumulated cash acquired in business combinations	30 628	-	30 628	-
Discontinued operations (Note 5)	-24 358	-62 816	-39 570	-14 049
Cash and cash equivalents - closing balance	742 805	178 709	742 805	178 709

The Cash Flow Statement is presented for the Group's continuing operations. Comparable figures are re-presented. See further information in Note 5.

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 2020 has been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations approved by the EU, including IAS 34. The report does not include all information required in a complete annual report and should therefore be read in conjunction with the Group's recent annual report (2019). The financial report for the second quarter and first half of 2020 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 (2019).

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations.
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or;
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Disclosures for the Group's discontinued operations are provided for in Note 5. All other notes to this financial report for the second quarter and first half of 2020 refer to for the Group's continuing operations, unless the note explicitly states otherwise.

NOTE 2 RISKS AND UNCERTAINTIES

The Group is exposed to risks in numerous areas, such as biological production, the effects of climate change, compliance risk, the risk of accidents, changes in salmon prices, the risk of political trade barriers, etc. The current Covid-19 outbreak poses a material risk, affecting 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. A summary of our risk assessment as to operational-, compliance and financial risk is provided below.

Operational risk

Our operations are subject to several biological risks which could have a negative impact on profitability and cash flows. Biological risks include for instance oxygen depletion, diseases, viruses, bacteria, parasites, algae blooms, jelly fish and other contaminant, which may have adverse effects on fish survival, health, growth and welfare, and result in reduced harvest weight and volume, downgrading of products and claims from customers. We collaborate actively with the authorities and other aquaculture players to implement measures and initiate activities to reduce biological risk. Some of the initiatives are joint fallowing and area-based management. We have initiated a digitalization process to facilitate operational improvements. Through the utilization of sensor technology, we aim to reduce the algae challenges in BC and Shetland. The introduction of sensor technology to monitor algal blooms enables us to determine at an early stage the type of algae and the appropriate feeding response. This is of vital importance as different types of algae have different effects on the salmon. With regards to sea lice, there is an ongoing development from pharmaceutical to mechanical treatment. The use of wrasse to reduce sea lice pressure has provided good results in Rogaland.

Salmon price developments are highly volatile, with major fluctuations within relatively short time spans. There has been a stable rise in demand for salmon over recent years, while the growth in supply has been limited. Supply is also impacted by other factors, such as government regulations, seawater temperatures, sea lice, outbreaks of disease, and other indirect and direct factors, which affect production and hence also supply. The outbreak of the Covid-19 pandemic and the measures implemented by authorities worldwide, are likely to impact global economic activity, which might also affect global demand for salmon and disrupt global supply chains. The current low market prices could further affect our targeted harvest volume for 2020 and might also impact our 2025 growth ambitions.

Feed accounts for a significant portion of our total production costs, and an increase in feed prices could have a major impact on our profitability. 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. Increases in the prices of these raw materials will accordingly result in an increase in feed prices.

The outcome of the UK's departure from the European Union (Brexit) represents an uncertainty for the Scottish salmon farming industry and for Norwegian exporters. Once the Brexit transition period comes to an end, the salmon industry will experience operational and economic changes in trade between the UK and the rest of the world. Approximately 68% of farmed Scottish salmon was destined for markets outside the UK in 2019. For Grieg Seafood Shetland, 20% of the volume in 2019 went to other markets. Approximately 20% of our employees in Scotland are EU citizens. We have assisted them and their families to apply for Settled Status, which gives them permission to continue to live and work in the UK.

We recognize that climate change is likely to present a range of challenges to the aquaculture industry. Without proactive adaptation, salmon farming may become more vulnerable to physical risks such as damages caused by extreme weather, disease due to higher seawater temperature, in addition to regulatory risk, technology risk, market risk and reputational risk. An increase in deviating weather conditions resulting from climate change may have a detrimental impact on our operations, business, financial conditions and prospects. We map our climate-

related risks in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Compliance risk

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry, whereby Grieg Seafood is one of the companies under investigation. Based on the EU investigation, US competition authorities have launched their own investigation. Two consolidated lawsuits have been filed in the USA and three separate class-action cases have been filed in Canada. Grieg Seafood is not aware of any anti-competitive behavior within the Group and will use all its reasonable endeavors to fully collaborate with European and American authorities in this matter and will follow up the lawsuits in the USA and Canada accordingly.

Our activities are subject to extensive regulations, in particular relating to environmental protection, food safety, hygiene and animal welfare. Salmon farming is strictly regulated by licenses and permits granted by the authorities. Future changes in the laws and regulations applicable to our operations, such as standards for production facilities, capacity requirements, fish density, site allocation conditions, including tax laws, are unpredictable and are beyond our control.

Financial risk

Our business and future plans are capital intensive and, to the extent we do not generate sufficient cash from operations in the long term, we may need to raise additional funds through public or private debt or equity financing to execute our growth strategy and to fund capital expenditures. Adequate sources of capital funding might not be available when needed or may only be available on unfavorable terms. Management monitors the Group's liquidity reserve, which comprises a bond, loan facility, bank deposits, and cash equivalents, based on expected cash flows. Rolling five-years liquidity forecasts based on conservative assumptions for salmon prices are prepared regularly and form the basis for calculating liquidity requirements and financing needs. Considering the dynamic nature of the industry, the Group aims to maintain funding flexibility.

Ocean Quality in Norway and the UK each have factoring agreements with credit institutions that cover the financing of outstanding receivables. The agreement for Ocean Quality UK means that any significant risk and control of trade receivables remains with Ocean Quality UK. Ocean Quality AS's factoring agreement entails that the factoring company purchases all credit-insured trade receivables from Ocean Quality AS, transferring any significant risk and control of the receivable to the credit institution, thus the sold receivables from Ocean Quality AS is derecognized from the balance sheet.

In translating the operating income and balance sheet items of foreign subsidiaries, the Group's major currency exposure is to CAD and GBP. The strategy is to reduce the currency risk by funding our regions in their local currencies. All long-term loans to subsidiaries are in local currency and are regarded as net investments, as they are not repayable. The currency effect of these net investments is included in the Group's consolidated statement of other comprehensive income (OCI). 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. Long-term foreign currency contracts are hedging instruments, where unrealized currency gains or losses are recognized through other comprehensive income (OCI). The currency situation is continuously assessed against the volatility of the currencies. The remaining net exposure is frequently monitored. Lastly, the Group is also exposed to EUR, as part of the credit facility is in EUR.

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. Our policy is to have 20–50% of the 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. The interest rate swap agreement changes with the three months NIBOR.

NOTE 3 BUSINESS COMBINATIONS

On 15 April 2020, Grieg Seafood ASA (GSF) completed the acquisition of Grieg Newfoundland AS (GNL). At the acquisition date, 99% of the shares were transferred, while the remaining 1% is subject to a put/call option accounted for as contingent consideration. GNL holds ownership in a fish farming business under development in Newfoundland, Canada. For more information about our operations in Newfoundland, please see page 23.

Transaction

Grieg Newfoundland was a project initiated by the Grieg Group and Per Grieg Jr. in collaboration with their Canadian partner. Per Grieg Jr. is Chairman of the Board of GSF and an owner of the Grieg Group. The transaction has been approved by the General Assembly in line with the section 3-8 of the Public Limited Liability Companies Act.

The consideration is split into three parts - the net cash payment, the completion shares in GSF and contingent consideration. The negotiated subscription price for the completion shares was set at NOK 140.05, corresponding to a total contribution of NOK 250 million. As the market price per share was NOK 108.20 at closing, the value of the completion shares was NOK 193.1 million.

Cost of business combination (NOK 1 000)		15 April 2020
Cash payment for the shares adjusted for leakage cost		67 558
Completion shares in Grieg Seafood ASA	250 000	
Adjusted to fair value at the transaction day	(56 858)	193 142
Consideration transferred at closing		260 700
Contingent consideration		701 535
Total consideration		962 235
Total consideration		962 235
Book value of equity, excluding goodwill		78 606
Excess value		883 629

Contingent consideration

If certain production volumes are reached within the next ten years, additional payments are triggered. The additional amount becomes unconditional when GNL has reached a planned annual harvest volume of 15 000 tonnes, and the amount increases with volume until an annual harvest volume of 33 000 tonnes. The amount due is NOK 43 per kg for volumes between 15 000-20 000 tonnes, and NOK 55 per kg for volumes between 20 000-33 000 tonnes, with a 4% per annum inflation adjustment in the period 2023-2029.

Fair value estimate of the additional amount has been arrived at by using the DCF-model based on four different scenarios of volume development and the timing of this development. Volumes exceeding 15 000 tonnes require further investments in additional post-smolt modules, biomass, and seafarm equipment. The high probability of such investments being made have been incorporated in the scenario analysis. The maximum nominal amount is estimated to NOK 930 million +4% annual increase in the period from 2023 to 2029. The additional amount is settled in shares in GSF and/or cash. The sellers may require a cash payment of maximum 33.34%. Further GSF has the discretion to increase the cash portion up to 100% cash. If settlement is made in shares, the number of settlement shares is calculated based on the last month's volume weighted average listed price from time the conditions are met.

Classification of the contingent consideration

Under IFRS 3.40, an obligation to pay contingent consideration that meets the definition of a financial instrument shall be classified as a liability or equity based on the definitions in IAS 32.11. It is GSF's sole discretion to decide whether the expansion investments are to be carried out in line with the production plan. If stage two and three of the post-smolt facilities are not constructed within ten years, the additional milestone payments will not be triggered. Thus, the contingent consideration is classified as equity. Classification as equity reflects that the sellers continue to share the risk of the operations. Only if the first phase of the operation is successful, the seller will receive a payment when the next phase is entered into. Due to the materiality of the amount, the contingent consideration is presented as a separate component of equity.

Allocation of the excess value (NOK 1 000)	15 April 2020
Licenses (incl. warranty licenses)	422 217
Goodwill	588 042
Excess value assets	1 010 259
Deferred tax	(126 665)
Excess value to be allocated	883 629

Assets acquired and liabilities assumed (NOK 1 000)	15 April 2020
Licenses (incl. warranty licenses)	437 300
Other intangible assets (incl. exclusivity agreement)	38 700
Property plant and equipment	623 900
Other receivables	17 171
Cash and cash equivalents	30 628
Total assets acquired	1 147 699
Deferred tax	126 665
Long-term debt	584 639
Current liabilities	62 201
Total repossessed obligations	773 505
Identified net assets	374 194
Goodwill	588 042
Net assets at acquisition	962 235

Valuation of licenses

Aquaculture licenses are valued assuming an indefinite useful life. At the time of the transaction, GNL had been granted a long-term exclusive right to operate in Placentia Bay and received approval for 11 site holds in the area. An awarded site hold grants an exclusive right for the holder to the farming location in question, while the application process is in progress. When the application process is finalized and approved, the site hold is converted into a fish farming license. Without the granting of a farming license, the value of the site holds is deemed to be immaterial. At the time of the transaction, three of the site holds were approved and converted to fish farming licenses, in addition one freshwater license was approved. For site holds with a fish farming license granted at the transaction date, valuation is based on expected volumes using reasonable income and cost assumptions to the amount of NOK 104.9 million value added per license. For three additional site holds, the seller has granted a warranty as to the value of the license. If a farming license is not obtained for three additional sites

within 31 December 2021, the seller is obliged to compensate for loss incurred by the non-receipt of the licenses in the period 2020-2021. However, if the licenses are granted within 31 December 2024, the compensation will be based on the calculated loss in the intermediate period up until the licenses are granted. The compensation is capped at NOK 122.5 million. The approval of the license is valid for five years until it must be renewed, but this is merely a formality if conditions in the licenses are adhered to. The exclusivity agreement states that GNL has the exclusive right to the area Placentia Bay for a period up to 20 years. We expect to be the sole or leading operator in the area, creating high barriers of entry to other operators.

Exclusivity contract

GNL has received a grant to operate in the production area in Placentia Bay, and an exclusivity agreement for 12 years plus an option of eight years. This means no one else can operate in this geographical area in this period, which is similar to a non-compete advantage. The book value of the cost for the work with the documentation and meetings required in the application process to receive the exclusivity agreement is NOK 38.7 million. The book value is considered a reasonable proxy for the fair value of the exclusivity. This exclusivity will be depreciated over the duration of the agreement.

Goodwill

Intangible assets that do not meet the conditions for separate recognition are subsumed into goodwill. The project GNL has been going on for some years, where the sellers have developed the area for salmon farming and started construction of a high-end RAS facility, providing a going-concern value. The exclusive rights to be the sole salmon farmer in the Placentia Bay area long-term, reduces biological risk, with long distances and low interconnectivity between sites, thus providing synergies between the various components of the facilities. The sites and production areas are minimum 100-meter-deep, have good currents and optimal oxygen levels. Goodwill also covers the licenses in process which are not approved but in different stages of application. Newfoundland is also close to the US market, which may create synergies with existing operations in British Columbia.

Lastly, a portion of the goodwill reflects the difference between the fair value and nominal value of deferred tax liabilities, in particular for the licenses that are deemed to have indefinite useful life.

Tax

For valuation purposes and calculation of deferred tax liabilities, the tax rate is set to 30% which is the current tax rate in Canada for private companies controlled by non-Canadians.

Transaction cost

Total transaction cost related to the acquisition is NOK 14 million, of which NOK 4 million is expensed in Q2 2020.

Financial results

As of 30 June 2020 there is not yet any production in GNL. The first batch of eggs was delivered in July 2020, and we expect our first harvest to be in 2022/23. The loss before tax from 15 April – 30 June was NOK 33 million. The loss is derived primarily from unrealized currency loss on intergroup financing between GFS and GNL. GNL's facilities are under construction and the entity is not commercialized at date, as such the Group's view is that proforma financial results for the period 1 January 2020 – 30 June 2020 does not provide relevant information.

NOTE 4 SEGMENT INFORMATION

The segment information is provided for the Group's continuing operations. Information regarding the Group's discontinuing operations is disclosed in Note 5.

The operating segments are divided geographically by country or region, based on the reporting criteria applied by Group management when assessing performance and profitability at a strategic level.

Earnings from the sales companies in Ocean Quality Group (OQ) is reported per producer. Ocean Quality comprises the companies in Norway, UK, Canada (North America), USA and China. Ocean Quality UK Ltd, Ocean Quality USA Inc., Ocean Quality North America Inc and Ocean Quality Shanghai are wholly owned by Ocean Quality AS, while Ocean Quality Premium Brands Inc. is wholly owned by Ocean Quality North America Inc. Grieg Seafood owns 60% of Ocean Quality. Ocean Quality sells all fish produced by Grieg Seafood.

Segment results are based on EBIT before fair value adjustment of biological assets. The effect of one-off cost, such as restructuring cost and write-down of goodwill, share options, as well as unrealized gains and losses on financial instruments, are excluded from the segment, and reported as ownership cost. The ownership cost in the quarter includes lawyer fees related to the EU commission investigation. In Q2 2020 and YTD Q2 2020, ownership costs also include acquisition costs and current operating costs of Grieg Newfoundland AS.

GEOGRAPHICAL SEGMENTS (NOK 1 000)	ROGALAND		FINNMARK		BC-CANADA		SHETLAND-UK		ELIM./ OTHERS (3)		GROUP	
	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019
Sales revenues	252 548	562 578	339 059	319 643	488 984	280 229	230 490	225 385	103 929	151 604	1 415 009	1 539 439
Other income 1)	5 246	4 019	32	4	-29	3 107	11 317	2 263	3 115	4 013	19 681	13 406
EBITDA 2)	66 140	255 859	99 963	141 889	14 365	13 749	-13 077	5 222	-36 669	-15 197	130 722	401 523
EBIT 2)	40 229	232 063	61 560	110 693	-12 094	-3 532	-46 589	-19 768	-40 330	-17 353	2 777	302 103
EBITDA %	26%	45%	29%	44%	3%	5%	-5%	2%			9%	26%
EBIT %	16%	41%	18%	35%	-2%	-1%	-19%	-9%			0%	19%
Harvest volume tonnes GWT	4 527	8 526	6 280	5 391	9 332	4 587	3 770	3 297			23 910	21 802
EBIT/kg	8.89	27.22	9.80	20.53	-1.30	-0.77	-12.36	-6.00			0.12	13.86

1) Other income mainly relates to the settlement of insurance and other services not directly related to production. In addition, other gains/losses are included in "other income", such as foreign currency, and sale of fixed assets and other equipment.

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

3) Elim. /other includes bonus and share of profit from Ocean Quality to Grieg Seafood farming entities/producers. Other items comprise the profit/loss from activities conducted by the parent company or other Group companies not geared for production. Internal transactions between group companies are eliminated and included in the "Elim./other" column. Elim./other is for Q2 2020 higher than Q2 2019 primarily due to acquisition costs including current operating costs from the time of acquisition to quarter end Q2 2020 related to Grieg Newfoundland AS.

GEOGRAPHICAL SEGMENTS (NOK 1 000)	ROGALAND		FINNMARK		BC-CANADA		SHETLAND-UK		ELIM./ OTHERS (3)		GROUP	
	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Sales revenues	704 250	933 874	698 531	666 062	669 277	379 672	380 246	347 704	275 618	277 689	2 727 922	2 605 001
Other income 1)	19 890	4 051	3 670	28	-29	3 107	11 965	2 776	-1 253	5 035	34 243	14 996
EBITDA 2)	261 983	418 492	167 672	315 355	80 969	53 230	30 161	4 511	-53 556	-33 903	487 230	757 686
EBIT 2)	211 773	377 094	91 848	253 731	27 793	19 186	-32 668	-44 683	-59 823	-38 163	238 924	567 165
EBITDA %	36%	45%	24%	47%	12%	14%	8%	1%			18%	29%
EBIT %	29%	40%	13%	38%	4%	5%	-8%	-13%			9%	22%
Harvest volume tonnes GWT	11 471	14 257	13 107	11 111	11 876	6 149	5 817	5 085			42 271	36 603
EBIT/kg	18.46	26.45	7.01	22.84	2.34	3.12	-5.62	-8.79			5.65	15.50

1) Other income mainly relates to the settlement of insurance and other services not directly related to production. In addition, other gains/losses are included in "other income", such as foreign currency, and sale of fixed assets and other equipment.

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

3) Elim. /other includes bonus and share of profit from Ocean Quality to Grieg Seafood farming entities/producers. Other items comprise the profit/loss from activities conducted by the parent company or other Group companies not geared for production. Internal transactions between group companies are eliminated and included in the "Elim./other" column. Elim./other is for Q2 2020 higher than Q2 2019 primarily due to acquisition costs including current operating costs from the time of acquisition to quarter end Q2 2020 related to Grieg Newfoundland AS.

NOTE 5 DISCONTINUED OPERATIONS

In May 2020, Grieg Seafood announced that it will establish a fully owned sales organization to support growth and the downstream strategy. The new sales organization will partly be based on the Ocean Quality sales force, as all employees of Ocean Quality in North America, the UK and the USA will be employed by Grieg Seafood within 31 December 2020. A new sales organization will gradually be built in Norway, as Bremnes Fryseri will take over ownership of the Norwegian organization Ocean Quality AS and Ocean Quality Shanghai.

The parties have committed to complete the transaction by 31 December 2020, thus the operations defined as discontinued under this agreement is classified as held for sale in accordance with IFRS 5 as of 30 June 2020.

The discontinued operations are defined as the operations related to sale of fish produced by Bremnes Fryseri, as well as the trading activity within Ocean Quality AS, as we will continue to sell fish produced by Grieg Seafood within our new sales organization. The entity Ocean Quality USA will be retained by Grieg Seafood, however the part of Ocean Quality USA related to sale of fish with origin from Bremnes Fryseri will discontinue. The discontinued operations therefore primarily consist of non-controlling interest Bremnes Seafood has in Ocean Quality AS.

At 30 June 2020, the assets and liabilities, and income and expenditures, of Ocean Quality have been allocated, for purpose of application of IFRS 5, between Grieg Seafood and Bremnes Fryseri, where the latter has been classified as a disposal group classified as held for sale.

The Group's Income Statement, Comprehensive Income Statement and Cash Flow Statement have been re-presented for the comparative figures for Q2 2019 and YTD 2019. The Statement of Financial Position is not re-presented for the comparative 30 June 2019 and 31 December 2019 figures. All note disclosures in this financial report for the second quarter and the first half of 2020 has been prepared for the Group's continuing operations if not otherwise explicitly stated in the note disclosures.

Profit (loss) from discontinued operations (NOK 1 000)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Operating income	906 630	686 006	1 649 141	1 269 326
Operating expenses	-903 888	-679 249	-1 642 129	-1 260 152
EBITDA before fair value adjustment of biological assets	2 978	6 936	7 401	9 549
Depreciation property, plant and equipment	-236	-179	-389	-375
EBIT before fair value adjustment of biological assets	2 742	6 757	7 012	9 174
Fair value adjustment of biological assets	-	-	-	-
EBIT after fair value adjustment of biological assets	2 742	6 757	7 012	9 174
Net financial items	2 545	2 552	5 612	5 224
Impairment loss recognized on the remeasurement to fair value less cost to sell	-	-	-	-
Profit before tax from discontinued operations	5 287	9 309	12 624	14 398
Estimated taxation	-983	-2 016	-2 714	-3 138
Net profit for the period from discontinued operations	4 304	7 292	9 910	11 260

Cash flows from discontinued operations (NOK 1 000)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Net cash flow from operating activities	-11 671	23 435	-24 990	113 734
Net cash flow from investing activities	-	-	-	-37
Net cash flow from financing activities	-297	-86 251	-2 189	-127 746
Net change in cash and cash equivalents	-11 968	-62 816	-27 179	-14 049
Cash and cash equivalents opening balance (pro forma)*	24 358	75 361	39 570	26 595
Cash and cash equivalents closing balance	12 391	12 545	12 391	12 545

*Cash and cash equivalents at opening balance (pro forma) is presented as an adjustment-amount of the Cash Flow Statement for Q2 2020 and YTD Q2 2020, as the closing balance "cash and cash equivalents" of the disposal group is classified as held for sale, while the opening balance is included in the Group's "cash and cash equivalents" for the prior periods. The adjustment amount in the Cash Flow Statement for Q2 2019 and YTD 2019 corresponds to the period's net change in cash and cash equivalents from discontinued operations only, as the closing cash balance for the disposal group is classified as part of the Group's "cash and cash equivalents" for Q2 2019 and YTD 2019.

Classes of assets and liabilities of the disposal group (NOK 1 000)	30.06.2020
Property, plant and equipment	6 128
Inventories	33 847
Trade receivables and other current receivables	151 117
Cash and cash equivalents	12 391
Assets directly related with the disposal group	203 483
Deferred tax liabilities	3 476
Lease liabilities	5 445
Trade payables and other current liabilities	145 659
Liabilities directly associated with the disposal group	154 580
Net assets directly associated with the disposal group	48 902

Amounts included in accumulated OCI associated with the disposal group (NOK 1 000)	30.06.2020
Cash flow hedges	676
Tax effect cash flow hedges	-149
Cumulative translation adjustment	681
Reserve of disposal group classified as held for sale	1 208

NOTE 6 BIOLOGICAL ASSETS

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

Biological assets comprise live fish, smolt and fish in sea. The fish are divided into two main groups, depending on the stage of the life cycle. At the earliest stage of the life cycle, the fish are classified in group 1) roe, fry and smolt. These fish are kept onshore. When the fish are large enough to be released to sea, they are classified in group 2) biomass in sea.

- Fish onshore (smolt) are recognized at accumulated cost. The best estimate of fair value is the accumulated cost due to low biological transformation. The smolts are currently released to sea at a stage when the weight is still relatively low.
- For fish in sea, the fair value is calculated by applying a cash-flow based present value model.

Biological assets are measured at fair values less cost to sell. The measurement unit is the individual fish, however, for practical reasons, cash flows and estimates are carried out per location. Valuation is based on several different premises, many of which are non-observable. The premises are divided into the four following categories: Sales price, production cost, volume and discount rate.

In accordance with the principle for highest and best use, Grieg Seafood considers that the optimal harvest weight is 4.76 kg (live weight), which corresponds to 4 kg gutted weight. Fish with a live weight of 4.76 kg or more are classified as ready for harvest (mature fish), while fish that have not achieved this weight are classified as not harvestable (immature fish).

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

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

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

	TONNES				NOK 1 000			
	Q2 2020	YTD 2020	Q2 2019	YTD 2019	Q2 2020	YTD 2020	Q2 2019	YTD 2019
Biological assets beginning of period	64 523	67 614	59 929	56 399	2 893 822	3 437 947	3 446 345	3 195 142
Currency translation	n/a	n/a	n/a	n/a	-88 933	60 934	-12 314	-1 455
Increases due to production	21 358	40 127	19 855	42 736	1 071 346	1 967 084	828 105	1 573 224
Decreases due to sales/harvesting/mortality	-28 464	-50 324	-24 227	-43 576	-1 246 167	-2 007 138	-934 555	-1 484 152
Fair value adjustment beginning of period	n/a	n/a	n/a	n/a	60 594	-768 165	-1 016 130	-971 309
Fair value adjustment period end	n/a	n/a	n/a	n/a	7 538	7 538	912 407	912 407
Biological assets period end	57 416	57 416	55 559	55 559	2 698 200	2 698 200	3 223 858	3 223 858

BIOLOGICAL ASSETS 30.06.2020	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (1 000 NOK)	FAIR VALUE ADJUSTMENT (1 000 NOK)	CARRYING AMOUNT (1 000 NOK)
Biomass onshore	27 376	765	184 777	-	184 777
Biological assets with round weight < 4.76 kg	28 923	53 370	2 366 489	21 244	2 387 733
Biological assets with round weight > 4.76 kg	615	3 281	139 396	-13 706	125 690
Total	56 914	57 416	2 690 662	7 538	2 698 200

BIOLOGICAL ASSETS 30.06.2019	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (1 000 NOK)	FAIR VALUE ADJUSTMENT (1 000 NOK)	CARRYING AMOUNT (1 000 NOK)
Biomass onshore	25 603	531	151 593	-	151 593
Biological assets with round weight < 4.76 kg	32 254	46 064	1 882 199	805 923	2 688 123
Biological assets with round weight > 4.76 kg	1 777	8 964	277 658	106 484	384 142
Total	59 634	55 559	2 311 450	912 407	3 223 858

NOTE 7 FAIR VALUE ADJUSTMENTS

FAIR VALUE ADJUSTMENT (NOK 1 000)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Change in fair value adjustment of biological assets	47 379	-101 605	-790 552	-58 894
Change in physical delivery contracts related to fair value adjustments of biological assets	-	254	2 035	458
Change in fair value of financial derivatives from salmon (Fish Pool contracts)	-5 094	14 841	52 040	23 285
Total recognized fair value adjustment of biological assets	42 285	-86 510	-736 477	-35 151

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 8 NET INTEREST-BEARING LIABILITIES AND EQUITY ACCORDING TO COVENANTS

Net interest-bearing debt is calculated in accordance to covenant requirements in the financing agreement. According to the agreement, factoring liabilities, IFRS 16 effects and non-controlling ownership interests' share of bank assets, are not included.

In June, Grieg Seafood ASA completed a senior unsecured green bond issue of NOK 1 000 million with maturity date 25 June 2025. The bond carries a coupon of 3 months NIBOR + 340 bps p.a. with quarterly interest payments. The bond's financial covenant, as described below, requires an equity-ratio to be, at all times, minimum 30%. The definitions of equity-ratio in the financial covenant of the bond is consistent with the definitions of the Group's equity-ratio covenant which is exclusive of Ocean Quality, and thus calculated only for Grieg Seafood-companies both with regards to equity and total liabilities, also excluding the effects of IFRS 16 (compared to IFRS in force prior to 1 January 2019).

During Q2 2020, the Group has drawn further NOK 7 million on the revolving credit facility, with a total drawdown of NOK 1 025 million at 30 June 2020, compared to NOK 1 018 million at end of Q1 2020.

Total unutilized credit facilities of the Group amounts to NOK 575 million as per 30 June 2020 compared to NOK 583 million at the end of Q1 2020.

Net interest-bearing liabilities (NOK 1 000)	30.06.2020	30.06.2019	31.12.2019
Bond loan (1)	1 000 000	-	-
Non-current borrowings incl. syndicate term loan and revolving facility (1)	2 019 653	1 333 416	1 573 957
Non-current lease liabilities	674 728	607 502	632 666
Total non-current interest-bearing liabilities	3 694 381	1 940 919	2 206 623
Overdraft facility	-	-	-
Current portion of borrowings	100 298	106 861	98 212
Current portion of lease liabilities	208 228	180 981	199 327
Factoring liabilities	88 366	513 722	86 122
Total current interest-bearing liabilities	396 892	801 564	383 661
Gross interest-bearing liabilities	4 091 273	2 742 483	2 590 283
Cash and cash equivalents	-755 196	-178 709	-214 497
Loans to associates	-	-44 053	-
Net interest-bearing liabilities	3 336 077	2 519 722	2 375 786
Factoring liabilities	-88 366	-513 722	-86 122
Quote of Bremnes' share of cash OQ AS (40%) (2)	11 668	11 721	28 849
Lease liabilities (3)	-435 465	-404 762	-379 841
Net interest-bearing liabilities according to covenants	2 823 914	1 612 959	1 938 672
NIBD/EBITDA (4)	2.7	1.2	1.4

The Group's net interest-bearing liabilities is calculated on the Group's figures prior to IFRS 5 adjustment of disposal group held for sale.

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

2) In the Statement of Financial Position, Bremnes' share of cash in OQ AS is classified as part of the financial statement line item "Assets held for sale", as it relates to the Group's disposal Group.

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

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

The equity share requirement according to covenants is 40%, without consolidation of Ocean Quality Group and effects of IFRS 16. At 30 June 2020, the equity-ratio according to covenants was 45% (51% at 31 December 2019) compared to 54% at 30 June 2019.

The effect on net interest-bearing liabilities of adopting IFRS 16 (compared to IFRS in force prior to 1 January 2019) amounted to NOK 435 million at Q2 2020 compared to NOK 405 million in Q2 2019 (NOK 380 million at Q4 2019). As of 30 June 2020, the Group has committed to nominal contract obligations of approximately NOK 80 million where the lease has not commenced at the end of Q2 2020.

Grieg Seafood ASA completed the acquisition of Grieg Newfoundland AS on the 15 April 2020. Prior to completion, the Group received bridge financing of NOK 600 million which was classified and presented as restricted cash at 31 March 2020, and thus not included in the NIBD-calculation at the same date. Subsequent to the completion of the acquisition and within 30 June 2020, the bridge financing of NOK 600 million has been fully settled.

Ocean Quality in Norway and the UK each have a factoring agreement that comprises financing of outstanding receivables. The agreement for Ocean Quality UK entails that any significant risk and control of trade receivables remain with Ocean Quality UK. Prepayments/financing from factoring are included in net interest-bearing liabilities. Factoring is recognized as financing in the statement of financial position. Factoring liabilities at Q2 2020 was NOK 88.4 million compared to NOK 86.1 million in Q4 2019 and NOK 513.7 million in Q2 2019. The difference between Q2 2019 and later periods is due to that Ocean Quality AS entered into a new factoring agreement in Q3 2019.

As from Q2 2020 part of Ocean Quality AS has been classified as a disposal group. In line with IFRS 5, the comparable balance sheet figures for Q2 2020 have not been re-presented.

The share of bank assets that belongs to non-controlling ownership interests (Bremnes Fryseri AS), is excluded in the calculation of the bank's covenant requirements. The note disclosures are according to the Group's covenant clauses and include figures before adjusting for IFRS 5 discontinuing operations. As for the "cash and cash equivalents" in the Statement of Financial Position, Bremnes' share of cash of OQ AS is included in the assets belonging to the disposal group. See Note 5 for further disclosures.

NOTE 9 NET FINANCIAL ITEMS

NET FINANCIAL ITEMS (NOK 1 000)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Changes in fair value from hedging instruments	-3 202	638	-30 278	1 777
Net financial interest	-26 996	-17 505	-47 316	-32 149
Net currency gain (losses)	-72 148	-19 237	-64 445	5 107
Dividend	10	-	20	-
Net other financial income (expenses)	-1 429	-756	-2 428	-1 768
Net financial items	-103 765	-36 861	-144 447	-27 034

NOTE 10 INVESTMENT IN ASSOCIATED COMPANIES

Associates that are closely related to the Group's operations and included in the Group's value chain are classified on a separate line in EBIT when the relevant associates operate in the same position in the value chain as the Group. For 2019 and YTD Q2 2020, no investments were classified on a separate line below the financial statement line of EBIT in the income statement.

The investment in Tytlandsvik Aqua AS and Nordnorsk Smolt 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.

Associates classified as operations	Equity interest at 01.01.2020	Equity interest at 30.06.2020	Book value at 01.01.2020	Share of profit from associates YTD Q2 2020	Changes in the period, incl. repaid capital	Book value at 30.06.2020	Share of profit from associates Q2 2020
Nordnorsk Smolt AS	50.00 %	50.00 %	42 433	-632	-	41 801	-169
Tytlandsvik Aqua AS	33.33 %	33.33 %	38 638	197	-	38 834	-868
Total associates classified as operations			81 071	-435	-	80 635	-1 037

The Group owns, through Grieg Seafood Finnmark AS, a 50% ownership interest in Nordnorsk Smolt AS together with Norway Royal Salmon ASA (50%). Expansion of the smolt facility of Nordnorsk Smolt AS was financed with a shareholder loan, which was converted to equity at the end of 2019. At 30 June 2020, Grieg Seafood Finnmark has provided a long-term loan to Nordnorsk Smolt AS, amounting to NOK 1.9 million (NOK 1.9 million at 31 December 2019), which is included in the Group's other non-current receivables in the statement of financial position as of 30 June 2020.

The Group owns, through Grieg Seafood Rogaland AS, a 33.33% ownership interest in Tytlandsvik Aqua AS, together with Bremnes Seashore AS (33.33%) and Vest Havbruk AS (33.33%). Through Tytlandsvik Aqua AS, the partners will secure increased and improved access to post-smolt and are planning for an annual production capacity of 3 000 tonnes, of which Grieg Seafood's share of the volume is 50%. The facility started production in the beginning of 2019, and production during the quarter is in line with expectations.

NOTE 11 RELATED PARTIES

Acquisition of Grieg Newfoundland AS

The acquisition of Grieg Newfoundland AS was completed on 15 April 2020. Grieg Newfoundland AS was 39% owned by Grieg Kapital AS/Grieg Aqua AS (the owner of the majority of the shares in Grieg Seafood ASA), and 39% by Kvasshøgdi AS (owned by Per Grieg Jr, Chairman of the Board of Grieg Seafood ASA). The remaining of the shares were owned by the local partner Ocean Choice International Ltd (19.5%) and Knut Skeidsvoll (2.5%).

The up-front payment was based on an enterprise value of Grieg Newfoundland AS of NOK 539.1 million. NOK 250 million of the up-front payment was settled through issuance of new shares in the Company to the sellers of Grieg Newfoundland AS.

On 20 April 2020, the directed private placement was completed by issuing 1 785 042 new shares to Grieg Aqua AS and Kvasshøgdi AS, in addition to the other owners as part of consideration for the shares in Grieg Newfoundland AS. The subscription price for each new share was set at NOK 140.05, corresponding to a total contribution in kind of NOK 250 million. Following the transaction, Kvasshøgdi AS holds 496 772 shares in Grieg Seafood ASA, corresponding to 0.44% of the issued share capital. Per Grieg Jr. personally owns 15 000 shares in Grieg Seafood ASA. Grieg Aqua AS holds 56 914 355 shares in Grieg Seafood ASA, corresponding to 50.17% of the issued share capital.

Other 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, who are a related party to a Board member. Ocean Quality AS purchases fish from its shareholder Bremnes Fryseri AS, for resale to domestic and international customers. The fish from Bremnes Fryseri AS is supplied by its subsidiary Bremnes Seashore AS. Ocean Quality AS rents office premises and office equipment from Bremnes Fryseri AS.

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

SHARES CONTROLLED BY BOARD MEMBERS AND MANAGEMENT AT 30.06.2020	NO. OF SHARES	SHAREHOLDING
Board of directors		
Per Grieg jr. *	59 857 552	52.76%
Tore Holand	3 000	0.00%
Sirine Fodstad	-	-
Marianne Ødegaard Ribe	-	-
Katrine Trovik	-	-
Group management		
Andreas Kvame (CEO)	39 165	0.03%
Atle-Harald Sandtorv (CFO)	24 208	0.02%
Alexander Knudsen (COO Farming Europe)	22 165	0.02%
Roy-Tore Rikardsen (COO Farming North America)	19 565	0.02%
Knut Utheim (CTO)	23 507	0.02%
Kathleen Mathisen (CHRO)	11 736	0.01%
Kristina Furnes (Global Communications Manager)	-	-
Knut Skeidsvoll (Regional Director, Grieg Seafood Newfoundland)	44 631	0.04%
Rocky Boschman (Regional Director, Grieg Seafood British Columbia)	10 864	0.01%
Grant Cumming (Regional Director, Grieg Seafood Shetland)	9 857	0.01%
Vidar Aamo Nikolaisen (Regional Director, Grieg Seafood Finnmark)	305	0.00%
Nina W. Grieg (Regional Director, Grieg Seafood Rogaland) *	-	-
Kjetil Ørnes (Interim Regional Director, Grieg Seafood Rogaland)	312	0.00%
Total shares controlled by Board members and Group management	60 066 867	52.95%

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

SHARES OWNED BY PER GRIEG JR. AND CLOSELY RELATED	NO. OF SHARES	SHAREHOLDING
Grieg Aqua AS	56 914 355	50.17%
Ystholmen Felles AS	2 928 197	2.58%
Per Grieg jr. private	15 000	0.01%
Total shares owned by Per Grieg jr. and closely related	59 857 552	52.76%

During the second quarter of 2020, ownership interest in Grieg Seafood ASA held by Per Grieg Jr. and closely related has increased due to a capital increase in the Company. See further information in Note 12.

NOTE 12 SHARE CAPITAL AND SHAREHOLDERS

As at 30 June 2020, the Company had 113 447 042 shares with a nominal value of NOK 4 per share. All shares issued by the Company are fully paid-up. There is one class of shares and all shares confer the same rights.

On 20 April 2020 Grieg Seafood ASA' share capital was increased with 1 785 042 shares (nominal value of NOK 4 per share), from 111 662 000 shares to 113 447 042 shares. The share capital was thus increased with NOK 7 140 168, from NOK 446 648 000 to NOK 453 788 168. The share issue in the Company to shareholders Grieg Aqua AS, Kvasshøgdi AS, Knut Skeidsvoll and Ocean Choice International Ltd was related to the Company's acquisition of Grieg Newfoundland AS, which was completed on the 15 April 2020. The subscription price for each of the new shares was NOK 140.052727.

In June 2011, the Company purchased 1 250 000 treasury shares at NOK 14.40 per share. 21 November 2018, the Company sold 21 576 shares to employees for use in the share savings program. The sales price was NOK 121.56 per share, which provided a gain of NOK 107.16 per share. Another 14 737 shares were sold to employees in November 2019 at a sales price of NOK 136.05 per share, providing a gain of NOK 121.65 per share. After the transactions the Company has 1 213 687 treasury shares.

SHARE CAPITAL AND NUMBER OF SHARES	NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL (NOK 1 000)	NO. OF ORDINARY SHARES
Total	4.00	453 788	113 447 042
Holding of treasury shares	4.00	-5 000	-1 250 000
Sale of treasury shares to employees 2018	4.00	86	21 576
Sale of treasury shares to employees 2019	4.00	59	14 737
Total excl. treasury shares	4.00	448 933	112 233 355

Changes in share capital		Nominal value per share (NOK)	Total share capital (NOK 1 000)	No. of ordinary shares
Share capital 01.01.2020	1 January 2020	4.00	446 648	111 662 000
Contribution in kind 20.04.2020	20 April 2020	4.00	7 140	1 785 042
Share capital per 30.06.2020	30 June 2020	4.00	453 788	113 447 042

The 20 largest shareholders in Grieg Seafood ASA at 30.06.2020	No. of shares	Shareholding
Grieg Aqua AS	56 914 355	50.17 %
Folketrygdfondet	5 803 614	5.12 %
OM Holding AS	4 235 656	3.73 %
Ystholmen Felles AS	2 928 197	2.58 %
Clearstream Banking S.A.	2 025 143	1.79%
State Street Bank and Trust Comp	1 608 136	1.42%
Verdipapirfondet Pareto Investment	1 384 000	1.22%
State Street Bank and Trust Comp	1 257 786	1.11%
State Street Bank and Trust Comp	1 232 123	1.09%
Grieg Seafood ASA	1 213 687	1.07%
Verdipapirfondet Alfred Berg Gamba	1 088 479	0.96%
JPMorgan Chase Bank, N.A., London	915 596	0.81%
Morgan Stanley & Co. Int. Plc.	820 101	0.72%
UBS Switzerland AG	815 974	0.72%
Ronja Capital AS	783 929	0.69%
JPMorgan Chase Bank, N.A., London	721 988	0.64%
Pictet & Cie (Europe) S.A.	688 763	0.61%
Six Sis AG	641 237	0.57%
Banque Degroof Petercam Lux. SA	634 287	0.56%
Arctic Funds PLC	605 424	0.53%
Total 20 largest shareholders	86 318 475	76.09%
Total others	27 128 567	23.91%
Total number of shares	113 447 042	100.00%

APPENDIX ALTERNATIVE PERFORMANCE MEASURES (APM)

APM	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
EBIT = EBIT before fair value adjustment of biological assets	Operating profit incl. amortization and depreciation excl. fair value adjustment of biological assets. Unless otherwise specified, EBIT before fair value adjustment of biological assets is shortened to EBIT (earnings before interest and taxes). This also applies to all key figures where EBIT is a component, including: EBIT-margin (%), EBIT/ kg GWT and ROCE.	EBIT before fair value adjustment provides a more informative result as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period. EBIT before fair value adjustment is generally considered the industry measure for profitability.
EBITDA = EBITDA before fair value adjustment of biological assets	Operating profit before amortization and depreciation excl. fair value adjustment of biological assets. Unless otherwise specified, EBITDA before fair value adjustment of biological assets is shortened to EBITDA. This also applies to all key figures where EBITDA is a component, including: EBITDA-margin (%), and NIBD/EBITDA.	EBITDA before fair value adjustment provides a more informative result as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period.
Equity ratio excluding Ocean Quality	The equity ratio is calculated both with and without consolidation of Ocean Quality Group. The bank syndicate equity covenant definition is exclusive of Ocean Quality. It covers only Grieg Seafood companies both with regards to equity and total liabilities, excluding effects of IFRS 16 compared with IFRS in force prior to 1 January 2019.	The equity ratio is applied to measure financial solidity in accordance with the Group's covenant requirements.
NIBD	Net interest-bearing debt (NIBD) comprises non-current and current debt to financial institutions, after deducting cash and cash equivalents. NIBD is calculated in three ways: 1) For ROCE calculation: including all long-term and current debt to credit institutions, incl. IFRS 16 effect (compared with IFRS in force prior to 1 January 2019) and factoring liabilities. 2) Including all long-term and current debt to credit institutions incl. IFRS 16 effect, but excl. factoring liabilities. 3) For covenant calculation as required by the bank syndicate: as in method 2, but cash and cash equivalents are reduced with an amount corresponding to Bremnes Fryseri AS 40% share of Ocean Quality AS bank deposits, and lease liabilities (operational leases in line with IFRS prior to 1 January 2019 only) are excluded. This method is used for calculation of NIBD/EBITDA.	NIBD/EBITDA is a measure of solidity and one of the covenants in our bank agreement. When calculating NIBD/ EBITDA, NIBD is calculated according to method 2 and EBITDA is before fair value adjustment of biological assets and consolidation of Ocean Quality Group.
ROCE	Return on capital employed (ROCE) is calculated using values before fair value adjustment of biological assets and is calculated as follows: ROCE for the year is calculated as the average of the ROCE for each of the years four quarters. Quarterly ROCE is calculated as quarterly EBIT before fair value adjustment of biological assets multiplied by four such to annualize the EBIT figure. Then, this annualized EBIT figure is divided by the sum of NIBD plus equity before fair value adjustment of biological assets. The quarterly values for NIBD and equity are calculated as opening balance plus ending balance divided by 2. NIBD is calculated according to method 1, described in the NIBD section above.	ROCE measures the return on invested capital. Fair value adjustment of biological assets is extracted, as this reflects future gains or losses on fish not yet sold, which can affect the comparability of performance from period to period.
EPS adjusted for fair value of biological assets	Adjusted earnings per share (adj. EPS) is calculated as net profit after taxes minus non-controlling interests plus/minus fair value adjustment of biological assets net of tax effects, divided by the number of shares.	The fair value adjustment of biological assets is extracted to avoid future gains or losses on fish not yet sold due to its non-operational nature. Adj. EPS is used to calculate the dividend payout ratio (dividend paid per share relative to adj. EPS).

About Grieg Seafood

Grieg Seafood ASA is one of the world's leading salmon farmers, targeting 95 000 tonnes of harvest (GWT) in 2020.

Our farms are in Finnmark and Rogaland in Norway, British Columbia and Newfoundland in Canada, and Shetland in the UK. Our headquarter is located in Bergen, Norway. Grieg Seafood ASA was listed at the Oslo Stock Exchange in June 2007. More than 900 people are employed by the Company globally.

Sustainable farming practices are the foundation of Grieg Seafood's operations. The lowest possible environmental impact and the best possible fish welfare drive economic profitability. Towards 2025, we aim to harvest 150 000 tonnes, to achieve cost leadership in each region and to evolve from a pure salmon supplier to an innovation partner for selected customers.

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GRIEG SEAFOOD ASA BOARD OF DIRECTORS

Per Grieg jr.
Chair

Tore Holand
Vice chair

Katrine Trovik
Board member

Sirine Fodstad
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

Knut Utheim
CTO

Kathleen O. Mathisen
CHRO

Kristina Furnes
Global Communications Manager

FINANCIAL CALENDAR

Q3 2020
4 November 2020

Q4 2020
11 February 2021

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

