



ANNUAL REPORT 2020



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COMMITTED
BY NAME





A person wearing a high-visibility yellow jacket with reflective stripes is steering a boat. The background shows a body of water and a distant shoreline under a bright sky. The boat's white hull and a red railing are visible.

Committed by name

Norway Royal Salmon is a name we are proud of and a name we work hard every day to live up to. Having ROYAL in our company name allows us both locally and around the world to be associated with quality. Norway Royal Salmon is a name that obliges and we therefore say that we are COMMITTED BY NAME.

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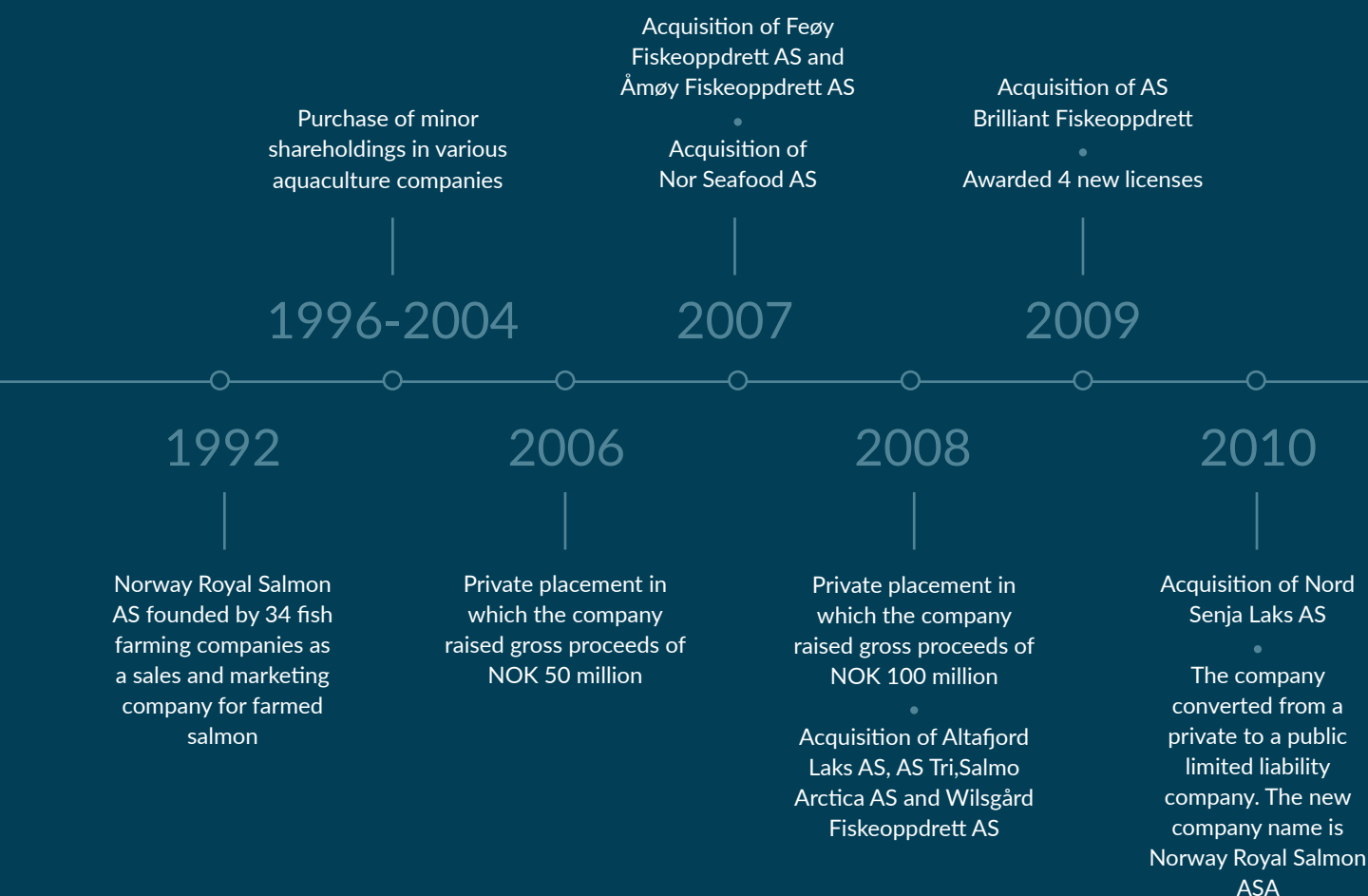
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01

About Norway
Royal Salmon

Important strategic milestones



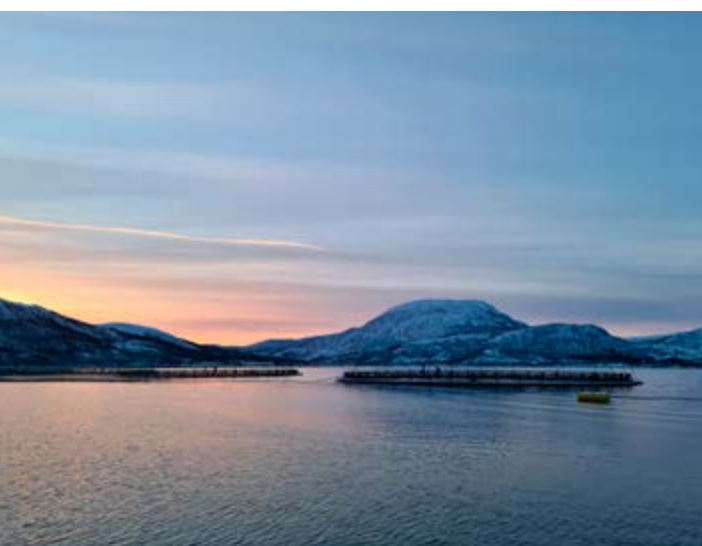


Highlights 2020

Although 2020 was heavily affected by Covid-19, Norway Royal Salmon confirms its position as a forward-looking and growth-ambitious salmon farming company characterised by stable harvest volumes, high sales volumes and strategic measures for sustainable growth investments.

High sales volumes

The sales operations sold 88 904 tonnes in 2020.



Increased harvest volume

The farming operations harvested 30 509 tonnes in 2020. This is an increase of 12 per cent compared to 2019. A good MAB utilisation at the end of 2020 provides the basis for further growth in 2021.

GLOBAL G.A.P. certification

All sites at Norway Royal Salmon are GLOBAL G.A.P. certified.

ASC certification

Additional sites were ASC certified in 2020. At 31 December 2020, the Group is certified on 88 per cent of its sites and the goal is to be 100 per cent certified on active sites by 2022.

Sustainability financing and increased financial capacity

In 2020, the Group's credit facility increased from NOK 2 000 million to NOK 2 800 million. NOK 1 200 million of the credit facility is financing with sustainability-KPIs.

ISA detected at a site in Finnmark

In July, indications of the fish disease ISA (Infectious Salmon Anemia) was detected at the operational area Dønnesfjord, consisting of the Næringsbukta, Klubben and Børfjord sites. However, the disease was only detected at one of these sites.

Dividend

In June, Norway Royal Salmon ASA distributed an ordinary dividend of NOK 5.00 per share.

Electrification of feed barges

Norway Royal Salmon has started the transition to electrification and hybrid solutions on our barges, the company has applied for and been granted funding from Enova. The first barge had a hybrid solution installed in the fourth quarter of 2020 and the goal is that most of the barges will be operated on shore power or hybrid solutions with battery packs. This will result in significant reductions in emissions and be a more cost-effective solution.



Investing in in-house smolt facility

A smolt facility with RAS technology is under construction. This will give the Group control over the value chain and ensures smolt deliveries to in-house production. Production will start during the spring of 2021.

Arctic Offshore Farming and development of offshore sea farms

In the project, Norway Royal Salmon develops equipment and production technology for fish farming in harsh areas. The production of the sea farm is on its way and operations are scheduled to start in the summer of 2021.

Artic Fish and focus on Iceland

Arctic Fish harvested 7 443 tonnes in 2020 and estimated volume for 2021 is 12 000 tonnes. The company was listed on Euronext Growth in February 2021 and Norway Royal Salmon achieved 51.3 per cent ownership and control through the listing process. The company has considerable growth potential with sites located in the Westfjords of Iceland, which have excellent conditions for fish farming and is in the vicinity of a new smolt facility with RAS technology.

Growth initiatives

Future growth for the aquaculture industry will be through sustainable solutions. Going forward, Norway Royal Salmon will focus fully on utilizing the Group's organic growth potential and sustainable production. Growth will come as we take greater control of the value chain.

DÅFJORD

Investment in in-house smolt facility

The facility is strategically placed in relation to our activity in Troms and Finnmark and will play an important part in the further development of the company. The plant will have an annual production of 2 400 tonnes and 10 million smolt distributed between standard and post smolt. The plant is built at low risk in relation to production and has seven separate departments with their own biofilters. This is a strategic move that will give the Group control over a larger part of the value chain and ensure smolt deliveries for own production. The first roe is planned to be put in during the spring of 2021 and full production is expected from 2022.



FELLESHOLMEN

Arctic Offshore Farming and offshore fish farms

In March 2018 the Directorate of Fisheries granted 8 development permits (5 990 tonnes MAB) for the development of Arctic Offshore Farming. The permits are a recognition of a long and good development process in which Norway Royal Salmon and Aker Solutions have developed a semi-submersible offshore fish farm designed for harsh areas. When positioned farther away from the coast, the facility will provide increased area utilisation of Norwegian sea waters and will have limited environmental footprint. The facility will be more exposed than today's locations. The environmental conditions on such sites are very attractive for salmon, with good water exchange that will ensure good fish welfare and growth. The goal is to release the first fish in the sea in the summer of 2021 and to harvest in the first half of 2022. The industrial ambition is to combine knowledge from the fish farming industry with offshore expertise to develop the aquaculture industry of the future and secure sustainable growth.

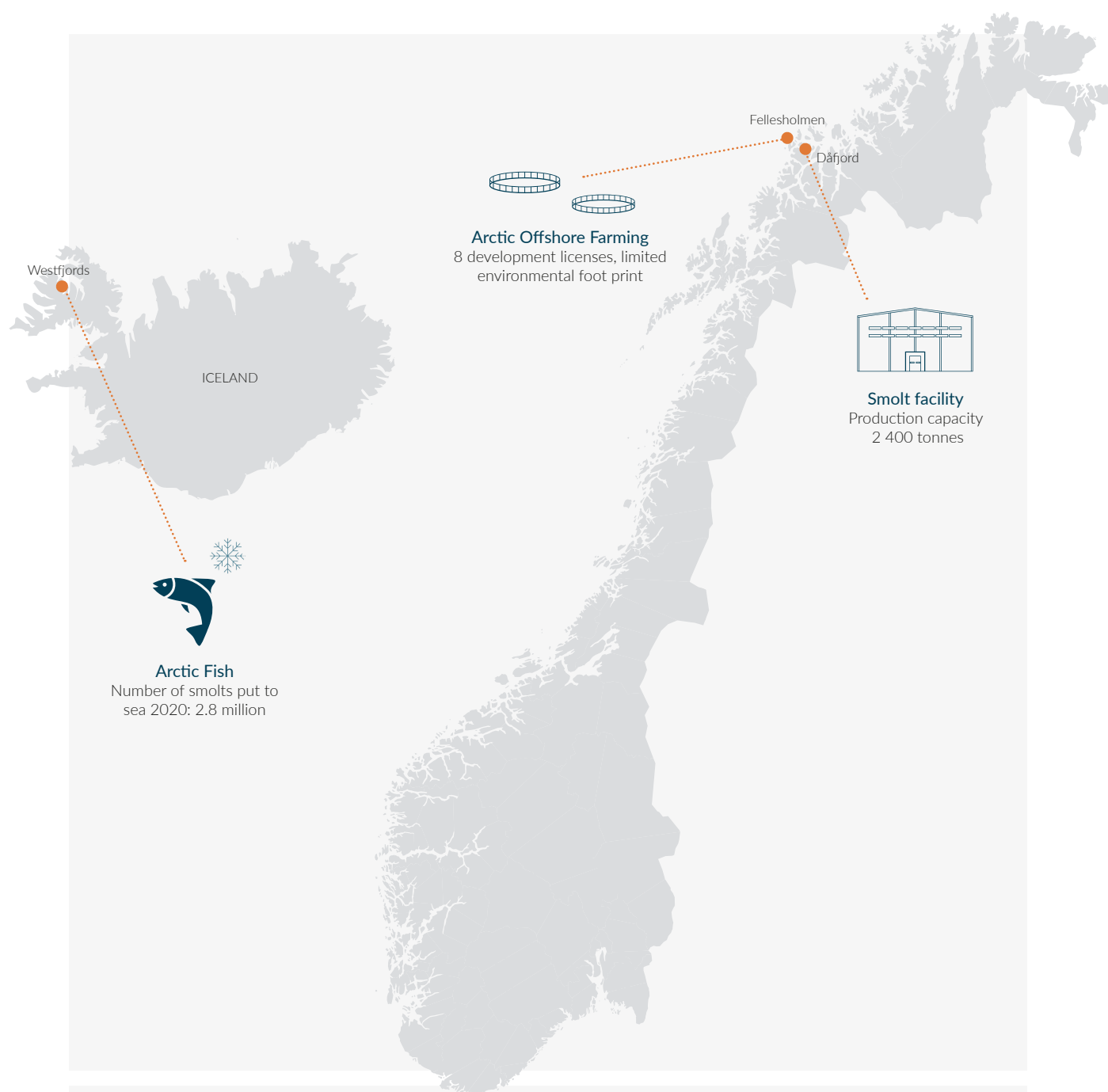


WESTFJORDS - ICELAND

Arctic Fish and focus on Iceland

NRS believes that salmon production in Iceland will succeed. The production so far supports this. 7 443 tonnes were harvested in 2020 and considerable growth is expected in the coming years. Estimated harvest volume for 2021 is 12 000 tonnes and expected to increase to 24 000 tonnes in 2025. The sites are located in the Westfjords on Iceland, which have excellent conditions for fish farming. In addition, the proximity to a new smolt facility with RAS technology gives control over the value chain. Arctic Fish was listed on Euronext Growth Oslo in February 2021 and subsequently Norway Royal Salmon achieved majority ownership of 51.3 per cent.





Timeline growth initiativ

	2020	2021	2022	2023	2024
Investment in in-house smolt facility	Production start during spring 2021				
Arctic Offshore Farming and offshore fish farms	First release of fish in the sea in the summer of 2021				
Arctic Fish and focus og Iceland	Harvested 7 443 tonnes in 2020, considerable growth is expected in the coming years				

Key figures

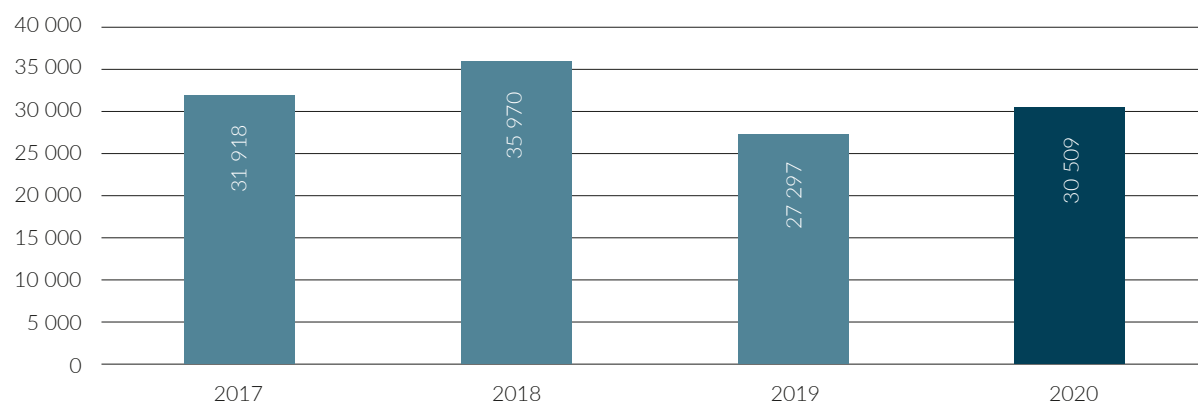
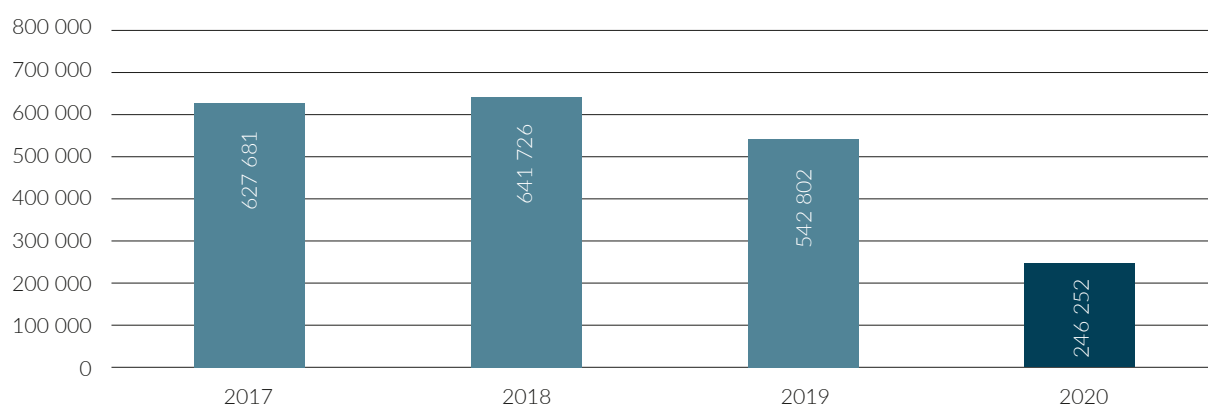
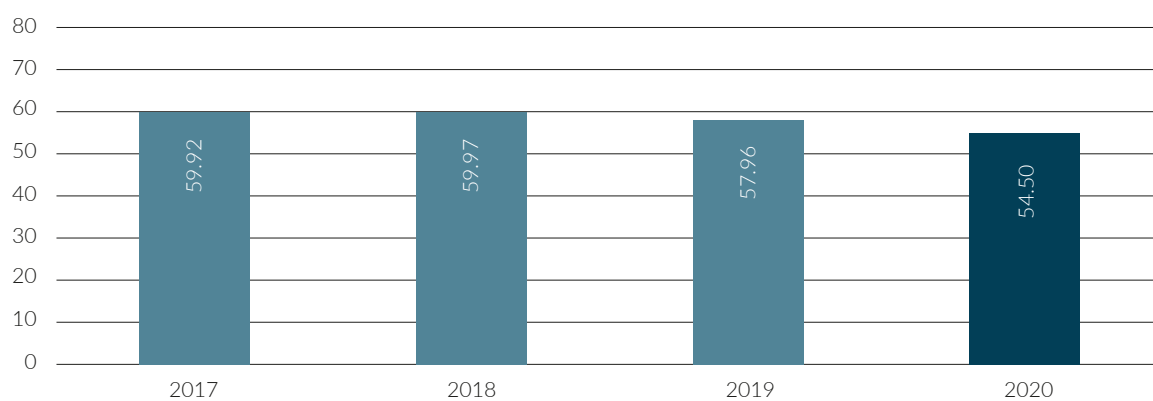
(NOK 1 000)	2020	2019	2018 ⁴⁾
Operating revenues	5 118 867	5 586 670	5 080 806
Volume sold (tonnes)	88 904	89 879	82 420
Volume of own fish harvested (tonnes gutted weight)	30 509	27 297	35 970
Operational EBITDA ¹⁾	346 999	629 606	731 024
Operational EBIT ¹⁾	246 252	542 802	641 726
EBIT	107 609	423 301	807 739
EBT	72 970	474 775	869 838
Result for the year	74 687	1 313 097	709 091
EBITDA margin ¹⁾	6.8 %	11.3 %	14.4 %
Operational EBIT margin ¹⁾	4.8 %	9.7 %	12.6 %
ROCE ²⁾	8.5 %	25.9 %	36.8 %
Operational EBIT per kg ³⁾	9.91	21.98	19.97
Book value of biological assets	1 282 006	1 231 662	1 240 393
Total capital	5 814 710	4 680 538	4 090 833
Net interest bearing debt	1 521 580	33 073	419 698
Book equity	3 130 692	3 357 040	2 320 785
Equity ratio %	53.8 %	71.7 %	56.7 %
Net cash flow from operating activities	384 548	223 291	806 696
Net cash flow from investing activities	-1 450 521	540 436	-411 818
Earnings per share	1.86	30.14	16.21
Number of shares as at 31 December	43 572 191	43 572 191	43 572 191
Number of employees (full-time equivalents)	217	176	188

1) Before fair value adjustments, income from associates and gain on financial instruments.

2) Return on capital employed based on 4 quarters rolling EBIT aligned for fair value adjustments/average (NIBD + Equity - Financial assets).

3) Operational EBIT for segments farming and sales before non-recurring items.

4) Figures for 2018 have not been adjusted for discontinued operations.

HARVEST VOLUME HOG (tonnes)**OPERATIONAL EBIT** (NOK 1 000)**SALMON PRICE** (Nasdaq/NOK)

Message from the CEO:

Invest for the future

The year 2020 has been very different, more demanding, and less profitable than we predicted before the Covid-19 virus hit all the world's markets. Nevertheless, new investments have positioned us better for the future. 2021 will be a historic year for Norway Royal Salmon, where we realise our investments for the future.

It is impossible to summarise 2020 without reflecting on how the corona pandemic has put our delivery capability and operations to the test. Uncertainty have affected, and continue to affect, our international markets. Here at home, various parts of society have gone in and out, and in again, of shutdowns. We who do not have our everyday life working at the farming sites, have become well, far too well, acquainted with our home office. But with strict infection control measures, good craftsmanship and hard work, we have so far done well during the pandemic. And we have done it as a united team - from the office in Kristiansand to farming sites in the north. Of course, we continue to monitor the consequences of the corona pandemic, but I want to give all our employees and partners a real pat on the back for the effort that has been put into the year that has passed.

This does not mean that we are without challenges ahead. With closed or sharply reduced market segments, the salmon prices have fluctuated. We are naturally not unaffected by this and have had periods both in 2020 and at the beginning of this year with significant pressure on salmon prices. At the same time, we still have too high costs per kilo of fish harvested, and we are working purposefully and systematically to reduce these. With the combination of low salmon

prices and too high costs, we see clearly lower margins and thus weaker results than we experienced in previous years. We have lived well with good salmon prices for some years now, but the global situation with the corona pandemic have given us a wake-up call we must be prepared for periods with lower margins.

That said, I'm optimistic about the future. We see that the market has absorbed large volumes, despite a significant change in which parts of the market that have strengthened or weakened through the pandemic. When the corona pandemic started, we experienced challenges with logistics and much of the sales moved to retail, online shopping and take-away services in Europe. The market's ability to change gives us reason to have a positive market view going forward. We have used the past year well, and rarely, if ever, has Norway Royal Salmon been better prepared for future growth. Our commitment in northern Norway has become clearer in 2020, and one of the things I am especially looking forward to in 2021 is the start of production at the new smolt facility in Dåfjord. The facility is one of the largest and most modern of its kind in the world and will give us greater control and security in an important part of the value chain. The Dåfjord facility will also create jobs and values in one of our many host municipalities in the north. I'm proud of

that. The Dårjord facility says a lot about NRS; About our ambitions and where we want to remain. Norway Royal Salmon's home ground is in the north, and it is in the Arctic waters that our growth will be in the coming years. With an increased ownership position in Arctic Fish, we are looking beyond our domestic horizon. With Arctic Fish on Iceland as part of the group, we are consolidating our position in the northern areas and the Arctic.

Our third growth project - the offshore facility Arctic Offshore Farming (AOF) - was delayed due to Covid-19 but is scheduled to start production in the second half of 2021. The future-oriented aquaculture facility will open up new areas for salmon farming. New and groundbreaking production technology dimensioned for severe winter storms in harsh areas will give us great opportunities for growth. We believe that we in Norway must take advantage of and strengthen the comparative advantage that our coastline gives us, and that offshore aquaculture will be an important part of a future aquaculture strategy.

2020 could easily be the year where it was all about coronavirus and damage control. However, we have thought offensively and managed to keep a high pace in the innovation work. We have invested heavily and expect to gradually increase the harvest volumes in the coming years, and thus the ability to supply the world with healthy, sustainable food.

Norway Royal Salmon has ambitions to deliver high quality nutritious salmon with minimal environmental footprint or as we state in our vision "Guided by nature". We are convinced that sustainable production of salmon is an important success factor for our long-term financial value creation.

For several years we have worked to produce according to the industry's most stringent environmental standards, the Aquaculture Stewardship Council (ASC)

standard. ASC certified fish are produced in a very responsible and sustainable way within very strict requirements. At the end of the year 88 percent of our sites were certified and our goal is that all active sites shall be certified by 2022. We are now carrying out a comprehensive electrification of our production and take responsibility in the necessary work to electrify Norway to reduce the nation's total climate emissions. The electrification will contribute to the achievement of our emission targets and the UN's targets for sustainable development.

Yes, 2020 was different, but our basic values are the same: Safe, Engaged, Innovative and Credible. In 2020, we also worked hard to live up to these values, and I am impressed with what we together achieved in a demanding year. We are now prepared to serve the world's best food to even more people in 2021. We have every good reason to be proud of that.



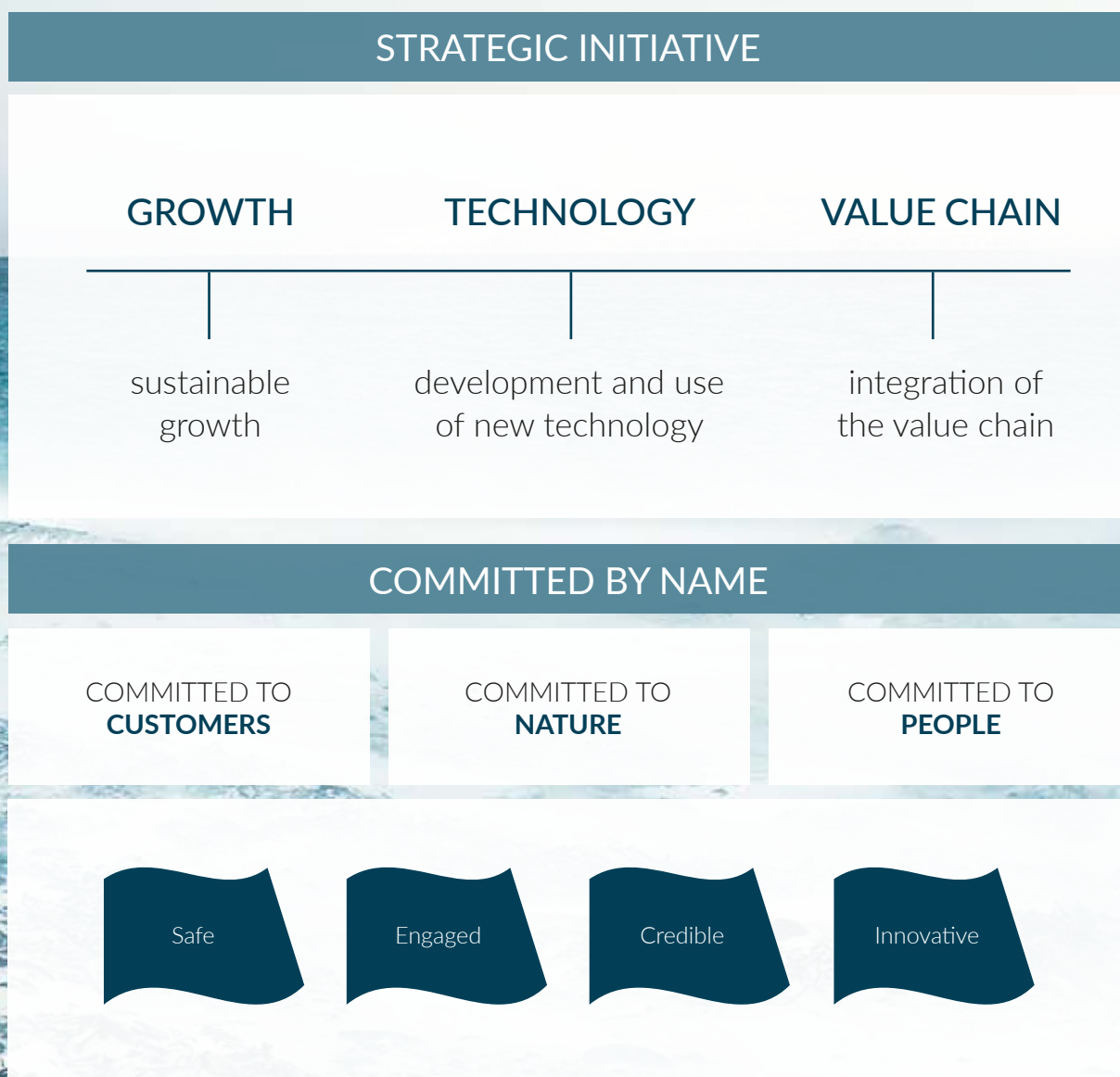
A handwritten signature in black ink, which appears to read "Charles Høstlund". The signature is stylized and fluid.

Charles Høstlund
Chief Executive Officer



Strategy

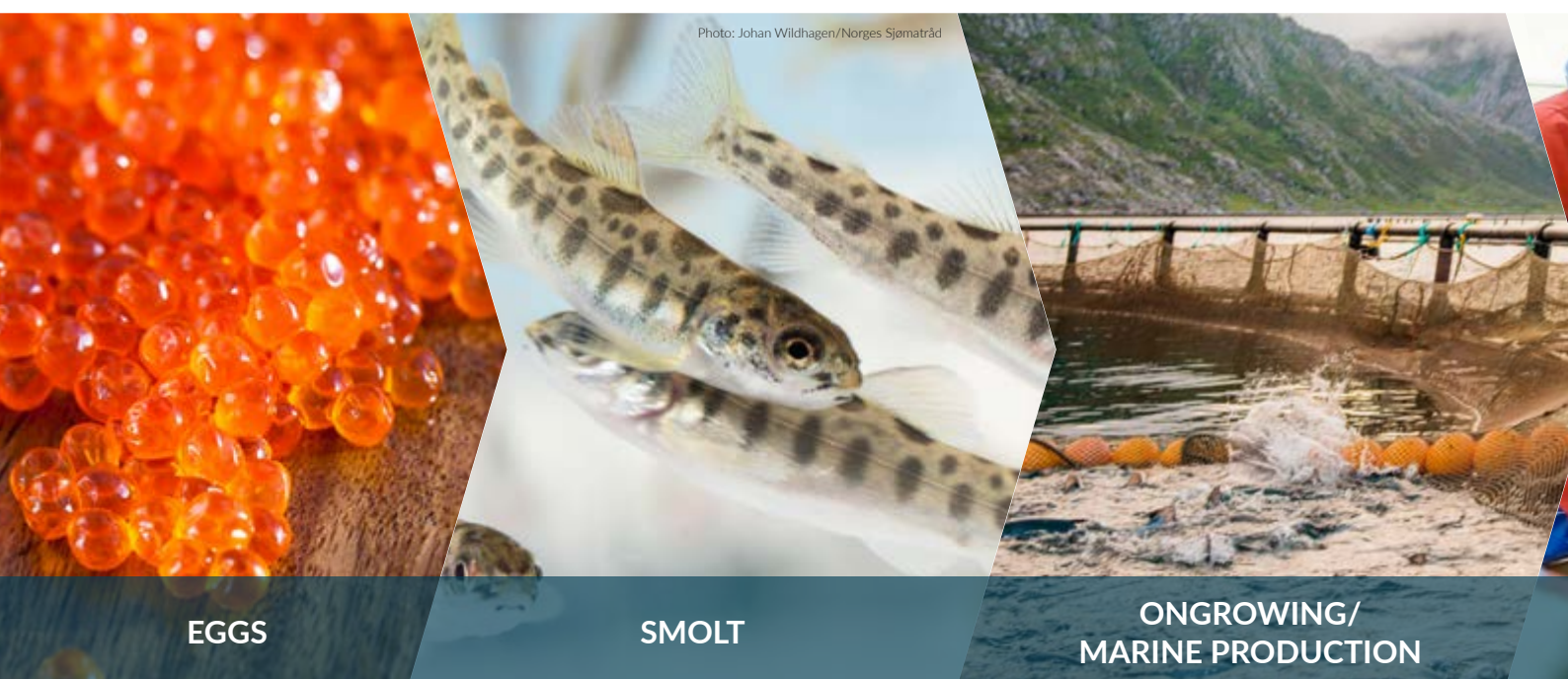
Norway Royal Salmon shall be the most effective salmon farming company in the market:



Norway Royal Salmon

– a sustainable fish farming company

Since the company was founded in 1992, Norway Royal Salmon (NRS) has developed from a sales and marketing company for farmed salmon into a sustainable fish farming company in strong growth.



Fish farming value chain

Smolt

- Smolt supply secured through long term agreements and associated companies
- In-house smolt facility with a production capacity of 2 4000 tonnes, operative from the spring of 2021
- 50 % ownership in the smolt producer Nordnorsk Smolt AS
- 17 % ownership in Skardalen Settefisk AS, co-owned with Wilsgård Fiskeoppdrett AS

Ongrowing/marine production

- 36 085 tonnes MAB in Norway
- Harvest volume 2020: 30 509 GWT
- Production capacity between 50 000 and 55 000 GWT
- 11 partly owned licenses through associated companies in Norway
- 51.3 % ownership in Arctic Fish on Iceland with licenses for 11 800 tonnes

The Group is a fish farming company with activities in two main segments: salmon farming and sales. In 2020, the Group's farming operation harvested 30 509 tonnes of salmon, while the sales organisation sold 88 904 tonnes of salmon.

The Group has 36 085 tonnes MAB for salmon farming. The operational companies NRS Farming AS and Nor Seafood AS have together 30 024 tonnes MAB. The subsidiary Arctic Offshore Farming AS, which was granted development permits in 2018, has at the end of 2020 6 051 tonnes MAB. Arctic Offshore Farming AS will build a semi-submersible offshore fish farm designed for harsh areas. The farm will be operational by the summer of 2021. In addition, the Group has a subsidiary, NRS Settefisk AS, which will

build and operate a smolt facility on Karlsøy in Troms. The facility will be operational from the spring of 2021. Following a private placement in January 2021, the Group owns 51.3 per cent of the shares in the fish farming company Arctic Fish on Iceland, which has farming licenses for 11 800 tonnes of salmon and 5 300 tonnes of trout. Arctic Fish was listed on Euronext Growth Oslo in February 2021. The company will be consolidated as a subsidiary from 2021. The Group holds minority interests in five companies. Of these, three are fish farming companies in Norway with 11 licenses. In addition, the Group owns 50 per cent of the smolt producer Nordnorsk Smolt AS. The Group is thus involved in almost all links of the value chain, from smolt and salmon production, through harvesting and sales and marketing.



PRIMARY PROCESSING

VALUE ADDED PROCESSING

SALES & MARKETING

Primary processing

- 100 % secured harvesting capacity
- Harvesting agreement for the production in Finnmark
- Ownership in Wilsgård Fiskeoppdrett that harvest the production in Troms

Sales & marketing

- Sales from in-house salmon farming, associated companies and external farmers
- Sale of fresh and frozen salmon and trout
- Sold 88 904 tonnes in 2020
- 83 % export to 52 countries in 2020

Salmon farming – situated in attractive areas

In 2006, Norway Royal Salmon made a strategic decision to become a salmon farmer. From 2007 fish farming has been a part of the Group's activities. In 2019 a new strategic decision was made and the farming operation in Region South was sold. After increasing its ownership interest in Arctic Fish to 51.3% in 2021, the group has a subsidiary on Iceland.

Salmon farming in Norway

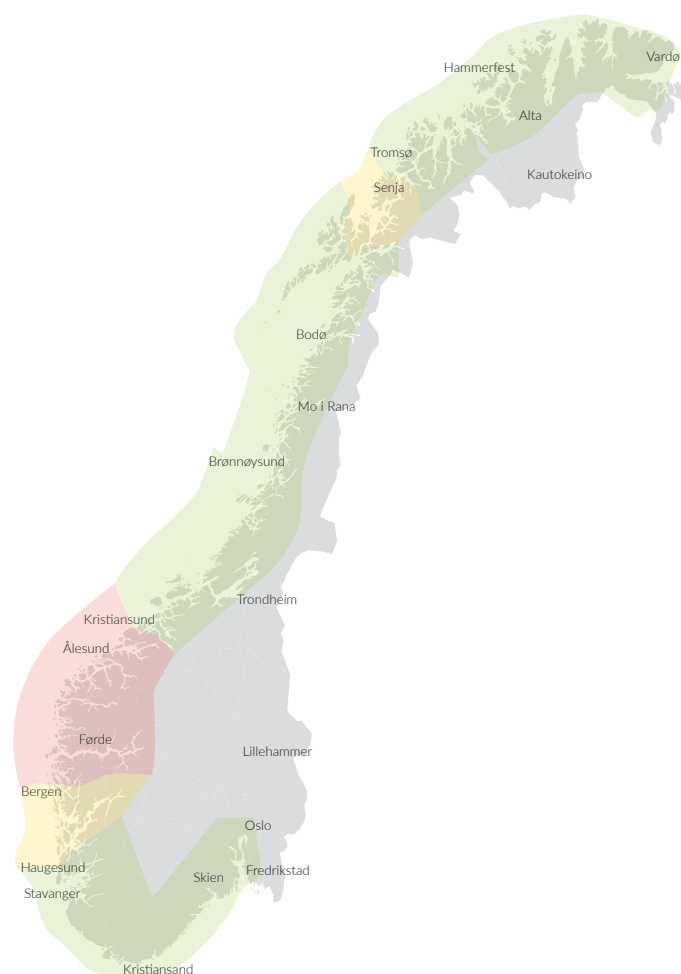
After NRS was awarded 10 green licenses in 2014, 7,68 developing permits in 2018 and sold Region South in 2019, estimated yearly production capacity is between 50 000 and 55 000 tonnes GWT.

The criteria for the allocation of the green licenses were to establish a production that reduces the extent of sea lice or reduces the risk of impact on wild salmon as a result of escapes.

The developing permits of Arctic Offshore Farming will provide significantly increased area utilisation of Norwegian sea waters when positioned farther away from the coast and will have a limited environmental footprint. The future growth of the aquaculture industry will be through such sustainable solutions.

All production capacity is located in Troms and Finnmark that has the best conditions for farming activities, both concerning profitability and future growth. This is a region where the Group expects strong growth in harvest volumes in the coming years. After being awarded 7.68 developing permits (equivalent to 5 990 tonnes) in 2018 through Arctic Offshore Farming AS, the Group has 36 085 tonnes MAB for salmon farming. The region has been a priority area for growth by the Norwegian authorities in the last allocations of new licenses. All sites in Troms and Finnmark, except for Production area 10 which got yellow light, got a green light in the traffic light system in 2020.

Norway Royal Salmon aims to be one of the leading ASC certified salmon farming companies in the world. Norway Royal Salmon's objectives are to meet the growing demand for salmon with sustainable production. Currently, 88 per cent of the NRS sites are ASC-certified and the goal is to be 100 per cent certified on active sites by 2022.



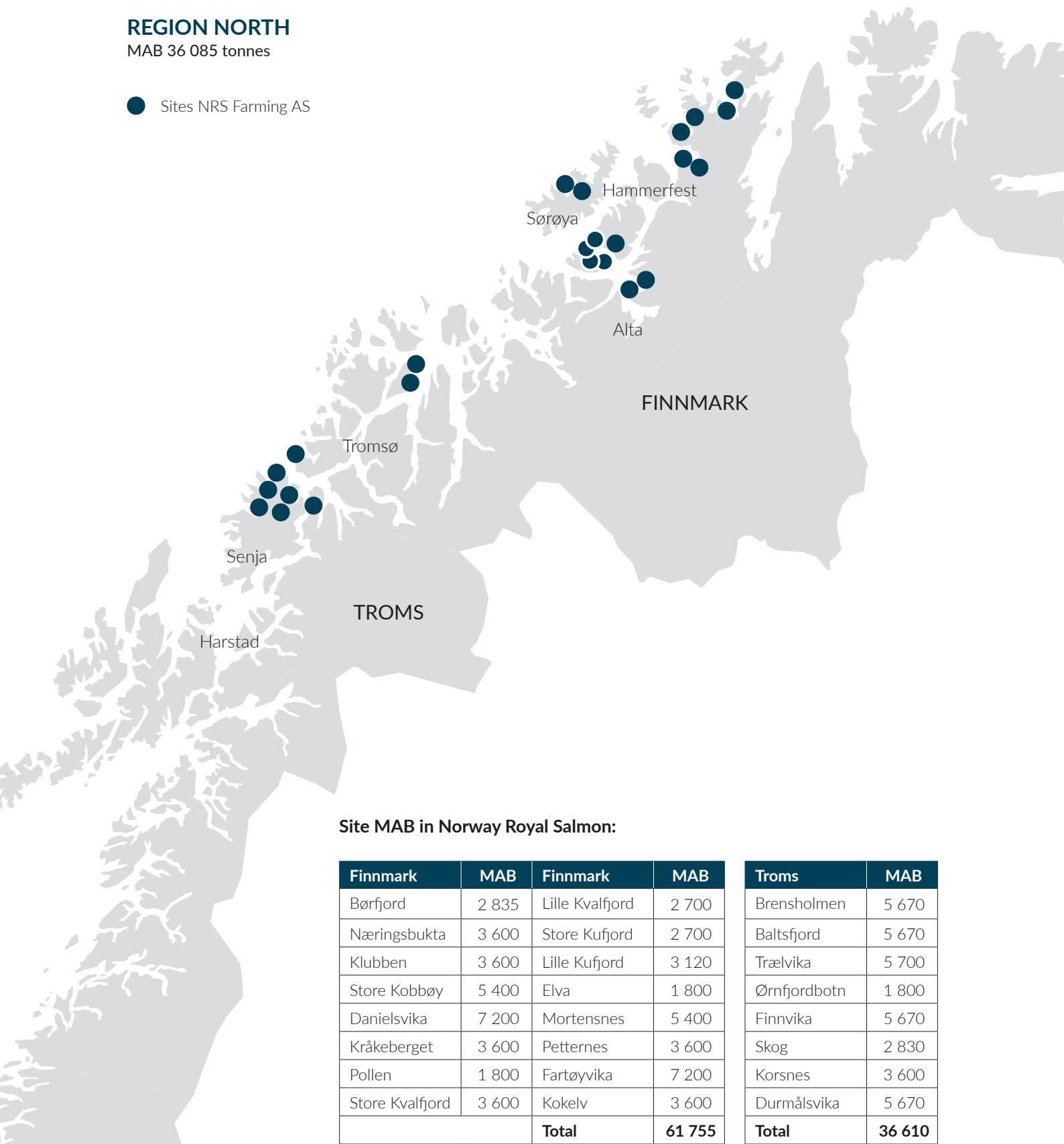
Traffic light system 2020

- Green areas was offered 6 % growth.
- One percent was sold at a fixed price. This is growth on the farmers' existing licenses. The price was NOK 156 000 per tonne.
- Farmers who meet the exemption criteria will be offered up to six per cent growth, based on detailed rules in the production area regulations. This is regardless of the colour of the production area.
- The remaining MAB, including what is not sold at a fixed price in green areas, will be allocated through an auction of new licenses. The Ministry held the auction in the summer of 2020 and Norway Royal Salmon bought 1 050 tonnes of MAB in production area 12; located in Troms and Finnmark.

REGION NORTH

MAB 36 085 tonnes

● Sites NRS Farming AS



Site MAB in Norway Royal Salmon:

Finnmark	MAB	Finnmark	MAB	Troms	MAB
Børfjord	2 835	Lille Kvalfjord	2 700	Brensholmen	5 670
Næringsbukta	3 600	Store Kufjord	2 700	Baltsfjord	5 670
Klubben	3 600	Lille Kufjord	3 120	Trælvika	5 700
Store Kobbøy	5 400	Elva	1 800	Ørnfjordbotn	1 800
Danielsvika	7 200	Mortensnes	5 400	Finnvika	5 670
Kråkeberget	3 600	Petternes	3 600	Skog	2 830
Pollen	1 800	Fartøyvika	7 200	Korsnes	3 600
Store Kvalfjord	3 600	Kokelv	3 600	Durmålsvika	5 670
		Total	61 755	Total	36 610



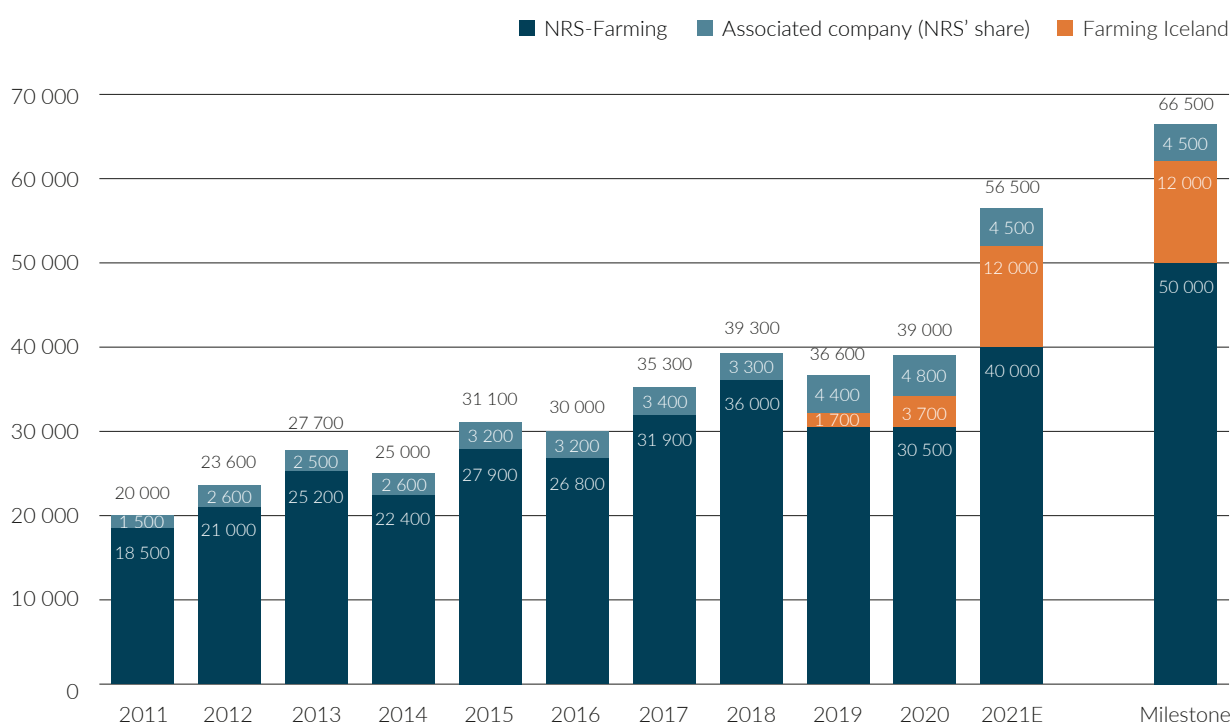
Strategically important smolt facility in production from 2021

In the spring of 2021, Norway Royal Salmon's new smolt facility will start the production of smolts. The facility is strategically important for NRS and will help increase the biological safety, quality and size of Norway Royal Salmon's smolts. This will help the group to improve the timing of smolt releases, make better use of MAB and reduce production costs.

The facility is situated in Dåfjorden in close proximity to the fish farms of NRS Farming. The facility has a production capacity of 2 400 tonnes and is among the world's largest and most modern smolt facilities. The facility is licensed to produce up to 10 million smolts up to 400 grams annually.

The Group's growth from 2011 - 2020

The Group's growth from 2011 to 2019 through utilisation of the capacity of the existing licences is illustrated below:

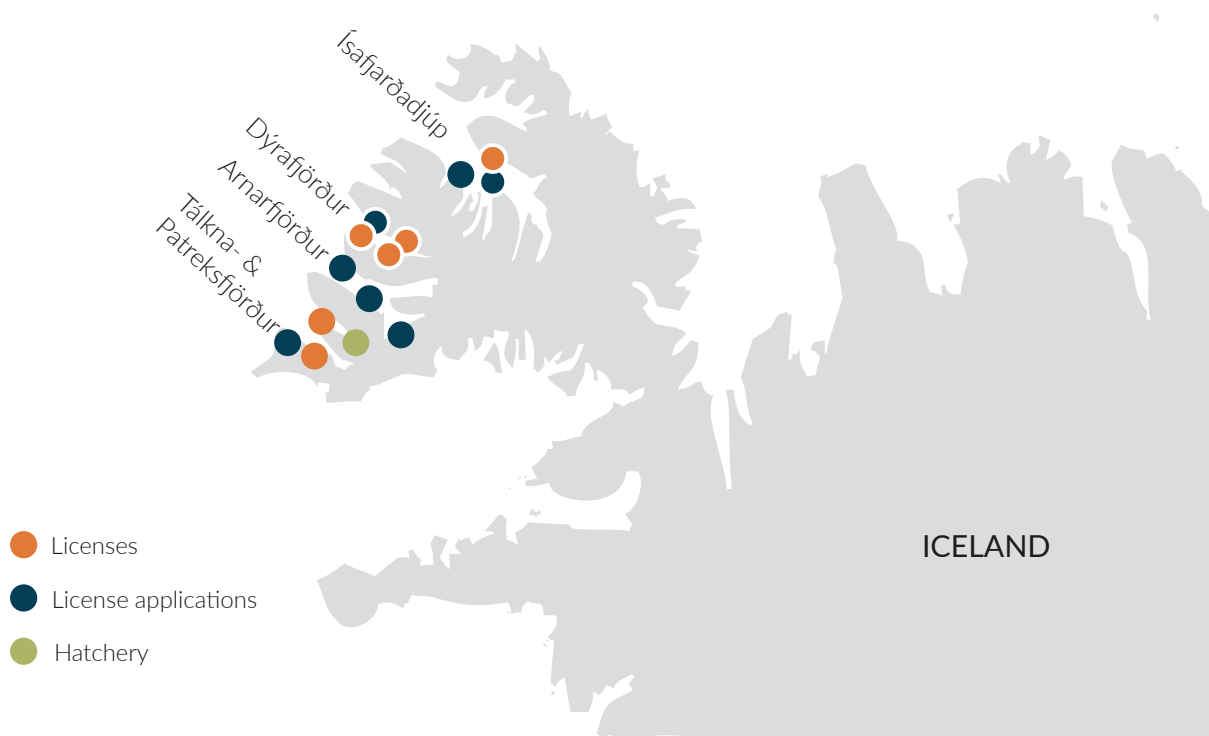


Salmon farming on Iceland

Following the private placement, where NRS became the majority owner of Arctic Fish, the group is well established in aquaculture on Iceland. Arctic Fish is located in the Westfjords of Iceland, which has good conditions for aquaculture activities and great future growth opportunities.

The company has farming licenses for 11 800 tonnes of MAB for salmon and 5 300 tonnes of MAB for

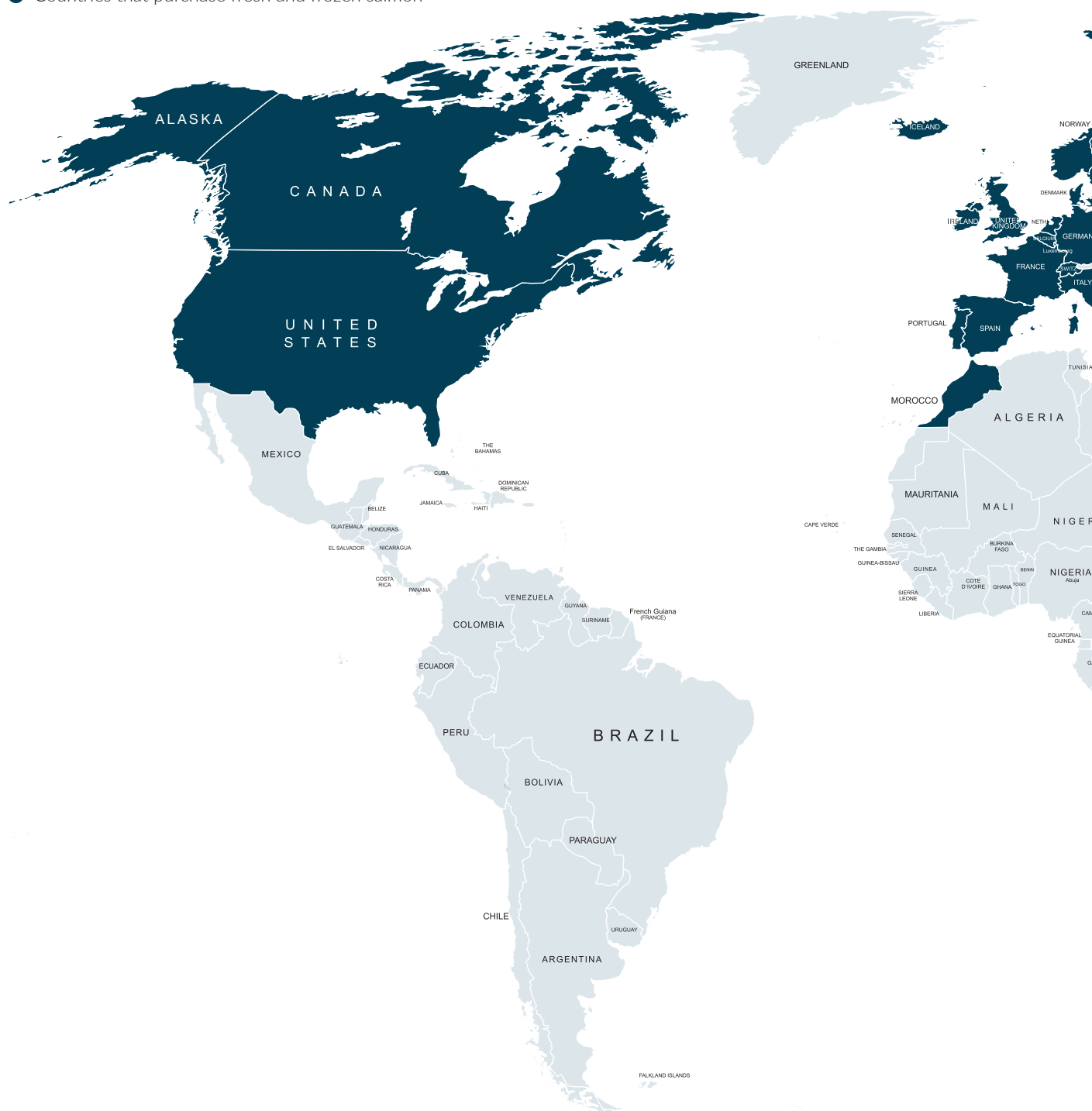
trout. In 2020, the company harvested 7 443 tonnes and expects to harvest 12 000 tonnes in 2021. The estimated harvest volume for 2025 is 24 000 tonnes gutted weight. In addition, the company owns a new hatchery with RAS technology. This facility is situated in the vicinity of the fish farms. All Arctic Fish sites are ASC-certified.



MAB for Arctic Fish on Iceland:

Area (see map)	MAB today	Application	Total	Maximum allowed in area
Ísafjardardjúp	5 300	4 800	10 100	30 000
Dýrafjörður	4 000	6 000	10 000	10 000
Arnarfjörður	0	4 000	4 000	20 000
Tálkna- and Patreksfjörður	7 800	0	7 800	20 000
Total	17 100	14 800	31 900	80 000

● Countries that purchase fresh and frozen salmon



Key figures

52

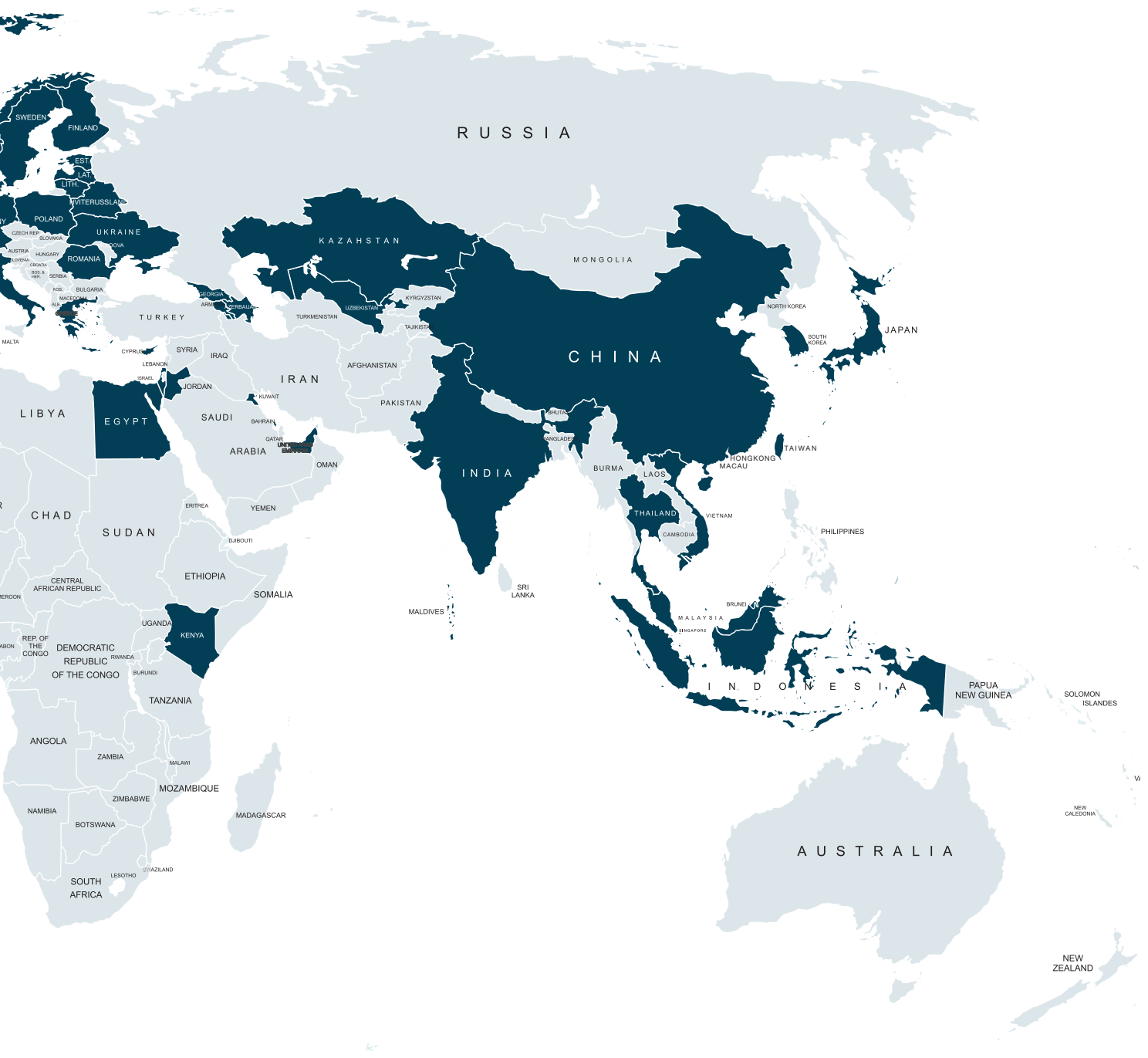
countries purchase
salmon

34 %

of the volume comes from
own salmon farming

83 %

of sold volume was
exported



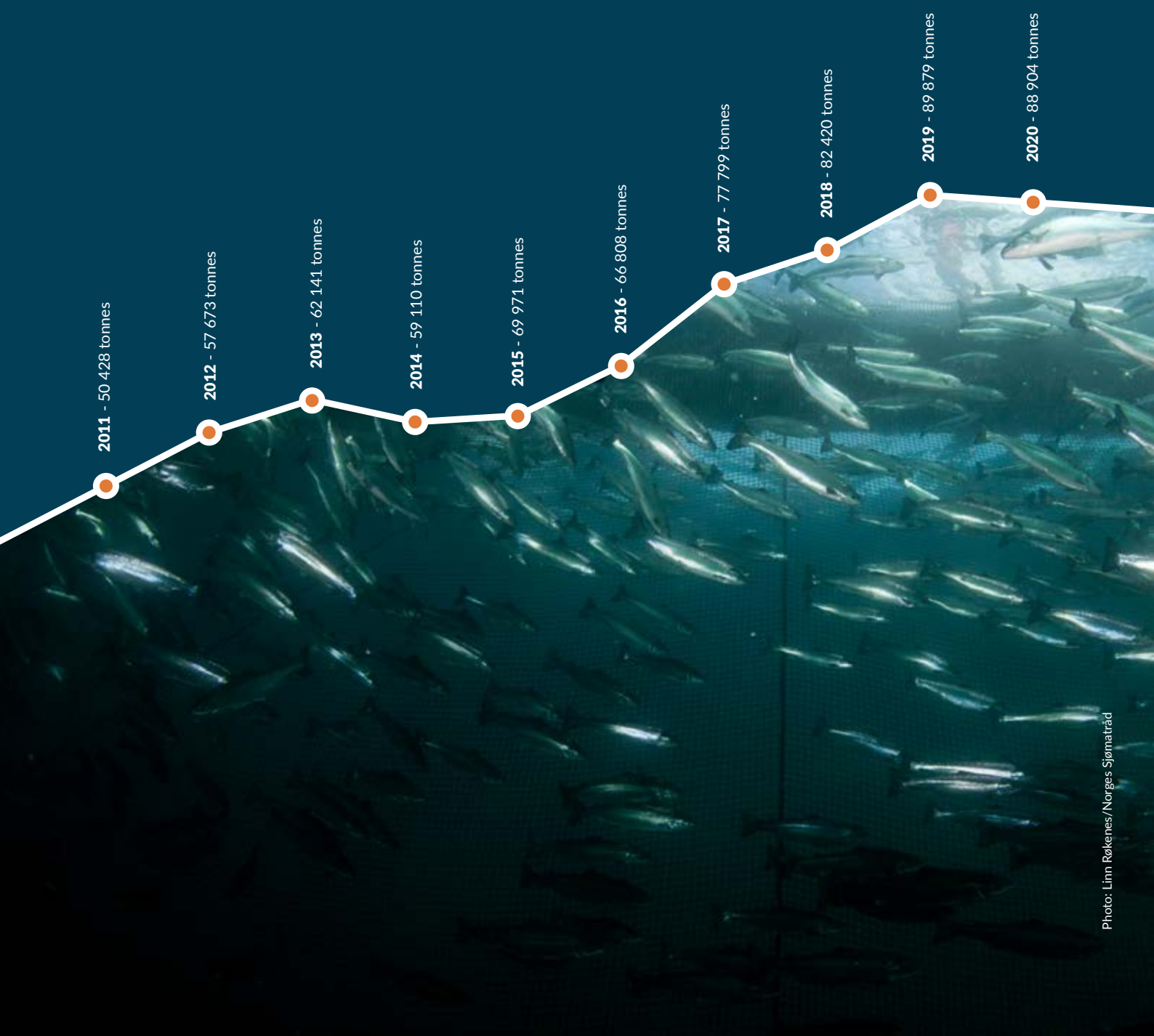
Sales with international focus

Sales activities comprise the trading of salmon and trout. Norway Royal Salmon has its own dedicated sales and marketing organisation that buys and sells farmed fish through a comprehensive network. In a competitive market, this ensures good access to high-quality fish from a network consisting of own production, associates and external producers. The principal products are fresh and frozen salmon, which were sold to customers in 52 countries in 2020. Around 83 per cent of the company's sold volume were exported.

Western Europe accounted for 82 per cent of the company's exports, while the remainder were sold to countries in Eastern Europe (7 per cent) and Asia (11 per cent).

Since its establishment, the sales turnover has increased steadily year after year. In 2020, the company sold 88 904 tonnes. A large share of the sales of fish come from the Group's fish farming operations (34 per cent in 2020).

Volume sold in the organisation



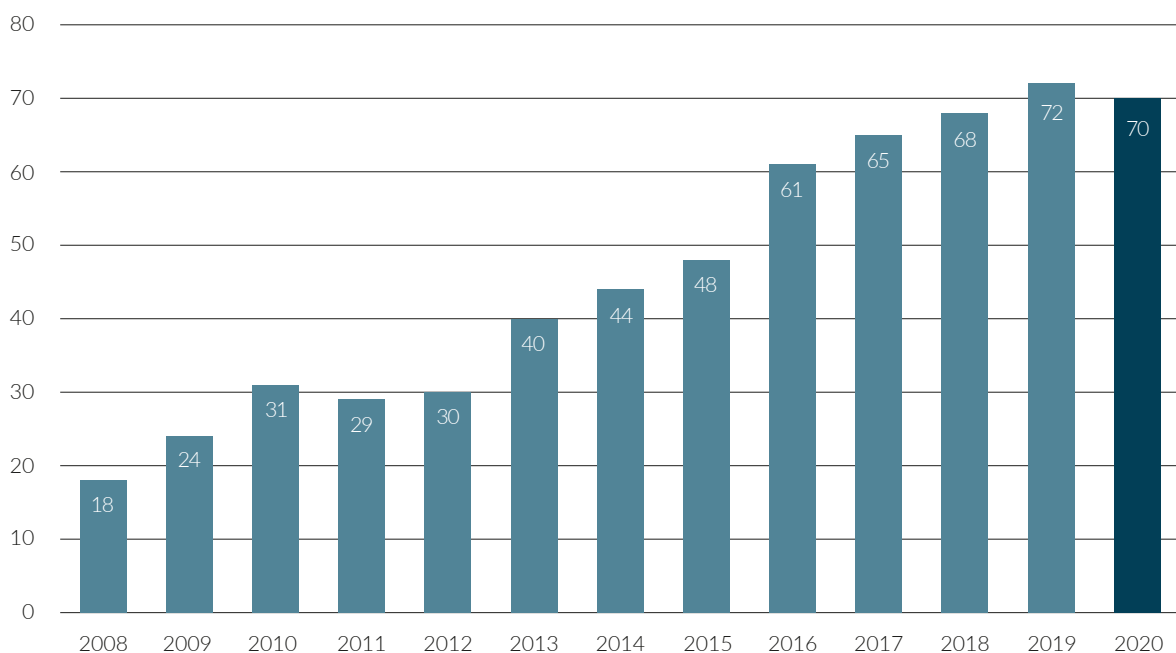
A challenging year

2020 was a challenging year for Norway Royal Salmon and the Norwegian salmon industry. The market has been and still is significantly affected by restrictions due to Covid-19. Exported volume increased by 2.4 per cent to 1 314 163 tonnes (measured in round weight). This is the highest volume that has ever been exported from Norway. Despite the increase in volume, the value of Norwegian salmon exports was reduced by NOK 2.3 billion from 2019 to NOK 70.1 billion in 2020. The price decreased by 5.5 per cent to NOK 59.23 per kg (FCA Norway's border, gutted weight). With a limited increase in supply, higher prices would normally be expected in 2020, but Covid-19 restrictions, changes in trading patterns from hotels and restaurants to retail, as well as restrictions on the transport of salmon to long-distance markets had a major impact on the prices and demand for salmon.

Prices fluctuated strongly in 2020, both from week to week and in fluctuations through the year. At the beginning of the year, demand and prices were historically strong, while restrictions related to

Covid-19 took effect from March. The highest prices in 2020 were in the period January to March. The effects of Covid-19 restrictions first became apparent in Asia before becoming global and significant in the first wave of restrictions from March. Prices then fell significantly from March, before rising again from May, due to an improvement in demand, to mid-June. From June, prices fell and remained low throughout the year. First because of normal seasonal variation then as a result of the second period of global closedowns in much of the fourth quarter. In addition to Covid-19 restrictions, prices were affected by a large increase in supply in the fourth quarter and a strengthening of the Norwegian krone. The average spot price (Nasdaq FCA Oslo) came to NOK 54.50 per kg (gutted weight). A decrease of NOK 3.46 per kg from NOK 57.96 per kg in 2019. The highest spot price for a week, NOK 79.11 per kg, was noted during week 1. The lowest price was in week 49, when the spot price stood at NOK 40.99 per kg. The difference between the year's highest and lowest price was as much as NOK 38.12 per kg.

EXPORT VALUE OF NORWEGIAN SALMON (NOK Bn)



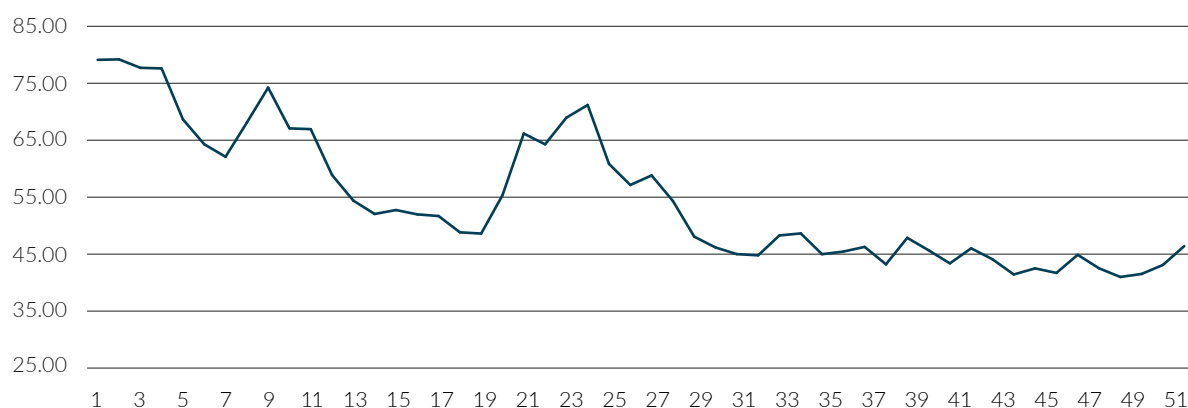
In 2020, the supply of salmon was stable in the first 3 quarters, before the global supply increased significantly in the fourth quarter. In the first quarter, global supply increased by 2 per cent. In the second quarter, supply increased by 3 per cent before the supply increased by 4 per cent in the third quarter. In the fourth quarter, supply increased to 11 per cent. In total, 5 per cent more salmon were harvested in 2020 than in 2019. In 2021, KØntali Analyse believe the global harvest volume will grow by around 2 per cent. In the longer term, we still expect moderate growth. The figure below shows the historical development of global supply growth in tonnes and as a percentage.

The 5 per cent increase in global supply in 2020 came as a result of a 3 per cent increase from Norway and 13 per cent from Chile. In Norway, harvest volumes increased by 36 000 tonnes, mainly because of good growth, as a result of good biological conditions in the sea. The high growth in Chile is not expected to continue in 2021 as the biomass at the end of the year was 12 per cent lower than in 2019. Norway and

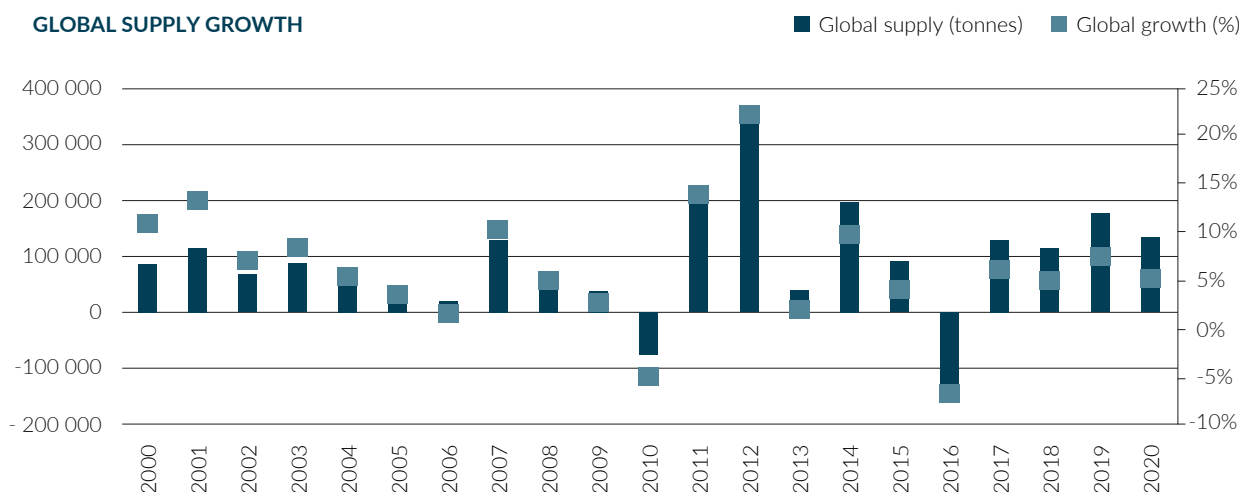
Chile's harvest volume increased by a total of 124 000 tonnes in 2020, while other countries accounted for an increase of 10 000 tonnes. Although harvest volumes from Norway are expected to increase 7 per cent 2021, we will have a low global increase, due to a significantly reduced harvest volume from Chile.

The low price level caused by Covid-19 and higher supply has led to increased growth in demand for salmon in most markets in 2020. However, there was a large difference in demand growth between the first and second half of 2020. As a result of the low supply growth and Covid-19 restrictions in the first half of the year, global demand was unchanged from 2019. The low price level and increased supply in the second half of the year led to a high growth in global demand. Covid-19 has had a significant impact on demand patterns. Demand has shifted from the hotel, restaurant and catering segment (Food Service), which in many key markets has been virtually shut down, to retail. Demand in the Food Service segment has been low, while demand in the retail has increased. Although demand

SALMON PRICES 2020 Nasdaq pr kg (gwt) FCA Oslo



GLOBAL SUPPLY GROWTH



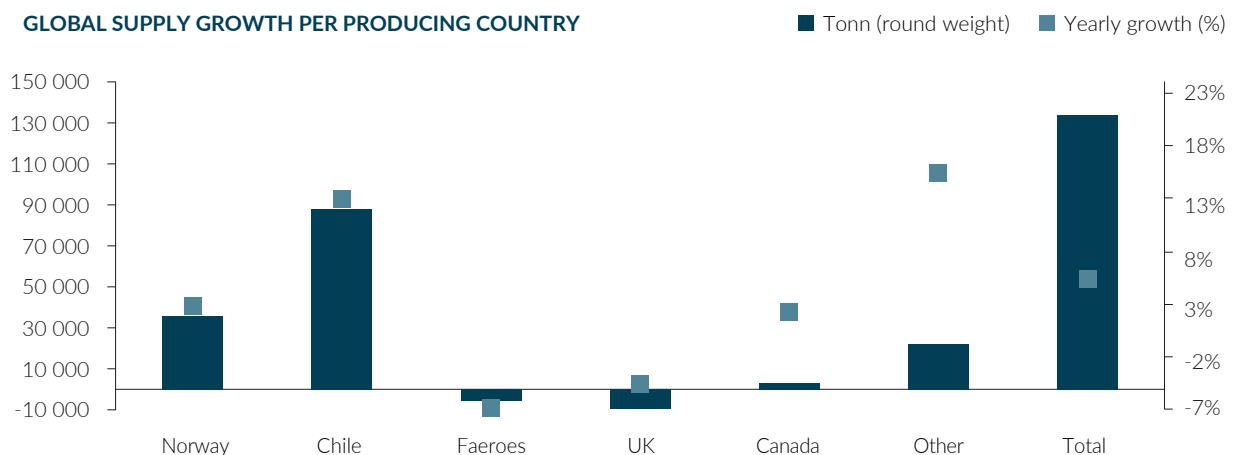
in this segment has increased, it has not been enough to compensate for the decline in the Food Service segment. The largest increase in percentage was in the United States and Eastern Europe (excluding Russia). Growth in the EU was reduced from 7 per cent in 2019 to 5 per cent in 2020. Most markets and regions, except for Asia, bought more salmon in 2020 compared to 2019. Total demand in Asia fell significantly in 2020. Asia was particularly affected by falling demand in China fell due to Covid-19 restrictions and low consumer confidence in imported seafood.

The consumption pattern of salmon has changed under Covid-19. More people eat salmon at home, which has led to increased retail sales. About half of the increase comes from new customers who have not previously bought salmon through retail. The other half comes from existing customers. The shift from Food Service to retail is expected to be reversed at some point, but the current market situation may also lead to permanent changes in consumption patterns. With an increasing proportion of people preparing food at home,

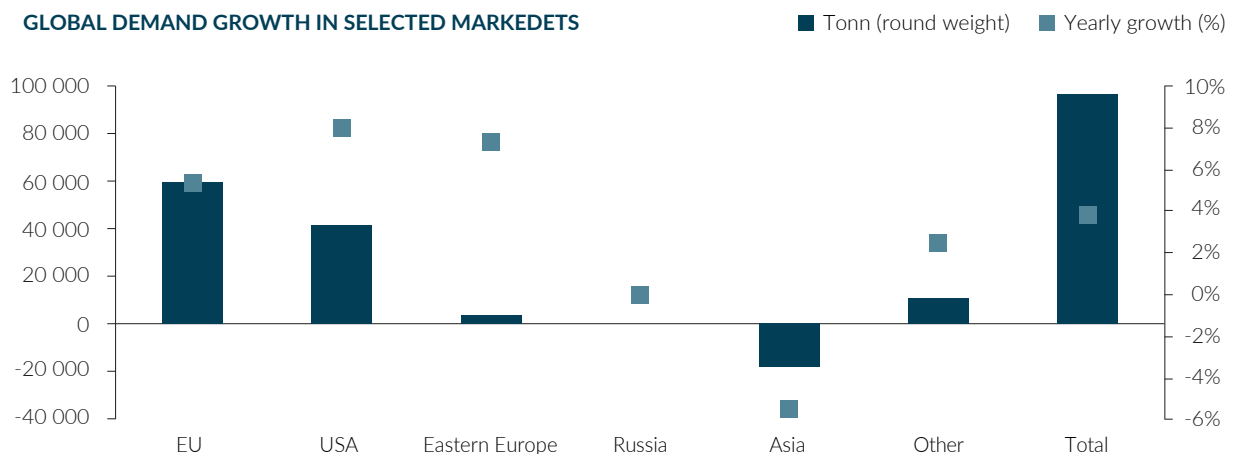
combined with an increasing preference for healthy food and the current low prices, the demand for salmon may increase in the retail segment in the future.

Barriers to trade have always affected the trading volumes of the salmon farming industry. In 2020 and at the start of 2021, we have seen how Covid-19 has affected demand. But the industry has many markets that consume salmon and 2020 once again showed the flexibility of the industry and the market in relation to the flow of goods when prices and volume change significantly. Although there is considerable uncertainty at the beginning of 2021 associated with Covid-19 and the measures to prevent the spread of the disease, the underlying demand is strong. The market width, flexibility in product flows and the fact that salmon have reached new consumers give the Norwegian salmon industry great opportunities in the future when the pandemic has been repulsed and restrictions have been lifted.

GLOBAL SUPPLY GROWTH PER PRODUCING COUNTRY



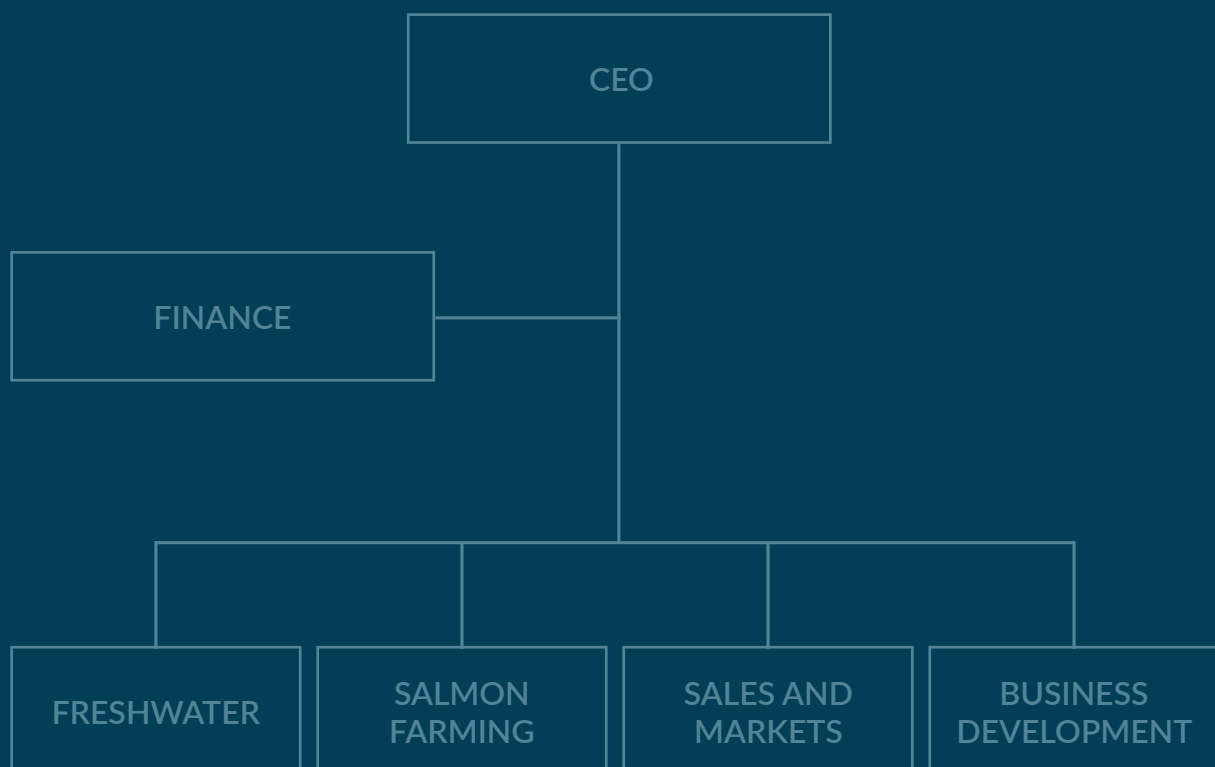
GLOBAL DEMAND GROWTH IN SELECTED MARKETS





Organisation

The organisation is intended to clarify Norway Royal Salmon's most important business areas in order to focus on targeted development of these main areas.



Management



Klaus Hatlebrekke (1974)

Chief Operating Officer Business development

Klaus Hatlebrekke holds a Master degree in Business and Economics from the Norwegian School of Management. He was an analyst of the seafood sector at DnB Markets for more than 10 years. Hatlebrekke joined Norway Royal Salmon in April 2012.

Charles Høstlund (1975)

Chief Executive Officer

Charles Høstlund has a Master degree in fish health from the Norwegian College of Fishery Science and an MBA in Financial control and management from the Norwegian School of Economics and Business Administration (NHH). He has previously worked as Regional Director of Marine Harvest Northern Region. He joined Norway Royal Salmon in October 2014.

**Ola Loe (1966)****Chief Financial Officer**

Ola Loe is a Certified Public Accountant from the Norwegian School of Economics and Business Administration (NHH). Prior to joining Norway Royal Salmon in February 2009, he worked as a senior manager at KPMG and as group auditor for Cermaq, Norway Pelagic, Mowi and Fjord Seafood.

Arve Olav Lervåg (1971)**Chief Operating Officer Farming**

Arve Olav Lervåg is educated within aquaculture and economics from Molde University College. He was previously Head of aquaculture production at Lerøy Midt AS. He joined Norway Royal Salmon in April 2017.

Tore Evjen (1965)**Chief Operating Officer
Freshwater**

Tore Evjen is a trained biologist with a Cand.Scient degree from NTNU and is a college graduate in aquaculture from the Sogn og Fjordane University College. He was previously Head of aquaculture production at Marine Harvest Norway region Midt and North. He has over 25 years of leadership experience from the aquaculture industry. Evjen joined Norway Royal Salmon in August 2018.

The Board of Directors



Helge Gåsø (1961)
Chair

Helge Gåsø is the CEO of FRØY AS. Together with related parties, he owns 39 per cent of the listed company NTS ASA. Helge Gåsø has extensive experience of the build-up, operation and development of fish farming businesses. He took part in building Frøya Fiskeindustri AS, subsequently Hydro Seafood AS, Midnor Havbruk AS and FRØY AS.



Eva Kristoffersen (1971)
Vice Chair

Eva Kristoffersen is a Fisheries Science graduate from the Arctic University (UIT). In addition, she has a master's degree in Fisheries marketing and has specialisation in business administration, finance and organisational theory. She is the CEO of Egil Kristoffersen & Sønner AS and has directorship experience from, among others, Sjømat Norge and The Confederation of Norwegian Enterprise (NHO).



Marianne E. Johnsen (1963)
Board member

Marianne E. Johnsen is a lawyer and graduated as a jurist from University of Oslo before obtaining an MBA from Solvay Business School in Brussels. She is the founder and managing partner of Cascata AS, a management consulting and investment company. She has extensive experience from international executive positions, from among others Elkem. She holds several directorships, also in publicly listed companies, and is the Chair of the Board in many of these companies. She is, in addition, the leader of several nomination committees.



Tom Vidar Rygh (1958)
Board Member

Tom Vidar Rygh holds a master's degree in Economics and Business Administration from the Norwegian School of Economics and Business Administration (NHH). He has held senior positions in several major companies and is today senior advisor at Nordic Capital. He has and has had several directorships in larger Norwegian and international companies, including Europris ASA, Telenor ASA, Orkla Finans AS and Oslo Børs ASA.

**Trude Olafsen (1963)****Board member**

Trude Olafsen is graduated Cand. Agric. within aquaculture from the Norwegian University of Life Sciences. She is employed in AKVA Group with the responsibility for business development. She has worked in various organizations in the seafood industry and within research/consulting, in addition to have held several elected positions in the industry.

**Karl Johan Bakken (1958)****Board member**

Karl-Johan Bakken holds a master's degree in engineering from the Norwegian University of Science and Technology (NTNU), Department of Marine Engineering. He has held senior positions in several companies in the Ulstein Group. He was Director of Markets and Operations at Farstad Shipping ASA from 1999 to 2006 and CEO from 2006 to 2017. He is currently CEO of Remøy Group AS.

**Arnfinn Aunsmo (1966)****Board member**

Arnfinn Aunsmo is a veterinarian and holds a doctorate in epidemiology from the Norwegian School of Veterinary Sciences. He has held senior positions in several major companies in aquaculture in addition to positions related to the Norwegian School of Veterinary Sciences. He currently works in his own consulting company, Barkbekken AS. Aunsmo has published several publications and reports in his field.

Shareholder information

NRS had 2 651 shareholders at 31 December 2020 (2 533).

The 20 largest shareholders owned 82.16 per cent of the shares at 31 December (76.40 per cent).

Share capital

Norway Royal Salmon ASA had 43 572 191 ordinary shares with a nominal value of NOK 1 per share at 31 December 2020. The company has only one share class, and each share has one vote. The company's shares are freely transferable.

Prevailing board authorities

At the company's ordinary general meeting 4 June 2020, the board was authorised to purchase treasury shares up to a total nominal value of NOK 4 357 219, which corresponded to 10 per cent of the share capital. The lowest and highest price that to be paid for the shares is NOK 1 and NOK 300 respectively. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2021.

At the company's ordinary general meeting 4 June 2020, the board was authorised to issue up to 4 357 219 shares with a nominal value of NOK 1.00 per share. The board mandate covers consideration of the acquisition of other companies and the raising of capital to strengthen the company's position. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2021.

Analyst coverage:

Stockbroker	Phone
ABG Sunndal Collier	+ 47 22 01 60 67
Carnegie	+ 47 22 00 93 54
Danske Bank	+ 47 85 40 70 74
DNB Markets	+ 47 24 16 90 79
Handelsbanken Capital Markets	+ 47 22 39 72 99
Kepler Cheuvreux	+ 47 23 13 90 71
Nordea Markets	+ 47 24 01 37 73
Pareto Securities	+ 47 24 13 39 41
SEB	+ 47 22 82 71 26
SpareBank 1 Markets	+ 47 24 13 37 46
Fearnley Securities	+ 47 22 93 64 69

Option schemes

Option schemes for the senior management and key personnel are established. Currently 31 employees are included in the programmes. Detailed information can be found in note 19 to the Group's annual accounts.

Listing

Norway Royal Salmon ASA secured a listing on 29 March 2011. The shares are listed on the Oslo Stock Exchange under the ticker code NRS. They are registered in the Norwegian Central Security Depository, and SMN is registrar. The shares carry the securities number ISIN NO0010331838.

Share price development and liquidity

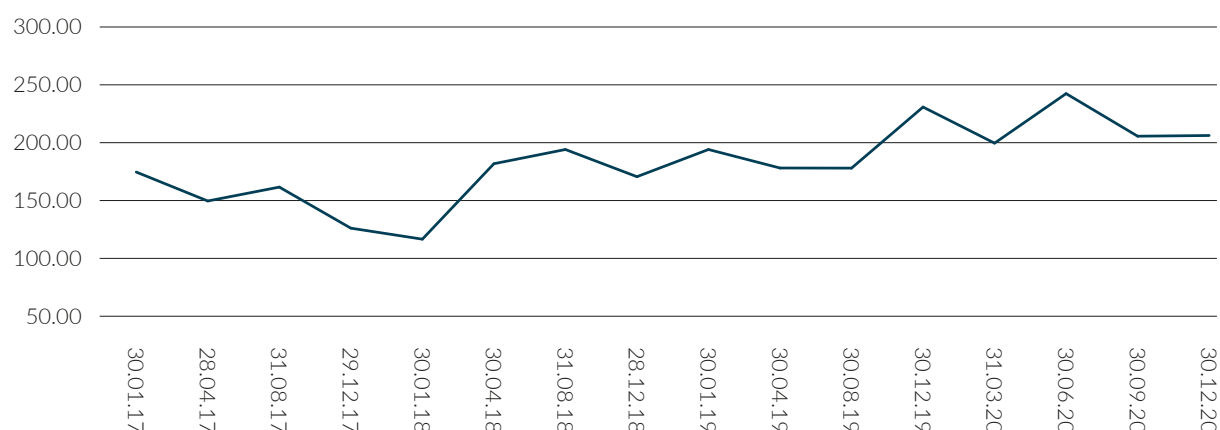
The share had a closing price at 31 December 2020 of NOK 214.60 per share. 13 220 801 shares were traded during the year (2019: 19 035 621). The NRS share price decreased by 10 per cent during 2020. The main index at the Oslo Stock Exchange increased 5.0 per cent in the same period. The company's total market value at 31 December 2020 was NOK 9 210.4 million.

FINANCIAL CALENDAR 2021 for Norway Royal Salmon ASA

16.02.2021	Presentation Q4 2020
26.04.2021	Annual report
11.05.2021	Presentation Q1 2021
27.05.2021	Annual General Meeting 2021
23.08.2021	Presentation Q2 2021
09.11.2021	Presentation Q3 2021

Please note that the financial calendar may be subject to change. Changes will be communicated through stock exchange notices.

For financial year 2020, the Board proposes to the Annual General Meeting that a dividend of NOK 3.00 per share is distributed. In 2020 an ordinary dividend of NOK 5.00 per share for the financial year 2019 was distributed.

STOCK PRICE 2017/2020 NOK**Ownership structure – the 20 largest shareholders as of 31 December 2020:**

Shareholder	No. of shares	Shareholding
FRØY GRUPPEN AS	6 015 079	13.80 %
MÅSØVAL EIENDOM AS	5 573 111	12.79 %
NORWAY FRESH AS	4 500 000	10.33 %
HAVBRUKSINVEST AS	4 233 371	9.72 %
EGIL KRISTOFFERSEN & SØNNER AS	3 841 770	8.82 %
HELLESUND FISKEOPPDRETT AS	1 683 406	3.86 %
STATE STREET BANK AND TRUST COMP	1 522 552	3.49 %
NYHAMN AS	1 407 782	3.23 %
THE NORTHERN TRUST COMP, LONDON BR	1 270 865	2.92 %
NTS ASA	1 051 838	2.41 %
RBC INVESTOR SERVICES TRUST	930 952	2.14 %
BROWN BROTHERS HARRIMAN & CO.	682 599	1.57 %
NORWAY ROYAL SALMON ASA	653 398	1.50 %
BNP PARIBAS SECURITIES SERVICES	450 000	1.03 %
STATE STREET BANK AND TRUST COMP	448 600	1.03 %
STATE STREET BANK AND TRUST COMP	411 001	0.94 %
JPMORGAN CHASE BANK, N.A., LONDON	307 660	0.71 %
MP PENSJON PK	290 539	0.67 %
JPMORGAN CHASE BANK, N.A., LONDON	281 543	0.65 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	241 614	0.55 %
Total 20 largest shareholders	35 797 680	82.16 %
Total other shareholders	7 774 511	17.84 %
Total no. of shares	43 572 191	100.00 %

The share in 2020		
Highest traded price	NOK	254.00
Lowest traded price	NOK	186.90
Share price at 31 December	NOK	214.60
Outstanding shares at 31 December	Number	42 918 793
Market value at 31 December	NOK	9 210 372 978

02

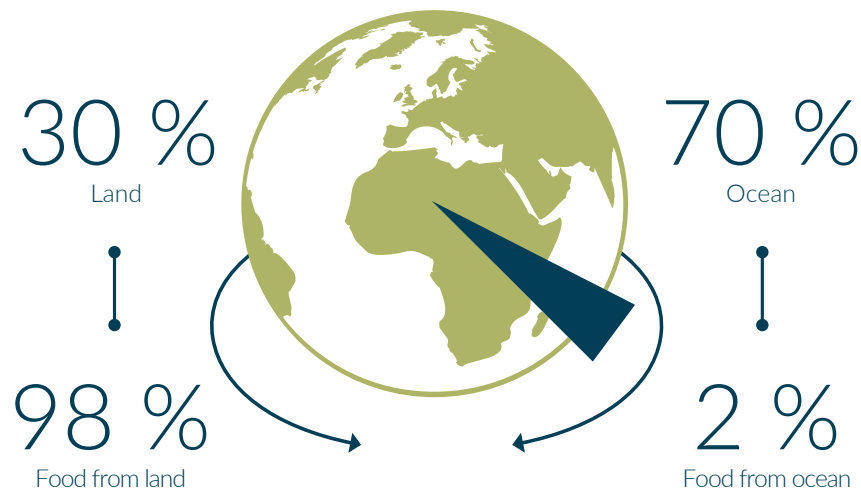
Committed by name

46	Sustainable aquaculture
50	UN's sustainable development goals
52	Our performance
54	Committed to customers
60	Committed to nature
70	Committed to people
77	House of Salmon

Sustainable aquaculture

Norway Royal Salmon is committed to produce salmon in a sustainable manner. A clean and productive ocean is important to the world's population, and to ensure food safety for all food we grow and harvest from the sea.





The future lies in the ocean

Within 2050 it is likely that the world's population will be exceed 9 billion, an increase of 1 billion from today. Since a large share of the population is malnourished, the world must produce twice as much food to cover the future needs. The potential for significant growth in food production is in the ocean. Although 70 per cent of the planet is covered by sea, almost all food – 98 per cent – is produced on land. The future lies in the ocean.

From a sustainability perspective, salmon farming has a low environmental impact. This means that salmon both now and in the future will be a highly sustainable food resource for people all around the world.

Norway has a long coastline, a total of 100 915 km including all islands. The sea and the seabed are biological treasure chests. Seafood is an important ingredient in a healthy diet. Protecting and harvesting the sea in a sustainable way is therefore of great importance to all of us.

A clean and productive sea is essential for the aquaculture industry. It gives the salmon the optimal water environment. It is the basis for cultivating and harvesting marine raw materials for fish feed, as well as the basis for food safety for all food we grow and harvest from the sea. There is an urgent need to find solutions to the environmental challenges. We must all do our part to succeed.

Sustainable growth

In Norway Royal Salmon we are committed to produce salmon in a sustainable manner. We work hard every day to ensure that we are at the front edge of

development. This has resulted in, among other things, that we were awarded most licenses – 10 – when the Norwegian Government awarded green licenses in 2014. Furthermore, in 2018, the Group was awarded 8 development licenses for the development of Arctic Offshore Farming. Arctic Offshore Farming has a potential to solve the industry's challenges with area demands as the facility is designed for sea conditions with rough weather where there are no fish farms today. In addition, the project can make a positive contribution to the environmental challenges of salmon lice as the cage is submersible to under the "lice belt" in the sea. This can reduce lice on the fish. The ambition is to combine knowledge from the aquaculture industry with offshore expertise to develop the future aquaculture industry and with this ensure future sustainable growth for the Norwegian aquaculture industry.

We are continuously working with further improvements. Now we are focused on achieving the strictest environmental certificates within aquaculture. Our first production sites were ASC certified in 2015 and we aim to ASC certify all our active sites within 2022. All our production sites are GLOBAL G.A.P. certified.

If you are raised on the Norwegian coast, you learn to appreciate your surroundings. You respect the environment. It becomes part of your identity. This is also a part of Norway Royal Salmon's identity. We think sustainable production is a key factor for our long-term profitability. We are committed to deliver nutritious salmon of high quality, farmed by safe and engaged workers while causing minimum environmental impact.

In Norway Royal Salmon we are:



COMMITTED TO
CUSTOMERS



COMMITTED TO
NATURE



COMMITTED TO
PEOPLE

Sustainable development on the agenda

In Norway Royal Salmon our CEO is the highest responsible for the Group's sustainable development. The CEO is supported by the Management Group which ensures focus on sustainable operations throughout the organisation. We have identified several parameters which we monitor and evaluate on several levels in the Group.

HSE, fish welfare, quality and environmental issues are always on the agenda during management meetings in the Group. There is a systematic and continuous risk and opportunity assessment in the Group. The precautionary principle is the basis of all decision-making and activities, and measures are implemented based on the outcome.

Norway Royal Salmon, together with our stakeholders, has conducted a materiality analysis which identifies our key drivers regarding sustainable development. In the materiality analysis, the most important risks and opportunities were identified and assessed in relation to the significance of the Group's economic, environmental and social impact. The materiality analysis sets focus on our priorities for the Group's sustainability work going on forward and is the foundation for our sustainability reporting.

Stakeholder dialogue

Norway Royal Salmon has several stakeholders both locally and internationally. We value an open, honest, and respectful dialogue with our stakeholders. We want to be open and honest about our challenges and show how we strive to improve. Insights from our internal

and external stakeholders help us build knowledge, develop relationships, find solutions and collaborate and meet the stakeholder's expectations. We seek to have an active and direct dialogue with stakeholders and indirect dialogue through industry organisations. Inquiries and complaints are handled efficiently with good dialogue.

Stakeholders are selected based on their influence on the company's operations and based on the economic, social and environmental impact we have on them.

The dialogue with our stakeholder group contributes to a continuous identification and prioritisation of material topics, and identification of relevant and significant topics in our materiality analysis.

Our stakeholder groups

Employees

Our employees' efforts and contributions are essential for the performance of Norway Royal Salmon. The employees are our most important resources and we want to offer safe and meaningful jobs. We have a close dialogue with our employees on topics such as HSE, working environment and employee training. We conduct employee surveys, meetings, share information on the intranet and have dialogue with unions and employee representatives.

Customers

Norway Royal Salmon has a close dialogue with customers to understand the customer's product expectations and requirements for certifications. We continuously monitor market trends. We often have direct customer dialogue, but also meet at trade fairs, on visits and at audits.

Suppliers

Norway Royal Salmon wants to ensure that our suppliers and we have a shared understanding of ethics, sustainability, and requirements for delivery of goods and services. Our suppliers are selected based on our criteria for HSE, quality, price and that they can deliver in accordance with Norway Royal Salmon's ethical guidelines. We have a close dialogue with many of our suppliers, and we meet on conferences, negotiations, and other. We have particularly frequent contact with our feed suppliers.

Local community

Cooperation and close dialogue with the local communities in which we operate is essential for our operations. We always seek to achieve a common understanding by having a dialogue with special stakeholder groups locally. We invite to open meetings, visits to production sites and have opened a visitation center where we share knowledge about aquaculture and the opportunities and challenges the industry has. In areas with Sami presence, it is especially important to seek consent and dialogue, to operate in peaceful coexistence with respect for each other.

Investors, creditors, analysts and asset managers

Norway Royal Salmon wants to be open and transparent about our business and our achievements. We have regular dialogue with investors and financial environments through quarterly presentations, meetings, roadshows and direct communication. The Group is also in contact with several companies which evaluate our sustainability work and reporting.

Authorities

Norway Royal Salmon has a continuous dialogue with public authorities both at national and local level. We strive for compliance with existing regulations and engage in a constructive dialogue when proposing new regulations.

Interest organisations and research institutions

Norway Royal Salmon collaborate and has a dialogue with several interest organisations and research institutions that together with us can constructively

improve both our business and the industry. We have dialogue with environmental organisations to manage the deforestation risk in our supply chain and we participate in several research projects. We handle inquiries openly and honestly.

The most important aspects from the materiality analysis:

Solid shareholder returns



Product certification
Healthy and safe seafood



Climate-friendly food production
Climate change
Prevent escapes
Ensure good fish health / welfare
Sea lice management
Low use of medication
Sustainable and efficient feed programme
Recycling and waste management



Ethical guidelines
Human rights
Whistle blower channel
Health, safety and environment (HSE)
Competence
Relations to local society

Technological innovation and automation



NRS reports to CDP (formerly known as Carbon Disclosure Project) and achieved the score A- on the Climate Change reporting. The reporting includes emissions from scope 1, 2 and 3 as well as our assessments of risks and opportunities related to climate change.

Norway Royal Salmon supports the UN's Sustainable Development Goals

In autumn 2015, UN adopted the 17 Sustainable Development Goals (SDG), which should be achieved by year 2030. Within a 15-year period the goal is to end poverty, achieve social equality and stop climate changes.

Norway Royal Salmon's operations can contribute positively to several of the SDGs. The Group will focus on the SDGs where we can have the greatest impact.

SUSTAINABLE DEVELOPMENT GOALS

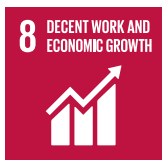




Zero hunger and Good health and well-being

In a world with growing populations and challenges with both hunger and obesity, sustainably farmed salmon may be a contributor with healthy food high on protein.

Farmed salmon is one of the healthiest foods you can eat and it is available all year. Farmed salmon is full of vitamins, minerals, omega-3 and protein, the benefit for humans are well documented. Since the ocean covers more than 70 % of the planet and produces about 2 % of the food, there is an ocean of possibilities to produce food for the population.



Decent Work and Economic growth

Norway Royal Salmon contributes to safe and meaningful employment and local value creation in our production areas (more information under Committed to people).



Responsible consumption and production and Climate action

Farmed salmon is highly efficient food production with low environmental impact. Compared with production of other proteins, salmon has low feed conversion ratio, high retention of energy and protein, and low water usage.

In Norway Royal Salmon we follow the strictest environmental standards and we aim to be one of the leading ASC-certified salmon farmers in the world.



Life below water

Norway Royal Salmon is dependent on sustainable operations and a clean ocean. We seek to minimize the environmental impact caused by our operations and have established a range of control and steering systems to protect the environment in and around the fish farms.

Our performance

KPI

PROFITABLE SALMON FARMER	Shareholder returns	ROCE
		ROE (after tax)
 COMMITTED TO CUSTOMERS  	Product certification	Conduct external and internal audits to ensure that our production is in accordance with laws, regulations and internationally accepted standards
	Healthy and safe seafood	Conduct monitoring program for contaminant levels
 COMMITTED TO NATURE   	Climate friendly food production	Emissions per tonne produced fish
		ASC-share of active sites
		GLOBAL G.A.P.- CERTIFIED SITES
		Share of sites with MOM-B state 1 or 2
	Prevent escapes	Incidents of escapes
	Ensure good fish health / welfare	Survival
	Sea lice management	Minimize number of sites above sea lice action limit
	Low medicine use	Use of antibiotics per tonne produced fish
		Medicine use in sea lice treatments per tonne produced fish
	Sustainable and efficient fish feed	Feed according to ASC requirements and GLOBAL G.A.P. certification
 COMMITTED TO PEOPLE 	Ethical guidelines	No identified violations of ethical guidelines
	Health, safety and environment	Absence rate
		Number of injuries which led to absence
	Education and development	Increase number of vocational trained employees in farming

AMBITIONS	STATUS	2020	2019	2018	2017
> 15 %	●	8.5 %	25.9 %	36.8 %	39.8 %
> 15 %	●	5.9 %	21.0 %	38.4 %	31.5 %
Compliant with laws, regulations and standards	●	Yes	Yes	Yes	Yes
Compliant with own standards	●	Yes	Yes	Yes	Yes
Reduction in kg CO2e per tonne produced fish	●	141	141	115	119
100 % by year 2022	●	88 %	70 %	60 %	58 %
100 %	●	100 %	100 %	100 %	100 %
100 %	●	97 %	87 %	94 %	94 %
Zero	●	0	0	0	0
> 92%	●	95.5 %	95.0 %	95.7 %	94.5 %
Number of sites above action limit shall be less than 1 % of number of active weeks on sites	●	2.0 %	1.7 %	0.9 %	2.3 %
0.0 %	●	0.08 %	0.01 %	0.00 %	0.00 %
Reduction in medicine use in sea lice treatments	●	No	Yes	No	No
Compliant with standards	●	Yes	Yes	Yes	Yes
100 % waste management	●	Yes	Yes	Yes	Yes
Compliant with ethical guidelines	●	No	No	Yes	Yes
< 4%	●	5.5 %	2.6 %	2.3 %	4.3 %
Reduction in injuries leading to absence	●	5	11	7	9
Yes	●	Yes	Yes	Yes	Yes

Committed to customers

Norway Royal Salmon wants to deliver healthy and tasty salmon of high quality. The Group has good quality assurance system and focus on the salmon's welfare throughout the production phase. Norway Royal Salmon emphasises quality in production, product, and has strict requirements to traceability and food safety in order to achieve customers and consumers trust.



Healthy and safe seafood

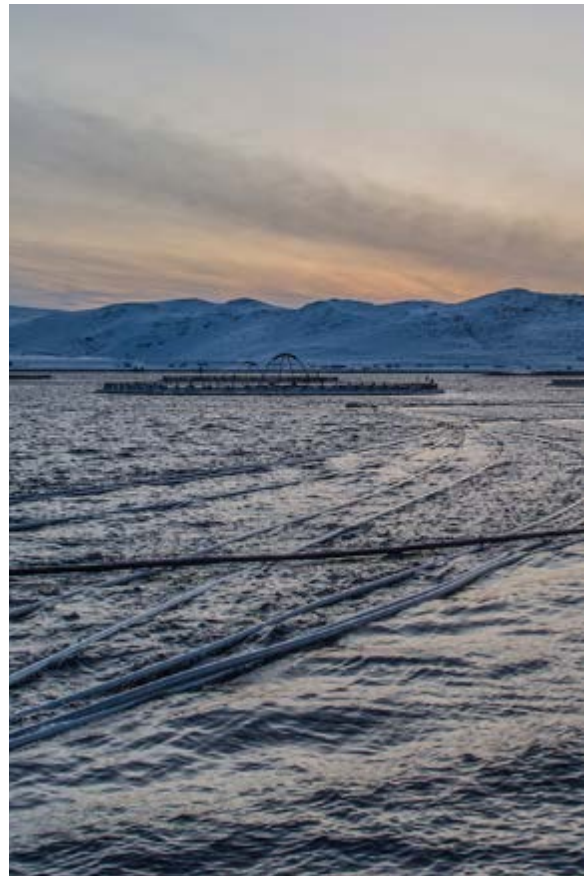
When it comes to healthy eating, few products can compare with salmon. The salmon is full of vitamins, minerals, Omega-3 and proteins. One portion of farmed salmon will cover the need for the essential omega-3 fatty acid for five days. The Norwegian Scientific Committee for Food Safety has concluded in its reports, that everyone should eat more fish, or, as we would say – eat more salmon! Salmon is more than just healthy; it is a tasteful product which can be prepared in many ways. You can eat it raw or poach it, bake it, roast it or grill it. We are proud to see that our sustainable salmon is served as salmon pasta in Italy, as sushi in Japan or grilled in the USA.

Norway Royal Salmon is aware that significant risks may arise from quality discrepancies which can affect consumer health and safety. The Group considers that it has sufficient measures in place to mitigate these risks. The Group provides full traceability on the fish, and documentation regarding feed and health registrations. Detailed information regarding the fish feed, the raw materials used in the feed, veterinary reports and other information relating to the physical and chemical aspects of the product or production process is available on request. Norway Royal Salmon uses modern traceability systems to ensure backward and forward traceability. Norway Royal Salmon demands that feed suppliers have established systems for traceability. The Group's products comply with the industry standard, internal quality standards and with our customers' specifications. Any reported deviations on product and quality are handled and documented in our quality system.

Food safety is safeguarded by using only legal and natural ingredients throughout the production process, by veterinary inspection of the production process and by keeping the production environment clean and healthy. Further protection is offered by use of traceability information, by using only approved harvesting plants and by ensuring that hygiene and cleanliness are of the highest standard.

Antibiotics

Antibiotics are rarely used in Norwegian salmon farming and only in cases when authorised fish health personnel find it necessary. As a fish farmer we are obliged to treat sick fish. Effective vaccines against the



most common fish diseases contribute to a reduction in use of antibiotics by 99 % since 1987.

Only authorised fish health personnel can diagnose illness and prescribe medication for fish in Norway. After treatment of antibiotics (or other medicines), fish are subject to a quarantine period, stipulated by the authorities. Harvesting or export of fish that are subject to quarantine is prohibited. This ensures that farmed salmon does not contain any residues of antibiotics when consumed.

The annual test programs carried out by the Norwegian Food Safety Authority and its laboratory (NIFES) have never found residual traces of medicine over the prescribed limit values in Norwegian farmed salmon.

Norway Royal Salmon has used 32.60 kg antibiotics (active substance) in 2020 for treatment of fish wounds. In 2019, 3.16 kg antibiotics were used to treat fish wounds.

Product certifications

In Norway Royal Salmon, we have two main standards that we work towards. These are GLOBAL G.A.P. and Aquaculture Stewardship Council (ASC).

GLOBAL G.A.P.

GLOBAL G.A.P. is one of the tools we use to maintain and further develop a high sustainable standard in our business. GLOBAL G.A.P., a non-governmental organisation, has established a strict standard for producers and other actors within food production. The standard is based on various focus areas such as food safety, environmental impact, fish welfare and employee health, safety and environment. GLOBAL G.A.P. sets strict requirements for risk assessment, environmental protection and good procedures that help to minimize the impact of production on the environment. The Group has been awarded GLOBAL G.A.P.-certificate on all sites.

Aquaculture Stewardship Council (ASC)

Aquaculture Stewardship Council (ASC) is an environmental standard negotiated with World Wildlife Fund (WWF). It sets strict standards for how the fish is

produced. The standard requires documentation related to fish health, fish welfare, environmental impact, use of feed, relationships with neighbours, and requirements for suppliers. ASC-certified fish is produced in a responsible and sustainable way within very strict requirements.

Norway Royal Salmon's ambition is to be 100 per cent ASC-certified on all of our active sites within year 2022. As of 31 December 2020, Norway Royal Salmon has 15 ASC-certified sites, which accounts for 88 per cent of our active sites. In 2019, we had 14 ASC-certified sites.

In addition to GLOBAL G.A.P. and ASC standards, Norway Royal Salmon abides by the following standards:

- The Norwegian Industry Standard for Fish (NBS 10-01): Quality grading of farmed salmon
- Norwegian Standard (NS 9401) Atlantic Salmon: Reference sampling for quality assessment
- Norwegian Standard (NS 9402) Atlantic Salmon: Colour and fat measurement

Certifications

100 %

GLOBAL G.A.P.-certified sites

88 %

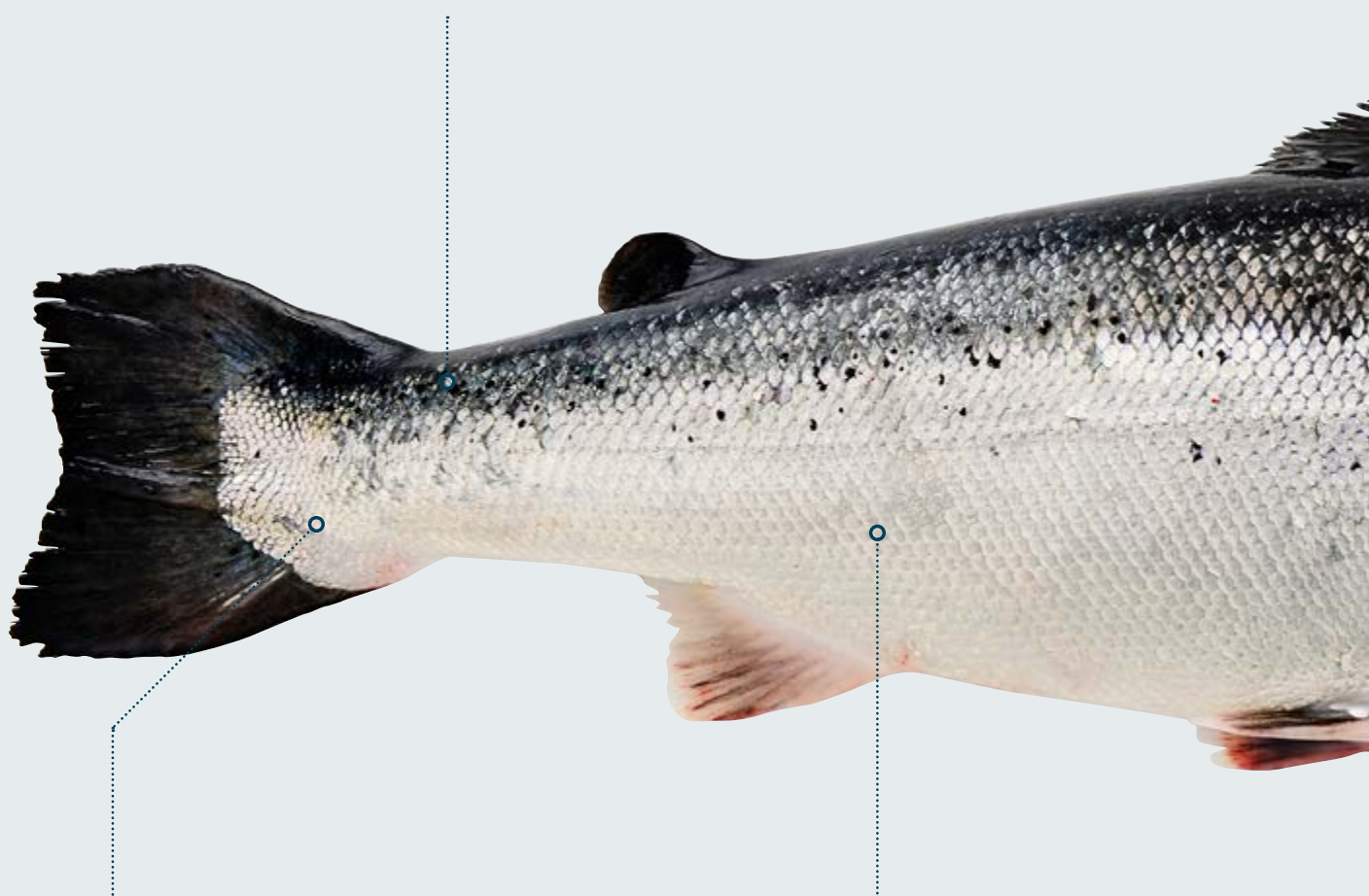
ASC-certified sites



Nutritious salmon

Selenium

Important for the body's immune system. It combats chemical proteins and protects against environmental toxins.

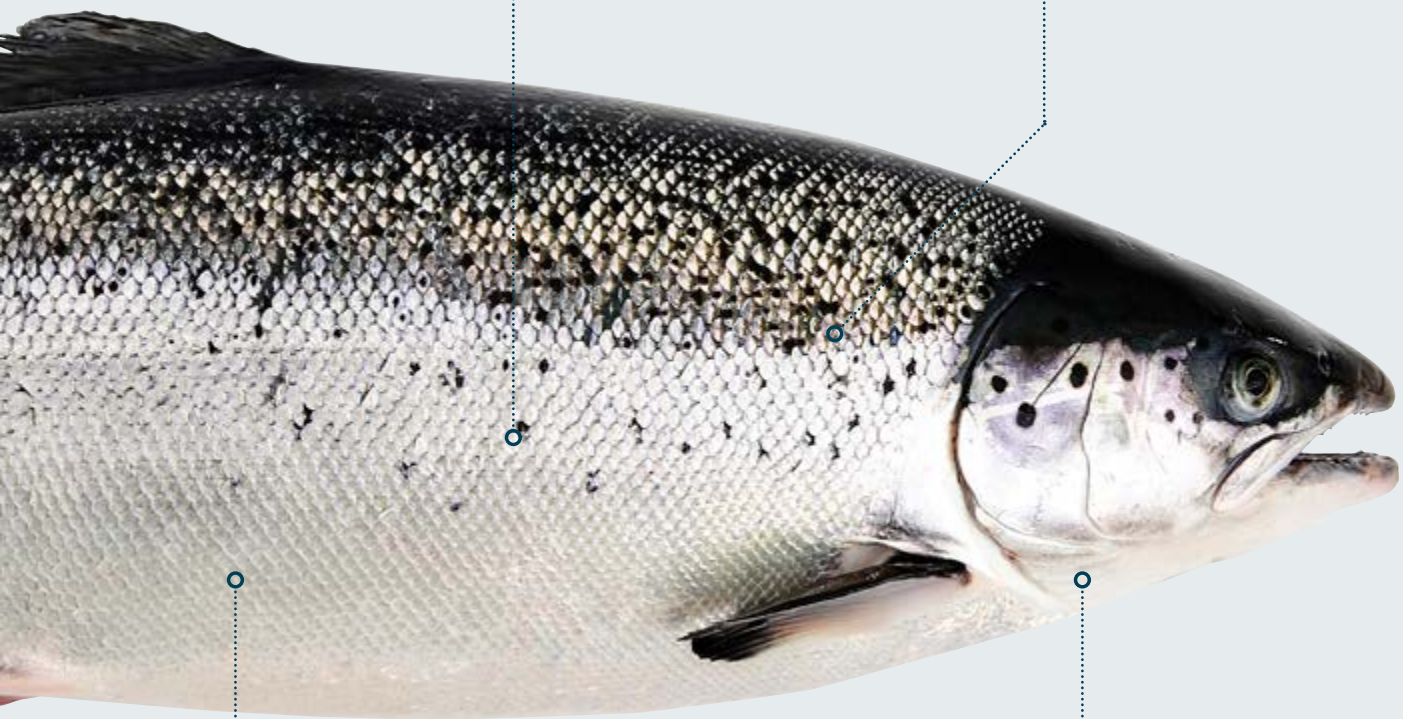


Iodine

Important for ensuring a normal metabolism.

Vitamin B12

Important for the body's ability to produce new cells. If you have insufficient vitamin B12 in your body, you can become anaemic.



Vitamin D

Important for having a correct calcium balance. Important vitamin for maintaining and strengthening bones.

Protein

Needed to build and maintain the body's cells.

Vitamin A

For good vision and a robust immune system. Also important for foetal development and reproductive ability.

Omega-3

Prevents and halts the development of heart and vascular disease. These marine fatty acids are central building blocks in our brains.

Committed to nature

From a sustainability perspective, salmon farming has a low environmental impact. This means that salmon, now and in the future, will be a highly sustainable food resource for people all over the world. In Norway Royal Salmon we say that we are committed to nature; we produce sustainably in harmony with the nature and the planet.



Climate friendly food production

Farmed salmon has a low carbon footprint compared to other farmed animals. Farmed salmon is one of the most energy efficient farmed animals and has the lowest feed conversion ratio amongst farmed animals. One of the reasons for this is that salmon is coldblooded, and swimming requires less energy than

livestock use moving on land. Farmed salmon also have the lowest water consumption compared to the other traditional livestock we have.

Although farmed salmon already has a low carbon footprint, Norway Royal Salmon wants to reduce our carbon footprint further.

Carbon footprint

(Kg CO₂/kg edible parts)



Feed conversion ratio

(Kg feed/kg edible parts)



	Salmon	Chicken	Pork	Beef
Water consumption (Litre/kg edible parts)	1 400 litre	4 300 litre	6 000 litre	15 400 litre
Energy retention (Energy in edible parts/gross energy fed)	27 %	10 %	14 %	27 %
Protein retention (Grams protein in edible parts/grams protein in feed)	24 %	21 %	18 %	15 %
Edible (Edible meat kg/total body weight kg)	68 %	46 %	52 %	41 %

Sources: Ytrestøl et. al. (2014), National Beef Association UK (2014), Volden, H and N. I. Nielsen, (2011) Energy and metabolizable protein supply, www.journalofanimalscience.org, Skretting (2012) Delivering Sustainable Feed Solutions for aquaculture, SINTEF Report (2009) Carbon Footprint and energy use of Norwegian seafood products.



NRS's first hybrid boat, "Edel", was delivered in the fall of 2019. "Edel" is a diesel-electric catamaran that can reduce diesel consumption by 60 per cent.

Emissions and energy

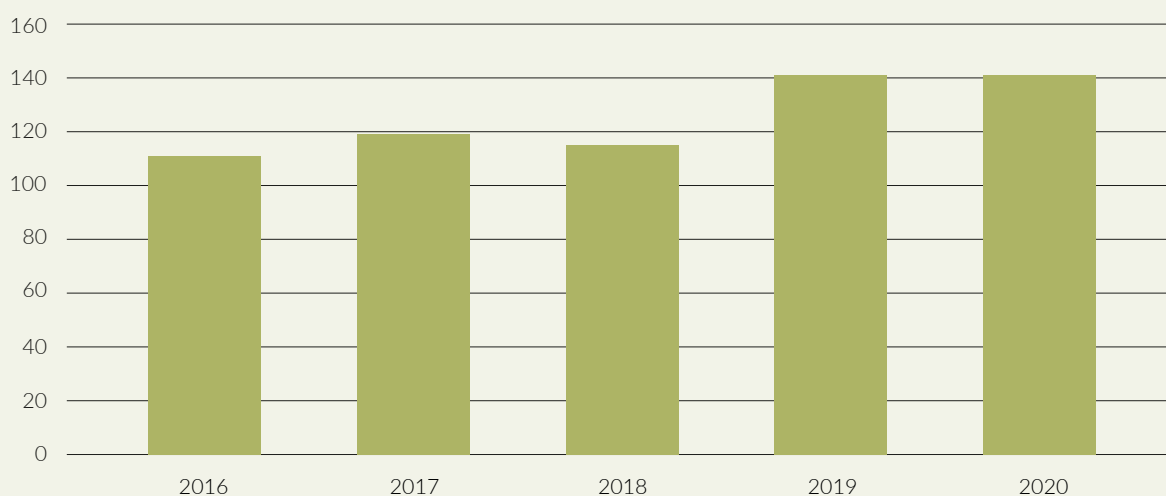
We use a sustainability management system to register and monitor our energy consumption and our carbon footprint. The system is in accordance with the Greenhouse Gas Protocol (GHG). The standard is used worldwide for measuring greenhouse gas emissions. Below is a summary of our energy consumption and emissions of greenhouse gases converted into CO₂ equivalents. Our reporting is based on the emissions from operations Norway Royal Salmon manage and thus can have an impact on. Direct emissions of greenhouse gases are related to fossil fuels which

are used on boats and feed barges in our farming operations. Our indirect emissions are related to emissions of CO₂ from purchased electricity and these emissions are calculated based on an emission factor for Nordic energy mix. Our main suppliers of electricity guarantee that delivered electricity is produced from renewable energy sources. In addition, the aquaculture industry has emissions related to feed production. Norway Royal Salmon used 53 223 tonnes of fish feed in 2020. For more information on emission related to feed, please check feed producers' report of results.

ENERGY CONSUMPTION		2020	2019	2018	2017	2016
Scope 1: Fossil fuel	liter	2 198 496	2 006 064	1 544 220	1 686 635	1 128 859
Scope 2: Electricity	MWH	1 468	1 365	1 182	1 106	1 267
Scope 1: Fossil fuel	TJ	84	77	59	65	43
Scope 2: Electricity	TJ	5	5	4	4	5
Total energy consumption	TJ	89	82	63	69	48

EMISSIONS		2020	2019	2018	2017	2016
Scope 1: Fossil fuel	tCO ₂ e	5 915	5 388	4 139	4 507	3 021
Scope 2: Electricity	tCO ₂ e	59	53	53	58	71
Total emission (Scope 1 and 2)		5 974	5 442	4 192	4 564	3 092

INTENSITY OF GHG EMISSIONS Kg CO₂ per tonne produced fish



In 2020, NRS has the same level in kg CO₂e per tonne of fish produced compared with the previous year. Diesel consumption increased in 2020 due to an increase of feed barges in operation and increased production compared with previous years.

Currently Norway Royal Salmon has few sites connected to the power grid and most of them receive power from diesel generators. To change this, in 2020 NRS has mapped the opportunities for electrifying the feed barges. We seek to connect as many sites as practically possible to the power grid. At the sites where land power is challenging, NRS will invest in hybrid operation of feed barges. The first hybrid package was installed in December 2020 and many

barges will have hybrid packages or land power in the near future.

NRS' first hybrid boat, "Edel" was delivered in 2019. It is a diesel-electric catamaran that will reduce diesel consumption by 60 per cent. Emissions of CO₂ and NOX are reduced by 50-90 per cent. "Edel" was climate neutral already after a few months of use. Significantly lower diesel consumption and lower emissions were important to the investment decision, but also improving working environment for employees on board. Daily life on board is now without the noise or soot from the diesel engine. We also believe that a quieter boat causes less stress to the fish.

Emissions of nutrient salts

Norway Royal Salmon has established a growth center with expertise on feeding where the feeding on sites is closely monitored. All feeding systems are adapted to the fish's appetite, which prevents overfeeding.

Emissions from farmed fish in the sea are excrements and feed residues. These are biodegradable organic materials. Norway Royal Salmon has routines for monitoring emissions. Routine environmental tests (MOM-surveys) are performed in accordance with the authorities' requirements. Furthermore, we perform additional tests to ensure that the impact of our sites does not exceed acceptable levels. Good currents and sustainability are in focus when the Group plans sites. After completing the production cycle, the sites are fallowed for a period to allow temporary changes in the seabed to be reversed, this provides the foundation for good fish health. In Norway Royal Salmon the average fallow period between production cycles is 8 weeks, which also complies with the statutory requirement.

MOM-B survey is one of the regular surveys performed. This survey monitors the degree of environmental impact on the seabed in the immediate vicinity of the site. The status as of 2020 is that 97 per cent of our sites have site status 1 (very good) or 2 (good) based on the last reported MOM-B survey. We aim to find new solutions for sites with status 3 and facilitate for extended fallow period. None of our sites have condition 4 which is measured as a considerable effect on the environment.



Prevent escapes

The escape of fish is unfortunate with respect to wild salmon populations and for the industry's reputation. Norway Royal Salmon has a zero vision when it comes to escapes. The Group has not had any escapes from cages over the past seven years.

Our installations at sea has a certificate stating that the installation meets the requirements in standard NS 9415. The certificate acknowledge that the technical installation and its components are designed to prevent situations which can lead to fish escapes. For additional safety, we use divers and ROVs during operations to prevent damage to nets and escapes.

We are working continuously with staff training and have reviewed and improved our routines to achieve the industry's zero vision. This as a measure to reduce any environmental impacts of escapes. In addition, we use nets with material characteristics that will help to reduce the risk of escapes. Since 2014, Norway Royal Salmon has put sterile (triploid) salmon in the sea. Triploid fish has an extra set of chromosomes compared to diploid fish and is sterile. Triploidisation is an accepted method, and so far, the only practically available method for sterilisation for salmon. As part of documenting fish welfare of triploid salmon, Norway Royal Salmon has a collaboration with Institute of Marine Research. In this project, the triploid salmon is monitored throughout its production cycle from egg to edible fish and the fish's welfare is registered by use of operative welfare indicators. The Institute of Marine Research will report on the results from this project.

Due to the allocation of green licences, Norway Royal Salmon plans to put more sterile fish in the sea and use more nets with material characteristics that will help to reduce the risk of escape.

Fish health and fish welfare

The Group focuses intently on creating good health and welfare conditions for the fish by applying established procedures and routines. This prevents illness and reduces mortality and demanding treatments in the wake of the outbreak of disease, which is positive for both the environment and the economy.

The farming strategy is to prevent diseases using vaccination, cleaner fish, lice skirts and other natural means rather than to introduce medical treatments after outbreaks of diseases.

Operational routines that contribute to maintaining control of the health situation of the fish, are established and implemented in cooperation with authorised fish health personnel. Good hygiene

routines, segregated production areas and fish generations, good water exchange, fallow periods, use of effective vaccines, and well-qualified and experienced employees provide good health and welfare for the fish.

Farming operations cooperate with external fish health services in addition to internal fish health personnel. The fish health service manages prescriptions and medicines and sends a copy of the prescription to the site that is under treatment, to the feed supplier if the treatment is oral and to the Food Safety Authority.

Fish mortality

Fish mortality is a key indicator for evaluating fish health during production. Reduced mortality is a key target for Norway Royal Salmon. Mortality is monitored and reported weekly and monthly to the management and the board. Welfare withdrawal of fish has intensified over the last years, which means that the proportion of culled fish is higher than in previous years.

The mortality rate amounted to 4.5 per cent of the number of fish in the sea at the beginning of the year and fish put in the sea during 2020. This is a decrease of 0.5 per cent from 2019. Overall mortality in 2020 was 6.1 per cent, of this represented the culling of fish 1.6 per cent. Total mortality in 2020 was 2.0 per cent lower than in 2019.

NRS has increased its focus on smolt quality, as well as gentle and high biosecurity-related transport from smolt facilities to our sites. The Group will continue to invest in this and further increase the number of fish health personnel in the coming period.

Algae bloom

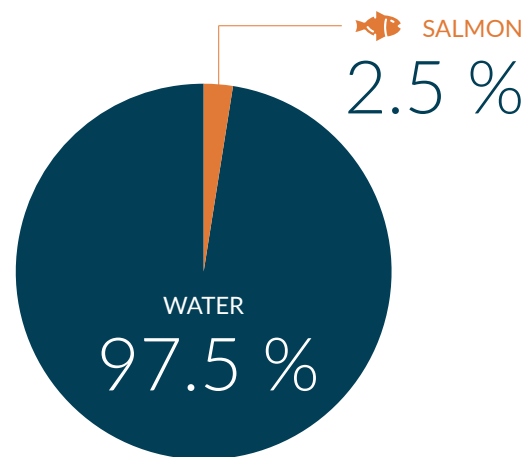
Norway Royal Salmon carried out risk-mapping algae monitoring in collaboration with other fish farmers during the spring and autumn of 2020. The algae monitoring was carried out based on experience from the large algae outbreak in South-Troms and Nordland during the spring of 2019. A sampling regime was used to detect harmful growth of algae in areas that were considered most critical for NRS's farming activity. The algae development was monitored during the most critical time of the year, and dispersal models helped to map the risk to the fish farming sites in the selected area. None of the observations affected NRS's aquaculture activities directly. We also aim to monitor algae bloom in 2021. We are working on a more comprehensive monitoring program, where several fish farmers collaborate over a larger area, which in the long run will provide a more complete picture of the situation.

Medication

Fish, like all other animals, can be exposed to pathogen infection and become sick or be exposed to natural parasites. Prevention of diseases and sea lice infestation is a high priority area. Procedures for infection control and biosecurity is provided for personnel and use of equipment at all sites in the farming operations. The employees have been trained in these preventive activities. The ideal situation is that you do not have to use medications, but we are obliged to treat sick fish or fish that otherwise suffer. Treatments, use of medication and results of the treatments are recorded and evaluated with on-site fish health personnel. Norway Royal Salmon also work with screening programs to monitor the relevant pathogens, sea lice infestation, stress, wounds, water quality, and work to increase the general knowledge at all levels of the organisation within these fields.

Vaccinations

Vaccination is used when considered effective for the particular species and particular district as an integral part of our preventive health measures. Examples of diseases that the fish is vaccinated against are IPN, *Moritella viscosa* (winter wounds) and *Aeromonas salmonicida* (furunculosis). All salmon in Norway Royal Salmon is vaccinated with at least a six-component vaccine in appropriate time before they are put in the sea.



The cage

The cages are designed so that the salmon has plenty of space and can move and behave naturally over relatively large areas. In Norway Royal Salmon's cages, at least 97.5 per cent of the volume is water. The cages are adapted to the environment on site with good water flow. Furthermore, the cages are designed to protect the fish from predators and is made of materials that are not harmful to the fish.

Transport, handling and harvesting

Transport can be stressful for fish; Norway Royal Salmon endeavours to ensure that transport is done without the fish being unduly stressed. Good fish health throughout the production cycle reduces the need for handling fish. Norway Royal Salmon has ensured that the harvesting plants use humane, fast and effective methods to ensure that the fish are exposed to as little pain and stress as possible when it is harvested.

Sea lice

As well as compliance with counting and treatment strategies initiated by the authorities, the Group has developed its own plan for combating sea lice.

Cleaner fish is strategically used based on the expectations of sea lice on each site. In some cases, cleaner fish is not used due to environmental conditions such as currents and the lice situation does not require it.

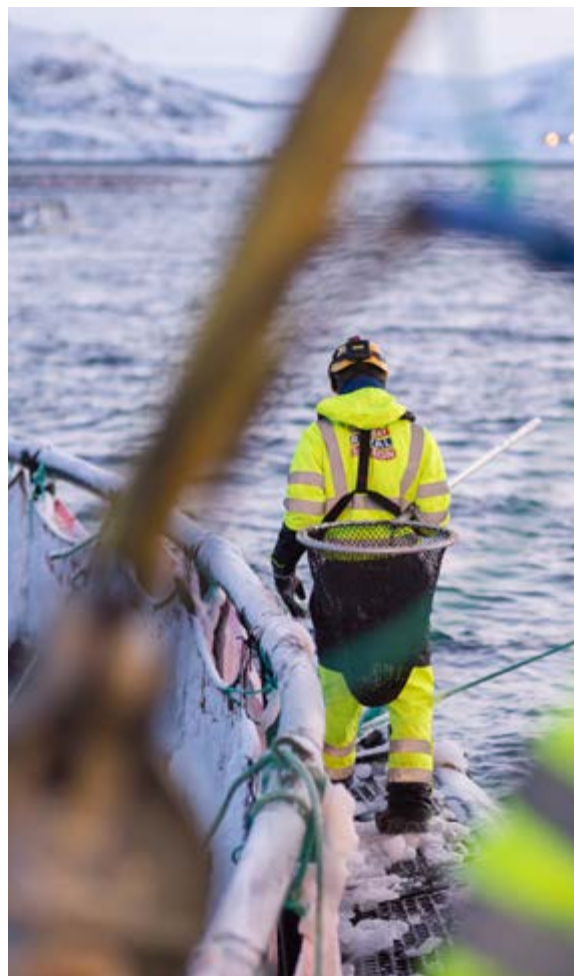
The Group has continued the practice using lice-skirts where appropriate.

In the last three years, use of non-medical methods against sea lice has increased significantly compared to previous years, and increasingly replaced the traditional methods using chemicals. The Group is actively monitoring new methods for preventing or treating sea lice.

In our research and development project, Arctic Offshore Farming, lice control is a part of the concept. The cages will be submersible and located under the "sea lice-belt" in the sea. The fish welfare is taken care of by ensuring access to air and removing the fish away from the upper water masses where the waves are largest and where there is highest risk of significant lice infestation. It is expected that this solution may reduce lice infestation.

Compared with 2019, Finnmark had the same level and Troms had lower levels of salmon lice in the first half of 2020. While in the second half of 2020, both areas had higher levels of salmon lice than in 2019.

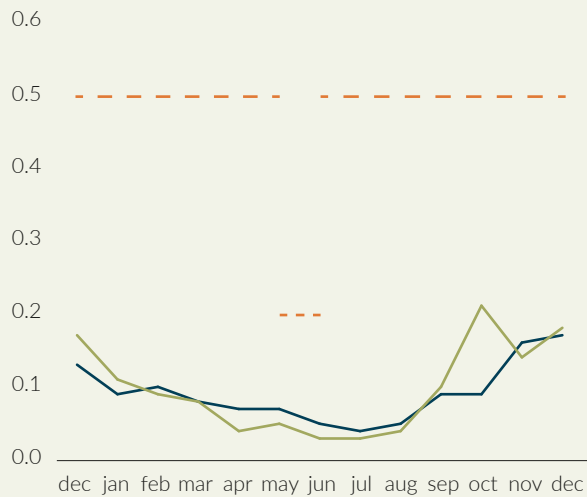
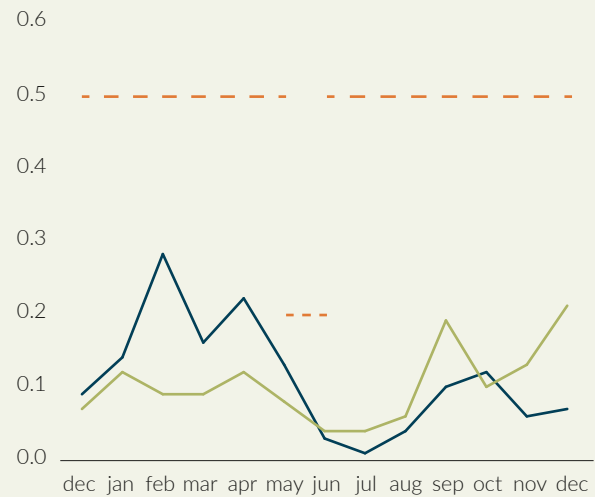
The autumn of 2020 was characterized by some lice pressure, where it became particularly challenging in Troms. This led to an increase in number of lice treatments, both non-medical and medical treatments. In Finnmark, the lice situation and the number of lice treatments were on the same level as previous years. The Group has used cleaner fish on suitable sites,



which probably has been an important contributor to control.

In 2020, NRS had an increase in weeks above the lice limit of 0.5 adult female lice. This is due to several factors, such as an increase in the number of ISA cases in Troms and Finnmark. This has over long periods tied up wellboat and harvest capacity. This has led to challenges in acquiring wellboats for lice treatments, as well as opportunity to treat the fish in time. In addition, this has meant that fish that normally would have been harvested had to be left in the sea due to priority sanitary harvest.

NRS plans to reduce the use of cleaner fish in the coming year. Cleaner fish will continue preventive work against salmon lice at some sites. The cleaner fish will be closely monitored before release to ensure that only premium fish are released. Cleaner fish get species-adapted feed and have hides to facilitate a living environment where cleaner fish thrive. Efforts are being made to improve and optimise the care of cleaner fish.

SEA LICE FINNMARK Average number**SEA LICE TROMS** Average number

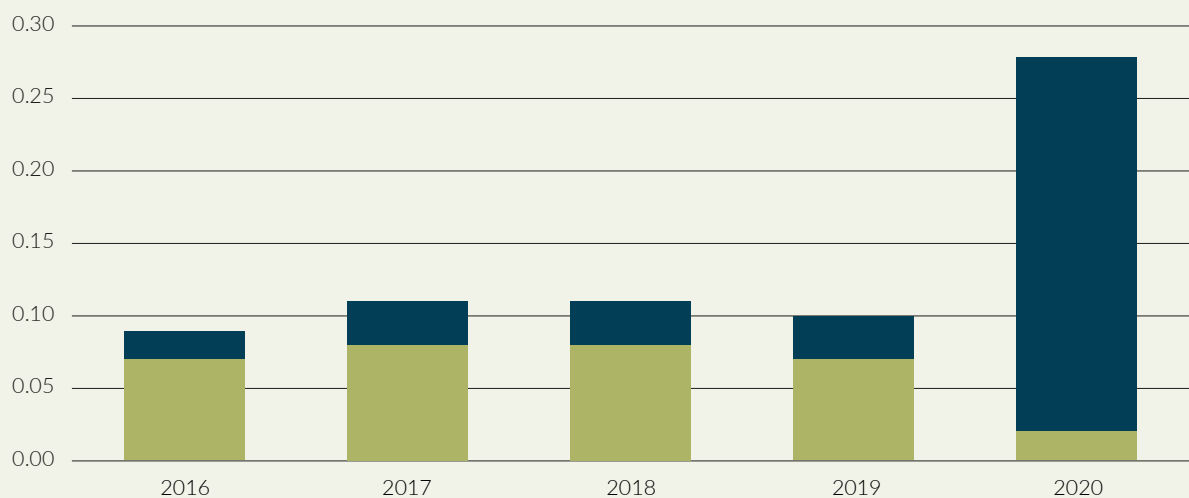
Mature female lice 2019

Mature female lice 2020

Sea lice limit

MEDICAL TREATMENT OF SEA LICE Active substance (gram) per produced tonne

Oral Bath



* NRS has used hydrogen peroxide to treat some cages in 2020. The use of hydrogen peroxide has decreased compared to 2019.

Sustainable and efficient use of feed

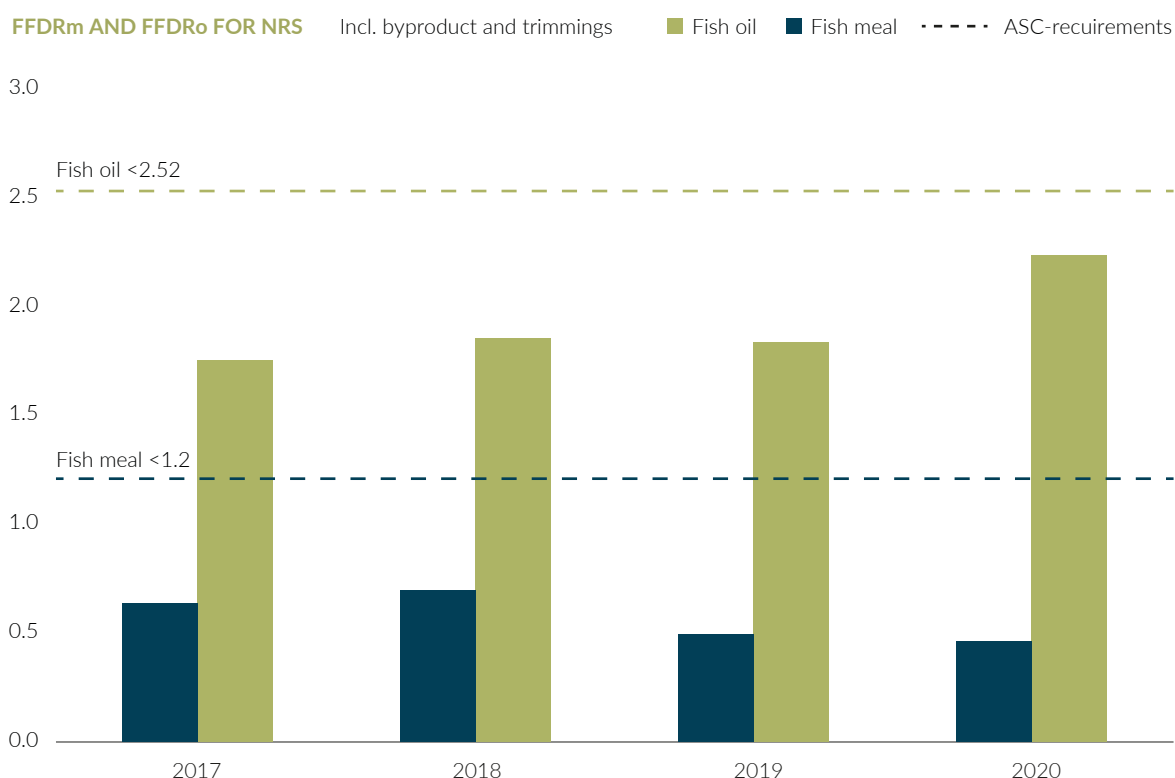
Innovative is one of Norway Royal Salmon's core values. Last year we started using algae in our feed. This contributes to improved fish health and an increased amount of the healthy fatty acids in salmon fillet, which is positive for public health. By using algae instead of fish oil, we will also contribute to reduced CO₂.

NRS focuses on certified feed and we only use responsibly produced raw materials. Our feeds are GLOBAL G.A.P. and ASC-certified and we only buy soy that is ProTerra certified. In addition to this, NRS, together with some other companies in the Norwegian aquaculture industry and the World Wildlife Fund, has exerted pressure on Brazilian soybean producers to ensure that 100% of their soy production is deforestation-free. This has now resulted in the Brazilian soy suppliers to the Norwegian salmon industry, CJ Selecta, Caramuru and Imcopa, being the first Brazilian soy retailers to become 100 % deforestation-free in their soy bean value chains. The Brazilian soy suppliers have agreed not to deliver soy grown on land deforested after August 2020 to any of their customers internationally, including those who do not set this type of requirement (a so-called "August 2020 cut-off date"). In addition, they have accepted

a system of monitoring, verification and reporting proposed by Brazilian environmental organizations, including WWF Brazil, to ensure compliance.

Norway Royal Salmon is in continuous dialogue with feed suppliers about the use of different raw materials. The raw materials are purchased according to strict specification requirements when it comes to, among other things, sustainability, nutrient content and undesirable substances. Feed producers continuously monitor their suppliers and perform several audits annually. As a fish farmer, we are constantly aware of the content of fish feed and the origins of the raw materials used to manufacture the feed. For more information on feed, feed ingredients and certifications, see www.skretting.no, www.biomar.com/NO/biomar-norge and www.ewos.no.

The feed conversion rate (Fcr) is an important indicator of how much feed we use to produce the fish. Fcr is often defined as kg feed used / kg biomass produced. Farmed salmon is very effective in feed utilisation compared to other livestock, see previous table. The Fcr was 1.27 for 2020, which is a significant increase from the previous year. The increase was mainly due to a change in conversion factor from gutted weight to live weight and high Fcr on a challenging generation.



The figure on the left presents NRS' Fish Forage Dependency Ratio (FFDR) included by-products and trimmings over the past four years. The figures show how much fish meal or fish oil is needed to produce 1 kg of salmon. In the ASC standard, the target for the FFDR fishmeal (FFDRm) is <1.2 and FFDR fish oil (FFDRo) < 2.52.

Fresh water

Fresh water is a critical key resource for the planet and important for the value chain of Norway Royal Salmon. Salmon has a very low water usage compared to other traditional livestock.

The Group's operations are in areas where fresh water is abundantly available. For our sites, the consumption of fresh water is minimal and mainly for human consumption. Nevertheless, the Group encourages moderation in all consumption beyond this.

NRS has evaluated water consumption and water quality when establishing Dãfjord smolt facility. The facility will be built with state-of-the-art RAS technology, which involves recycling water that also ensures optimal water quality. A RAS facility needs considerably less new water compared to a flow-through system. When the facility is in operation, we will record and monitor water consumption regularly.

Waste management and recycling

Norway Royal Salmon is dependent on a clean ocean to continue offering premium salmon in the future. The Group seeks to minimize the environmental impact caused by our operations and has established a range of control and monitoring systems to safeguard the environment in the fish farm's surroundings. Among other things, the Group has established waste management plans and procedures to ensure that all waste is treated and removed in such a way that people, product or environment are not exposed to it. Our facilities have a waste management plan with waste categorisation. The plans and procedures are adapted to the individual municipal waste systems and access to approved waste centers for different categories. Larger waste units such as plastic rings and nets are delivered to special recycling centres. It is stated in the documentation that disposal of waste outside the specified system and burning of waste is strictly prohibited. All waste must be registered with quantity.

Biological waste such as dead fish is collected every day, grinded and preserved with formic acid for silage. This is done in closed and approved tanks. The silage is delivered when needed to approved recipients who use

it as raw material for various new products. Quantity delivered is registered.

Clean shorelines and reducing plastic in the sea

In recent years, our enthusiastic employees have been cleaning up plastic and other waste from the shorelines surrounding our sites. Sports clubs and other voluntary organisations are invited and compensated when participating in the coastal cleanup. We have provided necessary equipment for picking garbage, containers and disposal of waste. Participants have reported the amount of waste and the share of garbage which can relate to aquaculture. It turns out that very little of the waste originates from aquaculture industry, and the waste is often old. We are pleased to see that our waste management works and what a great effect the cleanup has. Our efforts to keep the ocean and our shores clean will continue.

Climate risk

Climate change is likely to present several challenges for NRS and the aquaculture industry in general. The company gives high priority to climate risk and wants to be proactive in adapting the business to meet the possible challenges that may arise. The company may become vulnerable to physical risks such as extreme weather, an increase in temperatures can cause illness, at the same time as we face several transitional risks associated with regulation, technology, market and reputation. Nevertheless, the company has identified several opportunities, such as transition to low-emission energy sources, development of new production equipment and initiatives for waste management.

NRS has an integrated approach to identifying, assessing and managing climate-related risk in its operations. Effective risk management and good internal control are crucial to success and form an integral part of the company's business operations. Climate-related risk has been mapped in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures.

Identified climate-related risks include physical risks that may arise due to climate change, such as extreme weather that causes damage and changing sea temperatures and currents can pose biological challenges. Other identified climate-related risks are regulatory risk with the introduction of a carbon tax, technological risk with land-based farming, market risk with the availability of raw materials and reputation risk.

For more information, see our TCFD report in the appendix to the annual report.

Committed to people

The skilled and dedicated workforce in Norway Royal Salmon is one of the prerequisites to farm high quality salmon. The Group is committed to create good relations and values in the local communities which we operate in and offer a safe workplace.



Values and ethical guidelines

Norway Royal Salmon's values are the guiding principles for our operations. The values are the foundation for how we act and guiding when important decisions are made.

The Group's corporate values are:

Safe – A safe workplace and a safe product is the core value and is crucial for our business

Engaged – Engaged workers are necessary to develop processes, products and the organisation

Innovative – In order to be at the forefront in the industry, we constantly search for innovative and sustainable solutions for the future

Credible – We will be honest and credible in all our behaviour

Ethical guidelines and human rights

Norway Royal Salmon has a continuous focus on compliance with guidelines and standards for areas that are under the Group's social responsibility. Our values are also reflected in the Group's ethical guidelines. The ethical guidelines describe Norway Royal Salmon's goals as well as requirements for how the company and the company's employees should behave and what external shareholder can expect from us. Norway Royal Salmon shall in its daily operations act comply with applicable laws and regulations, and in an ethical and responsible manner. The guidelines have been communicated to all employees and are reviewed regularly. For details regarding the ethical guidelines, please visit our webpage www.norwayroyalsalmon.com.

In 2020, the company revised the ethical guidelines to adapt these to both internal requirements and expectations from our stakeholders.

NRS had no cases of committed or alleged corruption or discrimination in our business in 2020. There have been two breaches of our ethical guidelines and the cases have been handled as personnel matters with necessary follow-up from HR.

Human rights

All employees of Norway Royal Salmon must be familiar with and follow the company's guidelines regarding human rights. The company's operations in Norway have human rights conventions included through Norwegian legislation. The company complies with the Universal Declaration of Human Rights and the ILO conventions.

The company also has third-party certification that includes independent audits of human rights in practice.

- The ASC has requirements based on the ILO Convention which prohibits the use of child labour or forced labour, and sets requirements for freedom of association, complaint mechanisms and HSE
- GLOBAL G.A.P also has requirements through GRASP related to the ILO Convention and sets requirements for HSE, training of employees, complaint mechanisms, freedom of association and no child labour or forced labour

Supplier requirements

Norway Royal Salmon imposes requirements on suppliers to ensure that they carry out work in accordance with requirements in laws and regulations, as well as requirements in GLOBAL G.A.P. and ASC standard. The Group is responsible for verifying relevant criteria in accordance with GLOBAL G.A.P. standard for goods and services received from suppliers. Relevant suppliers must at least complete a self-declaration form before performing services at NRS. Relevant suppliers are required to have documented risk assessment as well as health and safety procedures. NRS demands that suppliers must be legally organised in accordance with current tax and employer regulations and the ILO Labour Convention. NRS expects suppliers to follow good social practice and focus on employees' rights in accordance with the UN Declaration of Human Rights. The company shall prevent and limit the risk of human rights violations by always exercising caution when entering into contracts and new business relationships. Norway Royal Salmon will have the opportunity to conduct audits of relevant suppliers.



The company has specified additional requirements for certain suppliers, such as suppliers of smolt, feed, cleaner fish, well boat services, harvesting services, transport and more.

Norway Royal Salmon or approved GLOBAL G.A.P. inspectors shall have the opportunity to conduct supplier audits. In 2020, NRS performed several supplier audits. Suppliers were audited after performing a risk assessment based on whether the supplier was GLOBAL G.A.P. approved, critical for production and as well as result from the previous audit. GLOBAL G.A.P. certified suppliers are audited by GLOBAL G.A.P. auditors.

Whistleblowing

Norway Royal Salmon wants to be transparent and have a good corporate culture that ensures that unwanted situations are discussed and handled in a good way. It is desirable that situations which conflict with the company's ethical guidelines or expectations are handled when and where they arise. However, there may be cases where employees or other stakeholders believe that the situation is not handled fairly or resolved in a good way by the recipient. In such cases, Norway Royal Salmon has established a whistleblower system with procedures and guidelines for how incidents are to be handled.

Responsible employer

The employees' efforts and contributions have been essential for Norway Royal Salmon's operations in 2020. The employees are our most valuable resources and we want to offer safe and meaningful jobs. The

Group seeks to be a preferred employer, by offering competitive benefits, employee follow-ups, and a safe and stable employment.

Employee health, safety and environment

Health, safety and environment (HSE) has the highest priority in Norway Royal Salmon and safe is one of our values. HSE vision on no injuries on personnel, environment and equipment is a governing and long-term goal for the Group's activities.

Focused HSE work is necessary to achieve a safe and efficient operation. Continuous efforts are made to firmly establish the importance of safety in all parts of the organisation. There is a close connection between systematic HSE work and good value creation. Internally, continuous efforts are done to create a corporate culture where effective and preventive HSE work is one of the pillars. The precautionary - principle must permeate all decisions and activities. It also means that there is active dialogue on various HSE issues in the Work Environment Committees (AMU) and with the safety representatives.

Effective and comprehensive risk management is central to the entire group. Good risk culture ensures compliance with procedures and rules. It is essential that risk management should be a natural part of the daily operations. The systems undergo annual revisions based on a plan for each site and followed up through internal training in first aid, safety, and chemical management, and rescue exercises. There is a system for registration of deviations and improvements to help capture undesirable events and improvement areas within health, safety and working environment.



Sickness absence in the Group

2020	2019
5.5 %	2.6 %

Sickness absence in the parent company

2020	2019
1.2 %	1.2 %

Five injuries, which led to absence in 2020, and eight injuries which did not lead to absence were registered in 2020.

For Norway Royal Salmon it is important to consider HSE in the entire value chain. Laws, regulations and routines are essential for our behaviour, and governing for our operations. Both management and employees are involved in HSE-work. The Group both encourages and expects that employees also takes a personal responsibility in HSE-related matters.

We perform continuous training in HSE and other areas. To clarify all matters relating to the Group's employees, an employee handbook and a manager handbook have been prepared. Norway Royal Salmon cooperates with an external healthcare service, which, among other things, conducts annual safety inspections and health checks of employees based on scheduled activity plans. Norway Royal Salmon follow up employees on sick leave in accordance with public guidelines and requirements. The Group have a designated HSE-responsible employee and a safety representative is also elected for the parent company and the farming operations. All employees have been informed of the Group policies for health, safety and working environment when hired. All policies are available on the Group's internal control systems, both in electronic and written form. The safety systems are repeated for the employees annually.

The Group conducts employee satisfaction survey regularly in cooperation with Great Place to Work. In the survey, the employee's experience of the organisation is measured in relation to trust in the management, pride of the work being done and the fellowship of colleagues. The purpose is that, through observations in this survey, we will prioritise our improvement areas and through various measures improve productivity and competitiveness by developing a trust-based leadership and corporate culture. The Group will continue to use employee satisfaction surveys as a tool for improvement.

Worker's rights and social matters

In Norway Royal Salmon we value diversity and equal opportunities. The aquaculture industry has traditionally been a male-dominated workplace. At 31 December 2020, women made up 23.9 per cent of the Group's workforce. The corresponding figure for Norway Royal Salmon ASA was 40.4 per cent. The Group management is entirely made up of men. Three of the seven members of the Group's board of directors are women. The Group shall be a workplace in which women and men enjoy complete equality. There shall be no gender-based discrimination with respect to pay, promotion or recruitment, or in any other matter. The Group shall be a good and safe workplace where there is no discrimination on the grounds of ethnicity,

country of origin, colour, religious persuasion or reduced functional capacity or in any other matter.

All employees have freedom of association and the right to collective bargaining.

Education and development

In Norway Royal Salmon we have employees with a high level of expertise in both salmon farming, but also many other fields. The Group wants to facilitate for further learning and development, and many employees has achieved certificate of apprenticeship within aquaculture. We continuously educate workers both through the annual employment of new apprentices, as well as facilitating that other employees can achieve the certificate as private students while they are in paid employment. We stimulate employees to study for the certificate by providing supplementary salary to those who have achieved the certificate. We offer internships for students through special programs in cooperation with upper secondary schools.

Our employees are trained and educated continuously in several (both statutory and preferred) areas, within both management, production, fish health, HSE and within technical areas. All employees must prepare their own development plan, which shall ensure that necessary and desirable training / education is completed. Highly skilled and trained workers are essential to ensure that our operations can take place in the most professional, safe and careful manner.

Contribution to local communities

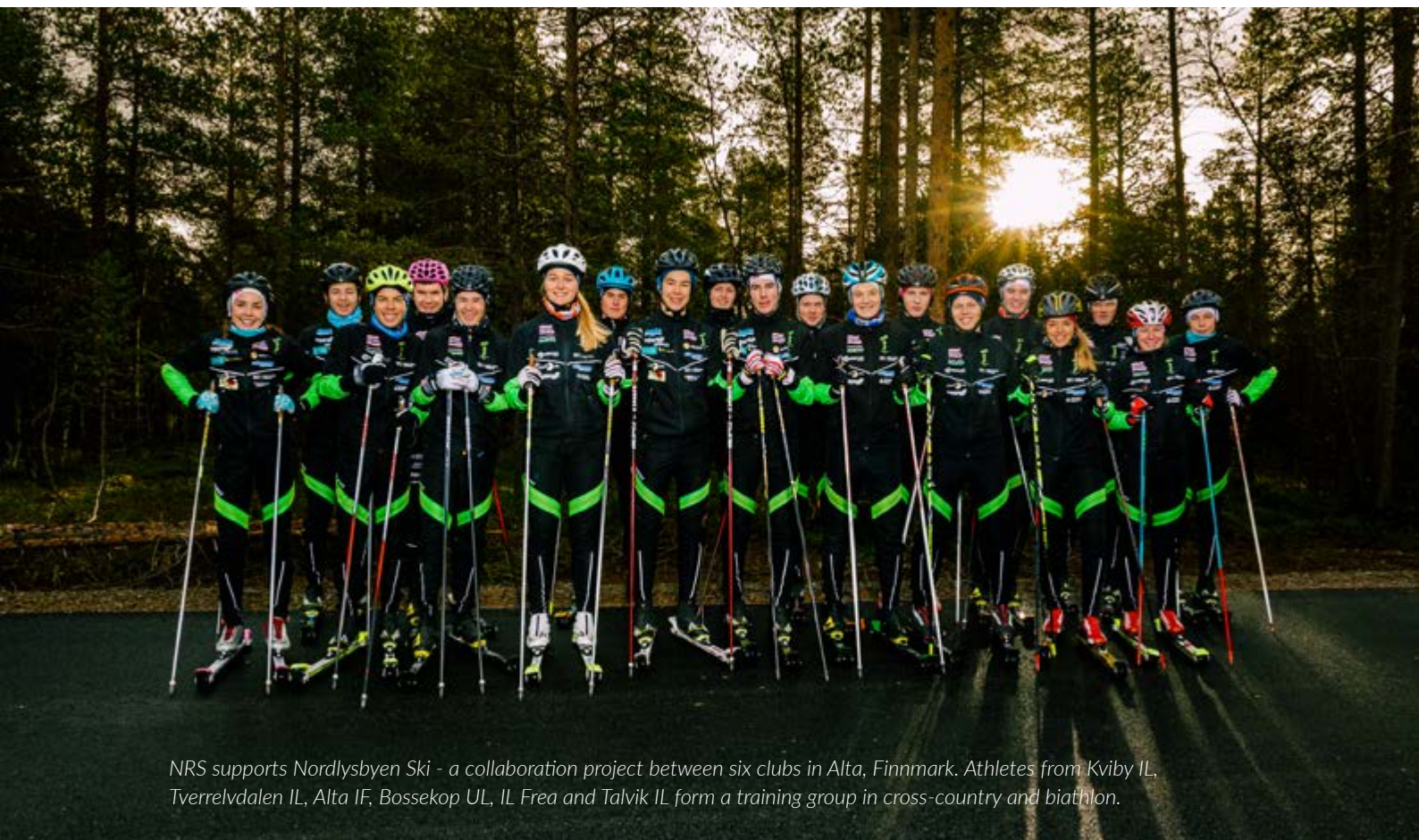
Norway Royal Salmon conducts its business in several local authority areas and local communities. In several of these, the Group is a major employer. The aquaculture industry has a substantial ripple effect, with each full-time job creating the foundation for an additional 2.5 full-time jobs in ancillary businesses.

Salmon farming depends on good cooperation with local populations and authorities. It is important that our managers maintain an open dialogue with them and that we are perceived as serious and solution oriented. The aquaculture industry competes with other stakeholders for the attractive coastal areas. It is important that efforts are made to establish a dialogue with these groups and to respect their views.

Because our operations are an important part of the local community in which we are located, Norway Royal Salmon wants to be able to help local sports teams and other voluntary organisations to benefit from our presence.



NRS sponsors both Finnmarksløpet and our employee, Maria Sparboe and her team.



NRS supports Nordlysbyen Ski - a collaboration project between six clubs in Alta, Finnmark. Athletes from Kviby IL, Tverrelvdalen IL, Alta IF, Bossekop UL, IL Frea and Talvik IL form a training group in cross-country and biathlon.



«Miljøagentene» on a guided tour in the center.



House of Salmon - a fun and interactive learning center.



Emilie and Åse are dedicated and experienced guides at House of Salmon.



House of Salmon and visitation licenses

In 2019, Norway Royal Salmon reached yet another milestone
- the Group's first salmon visitation license was put into operation in
Alta municipality, in Norway's northernmost county.

This means that NRS has opened up to improve knowledge of aquaculture by allowing the public to visit "House of Salmon" - a visitation center for salmon. The center is located in Kunnskapsparken, right in the center of Alta. The growth and development of the aquaculture industry in Norway is based on an interaction between human, technology and nature. Information in the center is balanced around three key topics for a food-producing industry with production areas at sea: requirements for safe food, conditions for good fish welfare and conservation of nature / a good environment. In NRS we believe these are the basic pillars for succeeding in salmon farming!

In addition, the public can visit a salmon farm to experience and learn about salmon farming. The "House of Salmon's" has its own passenger boat "MS Taifun" which accommodates 12 passengers.

Target groups of "House of Salmon"

Everyone can visit the "House of Salmon" center! The knowledge sharing takes place both with and without modern technology. Our staff at the center has an educational background and is happy to guide visitors. It is possible to watch both movies and play games. The center also accepts groups that want their own arrangements or who want to rent the center for meetings / events.

Three languages are used in the center: Norwegian, English and Sami. Special programs have been developed aimed at students from the secondary schools and upper secondary schools. Knowledge about the industry is shared through competition and fun activities.

Want to know more?

Please visit our website www.laksenshus.no

03

Annual performance

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Board of Directors report for 2020

Group operations and locations

Norway Royal Salmon's business is divided into two segments: Fish Farming and Sales. The head office is in Trondheim.

The Group's business idea is to supply the market with healthy salmon of high quality. Efforts are made to sell all products under the Norway Royal Salmon brand name. The Group's strategy is to run effective fish farming operations, as well as to sell the output of our own production and production from external producers. Future growth in the Norwegian fish farming industry must be based on sustainable criteria. Norway Royal Salmon wishes to be a leader in the effort to develop the industry in a more sustainable direction.

The Group's fish farming operations comprises fish farms in Troms and Finnmark and has licenses equivalent to 36 085 tonnes MAB. Sales operations are conducted from the company's office Kristiansand. The Group has shares in five associates. Of these, three are fish farming companies in Norway with 11 licenses and one is a fish farming company on Iceland with licenses for 11 800 tonnes MAB for salmon and 5 300 tonnes MAB for trout. In addition, the group owns 50 per cent of the smolt producer Nordnorsk Smolt AS.

Highlights in 2020

In 2020, Norway Royal Salmon confirms its role as a forward-looking and growth-ambitious salmon farming company characterised by high sales volumes and strategic measures for sustainable growth investments.

- 2020 was characterised by very challenging market conditions due to the Covid-19 pandemic. The financial results were affected by the low prices for salmon due to the extensive restrictions related to Covid-19.
- The Group generated operating revenues of NOK 5 119 million, an operational EBIT of NOK 246 million and a result before tax of NOK 73 million.

- The farming operations harvested 30 509 tonnes, a growth of 12 per cent compared to 2019. Good MAB utilisation at the end of 2020 provides a basis for further growth in 2021.
- The sales operations sold 89 904 tonnes.
- During 2020, the Group's credit facility increased from NOK 2 000 million to NOK 2 800 million. NOK 1 200 million of the credit facility is sustainability financing.
- In July, the fish disease ISA (Infectious Salmon Anemia) was detected at the site Næringsbukta in the operational area Dønnesfjord.
- More sites were ASC certified in 2020. At 31 December 2020, the Group is certified on 88 per cent of its sites and the goal is to be 100 per cent certified on the active sites by 2022.
- In June 2020, Norway Royal Salmon ASA distributed an ordinary dividend of NOK 5.00 per share for the financial year 2019. The Board proposes a dividend of NOK 3.00 per share for 2020.
- Norway Royal Salmon has started the transition to electrification and hybrid solutions on the Group's barges, the company has applied for and been granted funding from Enova. The first feed barge had a hybrid solution installed in the fourth quarter of 2020 and the goal is that most of the barges will be operated on shore power or hybrid solutions with battery packs in 2022. This will result in significant reductions in CO2 emissions and be a more cost-effective solution.

Sustainable focus and organic growth potential

Arctic Offshore Farming and offshore fish farms

In March 2018 the Directorate of Fisheries granted 8 development permits (5 990 tonnes MAB) for the development of Arctic Offshore Farming. The permits are a recognition of a long and good development process in which Norway Royal Salmon and Aker Solutions have developed a semi-submersible offshore

fish farm designed for harsh areas. When positioned farther away from the coast the facility will provide increased area utilisation of Norwegian sea waters and will have limited environmental footprint.

The facility will be more exposed than today's locations. The environmental conditions on such sites are very attractive for salmon, with good water exchange that ensure good fish welfare and growth.

After the development permits were granted, Norway Royal Salmon, through its subsidiary Arctic Offshore Farming AS, has placed considerable effort and investments in order to realise the project. The goal is to release the first fish in the sea in the summer of 2021.

These permits will provide the economic foundation for significant investments in a future-oriented industry. The industrial ambition is to combine knowledge from the fish farming industry with offshore expertise to develop the aquaculture industry of the future and secure sustainable growth.

Arctic Fish and focus on Iceland

NRS believes that salmon production on Iceland will succeed. The production up to now supports this. 7 443 tonnes were harvested in 2020. Arctic Fish was listed on Euronext Growth on the Oslo Stock Exchange on 19 February 2021, and as part of this process, NRS has increased its holding to 51.3 per cent. Arctic Fish expects to harvest 12 000 tonnes of salmon in 2021 and currently has a production cost in line with the average of Norwegian fish farming companies. Arctic Fish has a significant growth potential and estimates a harvest volume of approximately 24 000 tonnes of salmon in 2025. The sites are located in the Westfjords of Iceland, which have excellent conditions for fish farming. In addition, the proximity to a new smolt facility with RAS technology gives control over the value chain.

Investing in in-house smolt facility

NRS is well underway with the construction of a new smolt facility in Dårford in Karlsøy, Norway. The facility is strategically placed in relation to our activity in Troms and Finnmark and will play an important part in the further development of the company. The plant has an annual production permit for 2 400 tonnes and 10 million smolt distributed between standard and post smolt. The plant is built at low risk with regards to production and has seven separate departments with their own biofilters. This is a strategic move that will give the company control over a larger part of the value chain and ensure smolt deliveries for in-house production.

The facility will have significant local and regional

impacts and in full operation there will be approximately 20 employees at the facility. The new facility will largely meet NRS's need for smolt and provide significant benefits by delivering smolt adapted to NRS's fish farming operations in the sea. Short distances from the production site to the sea sites will give the company reduced shipping costs.

The first roe is planned to be put in during the spring of 2021 and full production is expected from 2022.

The future growth of the aquaculture industry will be through sustainable solutions. Ahead, the company will have full focus on utilising the Group's organic growth potential and sustainable production. All Norway Royal Salmon sites are Global G.A.P. certified. In addition, dedicated efforts have been made towards getting the Group certified by the ASC (Aquaculture Stewardship Council) standard. It sets strict standards for how fish are produced and requires documentation of laws and regulations, animal diversity, animal welfare, genetic impact on wild populations, responsible feed, control of fish diseases, socially responsible production of fish, good relations with neighbours and that our suppliers meet critical and essential criteria in the standard. 88 per cent of the active sites at NRS Farming are ASC certified at 31 December 2020. Norway Royal Salmon's goal is that all our active sites shall be ASC certified.

Financial performance

All income statement items for 2019 are adjusted for discontinued operations. For the balance sheet as at 31 December 2019, discontinued operations have been deconsolidated.

The income statement

Norway Royal Salmon generated a consolidated operating revenue of NOK 5 118.9 million in 2020, compared with NOK 5 586.7 million in 2019. Operational EBIT totalled NOK 246.3 million (2019: NOK 542.8 million). The Group had a consolidated operating result of NOK 107.6 million (2019: NOK 423.3 million). The Group's consolidated net result for the year totalled NOK 74.7 million (2019: NOK 1 313.1 million). The reason for the decrease in net result is mainly an accounting gain on the sale of Region South of NOK 922.6 million in 2019.

The Group recognised a negative share of result from associates of NOK 2.0 million in 2020 (2019: positive of NOK 16.9 million). The Group's associates harvested 20 447 tonnes in 2020, compared with 15 498 tonnes in 2019. The Group's share of the volume was 8 474 tonnes compared with 6 027 in 2019. In 2020, the Group had net interest expenses of NOK 13.3 million (2019: NOK 18.0 million). Loss on financial assets in 2020 was NOK 8.2 million (2019: NOK 78.4 million).

The parent company made a net result for the year of NOK 219.5 million in 2020 (2019: Gain of NOK 1 390.3 million). Operating result totalled NOK 41.5 million (2019: NOK 18.8 million). The Covid-19 situation in 2020 led to a pressure on the prices, but the operating result increased due to a profit on fixed price contracts of NOK 91.9 million (2019: NOK 57.4). The volume sold by the parent company of 88 904 tonnes in 2020 is in line with the 89 879 tonnes sold in 2019. The decrease in net result for the year is attributed to the decrease by NOK 287.6 million in share of the profits from investments in subsidiaries and associates from NOK 427.5 million in 2019 to NOK 139.9 million in 2020, the decrease in recognised profit from TRS-agreements by NOK 12.3 million from NOK 25.5 million in 2019 to NOK 13.2 million in 2020 as well as the effect on the 2019 result of the gain of NOK 936.7 million on the sale of Region South.

Fish Farming:

The fish farming operations generated operating revenues of NOK 1 529.4 million in 2020 (2019: NOK 1 541.0 million). The segment harvested 30 509 tonnes in 2020, compared with 27 297 tonnes the year before, an increase of 11.8 per cent. The Group has fish farming licences equivalent to 36 085 tonnes MAB (including developing permits). The farming operations made an operational EBIT of NOK 215.2 million (2019: NOK 535.8 million). Operational EBIT came to NOK 7.05 per kg harvested in 2020 (2019: NOK 19.63). Operational EBIT decreased because of lower prices and higher production costs compared to 2019.

Sales:

Sales' operating revenues decreased from NOK 5 586.5 million in 2019 to NOK 5 108.6 million in 2020. The decrease was due to lower sales prices. The segment sold 88 904 tonnes during the year, compared with 89 879 tonnes the year before, a decrease of 1.0 per cent. Sales had an operational EBIT of NOK 87.3 million in 2020 (2019: NOK 69.6 million), and a result before tax of NOK 54.1 million (2019: NOK 61.6 million). The sales operations operational EBIT increased due to the gain on fixed price contracts increasing from NOK 57.4 million in 2019 to NOK 91.9 million in 2020.

Balance sheet

At the close of 2020, the Group had total assets of NOK 5 815 million (2019: NOK 4 681 million).

The increase in total assets is mainly due to a net increase of NOK 1 176.2 million in operating assets, where NOK 234.7 million are invested in increased MAB. The biomass at fair value increased from NOK 1 231.7 million to NOK 1 282.0 million during the year. The increase in the value of the biomass is due to increased biomass at cost of NOK 159.4 million but

decreased fair value adjustments of NOK 109.1 million gives a net increase of NOK 50.3 million. Inventory increased by NOK 24.2 million. Receivables decreased by of NOK 333.7 million. The farming operation's biomass increased by 3 828 tonnes to 29 861 tonnes at the end of the year.

The financial assets of the Group increased by NOK 96.0 million, mainly as a result of increased loans to Arctic Fish. Repayment of receivables from other companies of NOK 15.0 million had the opposite effect. Bank deposits decreased by NOK 113.6 million.

The Group's net interest bearing debt as at 31 December 2020 totalled NOK 1 521.6 million, compared with NOK 33.1 million at the close of the previous year. The increase in interest bearing debt is mainly due to investments in fixed assets and licenses of NOK 1 416.5 million, payment of dividend of NOK 106.2 million, net purchase of own shares of NOK 239.3 million, investments in associates of NOK 98.9 million, taxes paid of NOK 38.4 and interest paid of NOK 26.9 million. A positive operational EBITDA of NOK 347.0 million, decreased working capital of NOK 73.1 million and dividends received from associated companies of NOK 17.6 million had the opposite effect.

The net decrease in equity of NOK 226.3 million was mainly due to paid dividend of NOK 106.2 million and net purchase of own shares of NOK 239.3 million, while a positive total comprehensive income for the period of NOK 108.2 million had the opposite effect on equity. At the close of 2020, the Group had an equity ratio of 53.8 per cent, compared with 71.7 per cent at the close of 2019.

The parent company's total assets stood at NOK 4 604.6 million at the close of the year (2019: NOK 3 526.3 million). Total financial assets increased by NOK 215.3 million from the end of 2019, mainly due positive results in subsidiaries and investment in Arctic Fish. Bank deposits increased by NOK 1 086 million and fixed assets decreased by NOK 27.4 million. Total receivables decreased by NOK 224.8 million, this was due to lower accounts receivables of NOK 265.3 million while increased other receivables of NOK 20.1 million had the opposite effect. Deferred tax increased by NOK 4.8 million and inventory increased by NOK 24.2 million. At 31 December 2020, the parent company's equity ratio was 59.8 per cent (2019: 77.6 per cent).

Cash flow

The Group's cash flow from operating activities in 2020 was NOK 384.5 million (2019: NOK 223.3 million). The positive cash flow is mainly due to an EBITDA of NOK 347.0 million, net decrease in accounts receivables and

payables of NOK 245.0 million and a decrease in other current working capital items of NOK 10.2 million. An increase in inventory and biological assets at cost of NOK 183.5 million, paid taxes of NOK 38.4 million had a negative effect on the cash flow.

Net cash outflows relating to investing activities in 2020 totalled NOK 1 450.5 million (2019: inflow of NOK 540.4 million). Investments in operating assets and licenses of NOK 1 416.5 million and net payment of loans to and investments in associated companies of NOK 98.9 million had a negative effect on the cash flow. Received dividends from associates of NOK 17.6 million, payment from the sale of a share of an associated company of NOK 2.6 million and payment received at realisation of Total Return Swap-agreements (TRS) of NOK 44.7 million had the opposite effect on the cash flow.

The Group has distributed a dividend of NOK 106.2 million in 2020 (2019: NOK 180.8 million). The Group had bank deposits at the close of the year of NOK 38.8 million (2019: NOK 152.3 million). At 31 December 2020, the Group had a net interest-bearing debt of NOK 1 521.6 million (2019: NOK 33.1 million).

The parent company had a positive cash flow from operating activities of NOK 280.0 million (2019: negative cash flow of NOK 8.8 million). The positive cash flow is a result of a positive operational result of NOK 41.5 million, decreased accounts receivables of NOK 265.3 million and a net decrease in other receivables and payables of NOK 79.2 million. Increased inventory of NOK 24.2 million and decreased payables of NOK 81.7 million had a negative effect on the cash flow.

The parent company had a negative cash flow from investing activities of NOK 43.7 million (2019: positive of NOK 1 557.7 million). Investments in associated companies of NOK 103.3 and investments in fixed assets of NOK 9.7 million had a negative cash flow effect. Received dividend from subsidiaries and associated companies of NOK 22.0 million, sale of shares in Ranfjord Fiskeprodukter AS of NOK 2.6 million and a realised gain when exercising TRS-agreements of NOK 44.7 had the opposite effect.

The parent company had a positive cash flow from financing activities of NOK 849.9 million (2019: negative of NOK 635.3 million). Payment received from new long-term debt to the bank of NOK 1 200.0 million has had a positive effect, while payment of dividend of NOK 106.2 million, interest payments of NOK 4.2 million and purchase of treasury shares of NOK 239.3 million had negative effect.

The total positive cash flow of NOK 1 086.2 million

has resulted in net bank deposits totalling NOK 2 372.0 million (2019: NOK 1 258.8 million) for the parent company at the close of the year.

Going concern

Norway Royal Salmon ASA's board of directors confirms that the year-end financial statements have been prepared on the basis that the enterprise is a going concern, in accordance with Section 3-3a of the Norwegian Accounting Act. This assessment rests on the Group's results, financial position and budgets.

Research and development

Norway Royal Salmon has a strong focus on sustainable biological production and fish welfare and has initiated or is participating in the following projects:

- Arctic Offshore Farming. Project to develop an offshore aquaculture farming concept that facilitates sustainable growth in areas that the aquaculture technology thus far has not been able to exploit. Norway Royal Salmon has in relation to the project received development permits equivalent to 5 990 tonnes MAB. At 31 December 2020 NOK 1 114.9 million have been invested in the project.
- The Norwegian Food Safety Authority has given its acceptance to our new triploid project; NRS TRIPWELL. The project is run by NRS, with the Norwegian Institute of Marine Research as a professional project partner. The project is researching and mapping the welfare of triploid salmon in commercial farming.
- Participation in steering or reference committees on several FHF projects in areas such as sea lice prevention, nutrition, sterile fish and infectious diseases.
- Collaboration project with ABB and Microsoft. The project aims to develop a system that can estimate biomass, count lice and detect pellets during feeding using cameras and AI (Artificial intelligence).
- Participates as an industry partner in CRIMAC - a research-driven innovation program over eight years led by the Institute of Marine Research. The program is supported by the Research Council of Norway through the scheme with SFI (Center for Research-Based Innovation). The program aims to promote the development of acoustic methodology and associated optical technologies, for use in both research, management and the fish and aquaculture industry.

Operational risk and risk management

Fish Farming

Risk will normally attach to the Group's business activities. The greatest risks for Norway Royal Salmon are associated with the biological production of salmon in the sea.

The biological challenges are related to smolt quality, mortality, disease, sea lice, parasites, algae blooms, low oxygen levels, fluctuations in sea temperatures and the quality of the fish harvested. Norway Royal Salmon has lately had incidents with ISA (Infectious Salmon Anemia) and the salmon's skin health. The Group has paid special attention on identifying the reasons for biological challenges as well as implementing necessary measures.

Although Norway Royal Salmon develops and implements sound routines for its own operations, the industry is such that it is important to coordinate much of this effort with other stakeholders in the geographical locations in which we operate.

To enhance smolt quality, Norway Royal Salmon work continuously to follow up smolt and smolt suppliers. The ongoing construction of our own smolt facility in Dåfjord will further strengthen this focus.

Norway Royal Salmon has through the year increased its own fish health staff and plans to hire more personnel in 2021. Available fish health services are used to improve routines for the promotion of fish health and for disease prevention measures. All employees in the fish farming segment have attended fish welfare courses.

Assessment of all sites is continuously carried out to ensure that sites are optimal to produce salmon.

Sites located in relatively open water have recently been put into operation, since these areas have favourable conditions for fish farming. This is demanding for both employees and equipment. The production facilities are subjected to powerful natural forces, which represent a risk of damage to the equipment and subsequent risk of fish escaping. Norway Royal Salmon has invested in new equipment of a high standard, which can meet our own and the public authorities' requirements with respect to fish escapes. A significant proportion of the Group's production is sterile fish, so that if fish escapes it will not affect the genes of the wild salmon.

Risk management is a key aspect of the management team's duties. The Group has implemented routines and systems for the monitoring of risk factors in all

business areas. Auditing the production facilities in accordance with the quality handbook and defined site standards will be strongly emphasised.

The Group has risk in relation to licenses and demands from public authorities. For the Group to continue its growth and improve the efficiency of production, Norway Royal Salmon is dependent on getting new sites as well as being able to expand existing sites. The Group depends on predictable terms and permissions for production. Divergent views on production criteria for green licenses in various administrative agencies, may have a material impact on the production. Norway Royal Salmon seeks to reduce this risk by continuous dialogue with the various relevant administrative bodies.

The Group's financial position and future development depends significantly on the price of salmon, which has historically been subject to significant fluctuations. Covid-19 affected prices in a negative direction in 2020 and the trend has continued for the first two months of 2021 before prices increased in March. Farmed salmon is a raw material, and it is therefore reasonable to assume that the market will continue to follow a cyclical pattern, but in a lesser degree than it has historically. The balance between the total supply and demand for salmon is a key parameter. Increased supply can cause prices to decline. This may have an impact on the company's profitability and liquidity, however a moderate supply growth of salmon is expected in the next years.

Feed costs constitute a considerable proportion of the total production cost of salmon. Fluctuations in feed prices and exchange rates can therefore have impact on profitability. Today's recipes mainly consist of vegetables where soy protein concentrate and rapeseed oil are the main ingredients. The biggest price driver in 2020 has been currency. Instability in the market in the last half of 2020 led to a rise in the price of most raw materials. Furthermore, the availability and price of fishmeal and fish oil will affect the prices of feed.

Norway Royal Salmon only buys soy protein concentrate from producers that are guaranteed deforestation-free throughout its value chain. However, the prices are not affected by this strategy.

The development of Arctic Offshore Farming and building a new smolt facility are complex projects to complete and uncertainty can be linked to the estimated total investment cost and time of completion. The uncertainty associated with these factors is further exacerbated by the Covid-19 situation and large currency fluctuations.

Sales

Operational risk in the sales segment is more limited than in the farming operations and includes trade margins, contract risk and credit risk. Norway Royal Salmon believes in positive sales growth in the coming years, but we might face challenges. Although the price of salmon has been volatile, the trade margins are normally not greatly affected. Margins are more influenced by the general competitive situation between farmers, exporters and customers. Economic downturns have normally affected the sale of salmon in a relatively small degree. However, a strong weakening of the economy in our key export markets can have negative impact. It might result in lower sales and a price reduction in general, but also the risk of insolvency of some customers. The risk of the sales operations with regard to insolvency is limited, as most sales are covered by credit insurance.

The salmon industry has experienced trade barriers in several markets and over longer periods. Significant changes and aggravating conditions involve risk for the Group. In 2020 and the start of 2021, we have seen how a pandemic can involve risk. The sales operations sold fish to 52 countries in 2020 and such sales spread limits the risk associated with trade barriers and other conditions. Despite Covid-19, the sales operations have delivered almost the same volume as in 2019.

The sales operations are responsible for fixed price sales contracts. The main objective entering sales contracts is to achieve rates that are favourable for the Group. In addition, the contracts reduce price movements for the Group. The contracts are usually entered for 3-12 months and normally constitute 0-40 per cent of the Group's own harvest. Contracts are bilateral against customers or financial against Fish Pool. The sales business enters both financial purchase and sales contracts to hedge margins. The company enters into contracts with solid and good counterparties.

Climate risk

Climate change can present some challenges for Norway Royal Salmon and the aquaculture industry in general. The company gives high priority to climate risk and wants to be proactive in adapting the business to meet the possible challenges that may arise. The company may become vulnerable with regard to physical risks such as extreme weather, increase in temperatures that can cause illness, at the same time as we face a number of transitional risks associated with regulation, technology, market and reputation. The company has identified several opportunities related to climate change, such as the transition to low-emission energy sources, the development of new production equipment and initiatives for waste management. Such opportunities contribute to the company being more robust to meet possible challenges.

Financial risk and risk management

The Group's financial risks include those relating to foreign exchange, interest rates, credit and liquidity. It is crucial that the Group constantly assesses its level of risk and which procedures to be implemented to reduce that risk to an acceptable level.

Foreign exchange risk

Around 85 per cent of the Group's sales are in foreign currencies, with the largest exposure being to the EUR, USD and GBP. The Group's exposure to exchange rate fluctuations is a major part of the business activities affecting the Group's cash flows and profits. In accordance with the Group's guidelines, the Group employs both forward contracts and borrows in foreign currencies to reduce its exposure to foreign exchange risk.

Interest rate risk

The Group's debt is based on floating interest rates, which means that the Group is exposed to movements in interest rates.

Credit risk

At any given time, the Group has substantial sums outstanding, with receivables distributed over several different regions. To reduce this risk, trade receivables are monitored constantly, and it is the Group's policy to hedge its trade receivables through credit insurance and other hedging instruments.

Liquidity risk

Liquidity risk is a product of the Group's earnings, financial position and access to financing in the capital markets and is defined as the risk that the Group will not be able to meet its day-to-day financial obligations. The largest single factor affecting liquidity risk is represented by fluctuations in the price of salmon. There are covenants associated with the Group's borrowings, which at the close of 2020 Norway Royal Salmon meet with good margins. Overall, the Group's liquidity risk is at an acceptable level.

Corporate Social Responsibility

Norway Royal Salmon will ensure long-term profitability through sustainable food production. We exercise our social responsibility by putting sustainable development of food production on the agenda.

An overview of how Norway Royal Salmon takes social responsibility is available in the annual report in the chapter "Sustainable food production".

Issues described in the chapter "Sustainable food production with regards to Corporate social responsibility are:

- The external environment - "Committed to nature"
- Employee rights and social issues - "Committed to people"
- Human rights - "Committed to people"
- Anti-Corruption

External environment

Norway Royal Salmon's farming operations are based on renewable resources and are located along the coast. Norway Royal Salmon's value chain is dependent on sustainability where natural resources are not consumed. This is a prerequisite, so Norway Royal Salmon can continue to farm fish. The desire and need for long-term solutions are the foundation for the company's approach to environmental issues. The Group invests to minimize its impact on the external environment and is well underway with the development of Arctic Offshore Farming, which will provide increased area utilisation, and electrification of the feed barges.

Anti-Corruption

Norway Royal Salmon has established the following anti-corruption principles:

Norway Royal Salmon shall strive for a culture of transparency in all areas concerning customer care, relationship building, sponsorships, gifts, entertainment, travel, etc. The Group's employees shall act in accordance with the Group's guidelines for giving and receiving gifts, travel and other benefits, and clearly denounce all forms of corruption. All costs related to travel arrangements should be recognized transparent and correct and be approved by a superior. The company always require dual approval when paying invoices.

Work environment

At 31 December 2020, the Group had 204 full-time employees, 47 of whom are employed by the parent company Norway Royal Salmon ASA. The head office of Norway Royal Salmon is in Trondheim.

The aquaculture industry has traditionally been a male-dominated workplace. At 31 December 2020, women made up 23.5 per cent of the Group's workforce. The corresponding figure for Norway Royal Salmon ASA was 38.3 per cent. The Group management is entirely made up of men. Three of the seven members of the Group's board of directors are women. The Group aims to be a workplace in which women and men enjoy complete equality, and where there is no gender-based discrimination with respect to pay, promotion or recruitment. The Group aims to be a good and safe workplace where there is no discrimination on the

grounds of ethnicity, country of origin, colour, religious persuasion, reduced functional capacity or in other areas. All employees have freedom of association.

The Group had a sickness absence rate of 5.5 per cent in 2019 (2019: 2.6 per cent). The corresponding figure for the parent company was 1.2 per cent in 2020 (2019: 1.2 per cent). Five injuries which led to absence, one of these was serious. Eight injuries which did not lead to absence have been registered in 2020.

The share and shareholders

As at 31 December 2020, Norway Royal Salmon ASA had 43 572 191 shares divided between 2 651 shareholders. At the close of the year, the Group held 653 398 treasury shares. The share price at the end of the year was NOK 214.6 (2019: NOK 239.2).

Corporate Governance

The board and management of Norway Royal Salmon review the company's corporate governance policies annually in order to be able to allocate roles between shareholders, the board and general management in an optimal fashion. A presentation of these policies and how the Group stands in this respect, is included in a separate section of the annual report, in accordance with Section 3-3 b of the Norwegian Accounting Act.

The Board of Norway Royal Salmon ASA has adopted ethical guidelines for the Group. The purpose of the guidelines is to create a healthy business culture and uphold the Group's integrity by helping employees to set high standards for good business practice. The guidelines are further intended to serve as a tool for self-evaluation and to develop the Group's identity.

Market conditions and future outlook

2020 was a challenging year for Norway Royal Salmon and the Norwegian salmon industry. The market has been significantly affected by restrictions due to Covid-19. The value of Norwegian salmon exports was NOK 70.1 billion, NOK 2.3 billion lower than in 2019. Export volumes were 1 314 163 tonnes (round weight), 2 per cent higher than in 2019. The export price was NOK 59.23 per kg gutted weight (FCA Norway's limit) against NOK 62.68 the year before. Prices fell mainly due to the restrictions imposed by Covid-19. As a result of more and more people preparing food at home, Covid-19 has significantly shifted demand from hotels, restaurants and catering (HoReCa) and over to the retail segment. The restrictions continue into 2021 and continue to have significant effect on demand. The increase in supply was moderate and would probably have resulted in higher prices if global demand had

not been affected by Covid-19. Norway Royal Salmon and the industry have worked hard to adapt to this challenging situation.

Norway Royal Salmon ASA sold 88 904 tonnes gutted weight, a decrease of 1.0 per cent. Most of this was fresh gutted salmon. The share of in-house produced salmon sold through the sales business totaled 34 per cent. Revenues were divided on 52 countries, of which 68 per cent were sold in Western Europe. Apart from this, the export was divided between Asia (9 per cent) and Eastern Europe (6 per cent), while the rest was sold in Norway.

Kontali Analyse expects harvest volumes in Norway in 2021 to be 7 per cent higher than in 2020. The harvest volumes of Atlantic salmon from Chile is expected to decrease by 12 per cent and some growth is expected from other smaller producer nations, so that the global volume increase is expected to be around 2 per cent.

Although the market in 2021 will be significantly affected by the pandemic, Norway Royal Salmon believes in a positive sales development in most countries in the longer term. The shift from HoReCa to retail is expected to be reversed at some point but may also lead to permanent changes in consumer behavior. Historically it has been shown that economic downturns normally do not weaken demand for salmon significantly. Salmon is now established as a nutritious and good alternative for consumers.

The increase in global supply growth and an expected continuous demand growth provide good prospects for the market conditions for salmon products in the long term. Sales at the beginning of 2021 were characterised by low prices and high volume, but from

March the prices have increased. The uncertainty about future development is now greater than normal, and the expectation is that earnings will be negatively affected by demand effects from Covid-19 restrictions in 2021 as well.

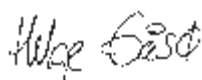
With Norway Royal Salmon's solid financial foundation and highly competent staff, we are well positioned to get through these challenging times. Production and delivery of food is an activity critical to society. The Board of Directors and the company have during the year given and will continue to give the highest priority to the work to take the necessary measures in a situation of uncertainty. NRS's operational goal of producing sustainable and healthy food is especially important in times like these. The Group maintains its production given the negative consequences of the pandemic, without compromising health, safety and environment.

Allocation of profit for the year

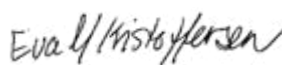
The parent company, Norway Royal Salmon ASA, made a net profit for the year of NOK 219 485 in 2020. The Board of Directors proposes the following allocation of the net profit for the year:

Dividend	TNOK	130 717
Transferred to the reserve for valuation variances	TNOK	153 089
Transferred from other equity	TNOK	-64 320
Total allocation of funds	TNOK	219 485

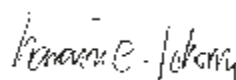
Trondheim, 14 April 2021



Helge Gåsø
Chair



Eva Kristoffersen
Vice Chair



Marianne E. Johnsen



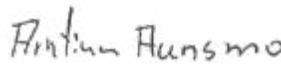
Tom Vidar Rygh



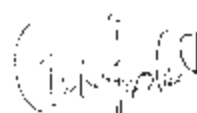
Trude Olafsen



Karl Johan Bakken



Arnfinn Aunsmo



Charles Høstlund
Chief Executive Officer



Corporate governance

Norway Royal Salmon ASA (NRS) is listed on the Oslo Stock Exchange. The board and management of NRS review the company's corporate governance procedures each year in order to be able to allocate roles between shareholders, the board and general management in an optimal fashion. NRS comply with the Norwegian Code of Practice for Corporate Governance of 17 October 2018. The Code of Practice can be found on **www.nues.no**. The report below explains how NRS comply with the Code, and deviations from the Code are commented on.

1 Implementation and reporting on corporate governance

Sound corporate governance is based on clear and transparent relations between shareholders, the board of directors and company management. Effective corporate governance will underpin credibility and trust between all stakeholders and provide a sound basis for value creation and robust financial performance. Norway Royal Salmon (NRS) attaches great importance to efficient corporate governance, and the company's corporate governance guidelines have been drawn up in accordance with the Norwegian Code of Practice for Corporate Governance. This statement is in accordance with Section 3-3b and 3-3c of the Norwegian Accounting Act and follows the guidelines of the Norwegian Code of Practice for Corporate Governance (NUES). This statement is a part of the Board of Directors report and is in accordance with the Norwegian Public Companies Act § 5-6, 4 paragraph.

A discussion of the regulations and the Group's core values and Code of Conduct are displayed on the Group's website: **www.norwayroyalsalmon.com**.

2 Business

The company's object is to produce, process, sell and distribute farmed fish, and to invest in other companies in the seafood business.

The above is established in §3 of the company's Articles of Association.

The company's corporate values are;

Safe – A safe workplace and a safe product are the most important value and essential for our business.

Engaged – Committed employees are necessary to be able to develop work processes, product and the organisation.

Innovative – We work in a future-oriented industry, but we must also be in search of forward-looking and sustainable solutions so that we as an organisation manage to be at the forefront.

Credible – There must be consistency between what we say and what we do in all parts of the business and credibility is a central part of our culture.

Norway Royal Salmon is a name we are proud of and a name we work hard every day to live up to. Having "ROYAL" in our company name allows us both locally and around the world to be associated with quality. Norway Royal Salmon is a name that obliges, and we therefore say that we are "Committed by name".

The Board leads the company's strategic planning and makes decisions that form the basis for the company's day-to-day management to prepare and implement investments and structural measures. Goals, strategies and risk profiles are assessed annually by the board, so that the company supports value creation for the shareholders.

Strategy

Norway Royal Salmon shall be the most efficient producer of Norwegian salmon through sustainable growth, development and use of new technology as well as integration of the value chain.

The company's Articles of Association and core values can be viewed on the Group's website.

3 Equity and dividends

Equity

As of 31 December 2020, the Group's total equity amounted to NOK 3 130 692, which represented 53.8 per cent of its total assets. The board deems this satisfactory. The board shall maintain a level of equity commensurate with the company's objectives, strategy and risk profile.

Dividend policy

The company aims to provide a dividend level that reflects the company's value creation in the form of dividends and increases in the company's share price. Dividends should amount to at least 60 per cent of consolidated net profit, provided the company's equity ratio is higher than 40 per cent and that the company's own capital requirements have been satisfied.

The Annual General Meeting sets the annual dividend based on a proposal from the board, which represents the maximum possible dividend. For financial year 2020, the Board proposes that a dividend of NOK 3.00 per share is distributed.

Capital increase

At the Annual General Meeting of 4 June 2020, the board was authorised to issue up to 4 357 219 shares with a nominal value of NOK 1.00 per share, which corresponded to 10 per cent of the share capital at the time of authorisation. This mandate allows the board to vary the preference rights on share subscription. The board mandate covers consideration of the acquisition of other companies and the raising of capital to strengthen the company's position. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2021.

Deviation from the Code: The board's authority to implement capital increases is formulated generally and not solely regarding specific projects. The board believes it to be in the company's best interests to ensure that the board has a degree of latitude in this area.

Purchase of treasury shares

At the Annual General Meeting of 4 June 2020, the board was authorised to purchase up to 4 357 219 treasury shares with a nominal value of NOK 1.00, which corresponded to 10 per cent of the share capital at the time of authorisation. For acquisitions, the purchase price per share should be no lower than a nominal value of NOK 1.00, and no higher than NOK 300.00 per share. The board may choose the exact method of acquisition or sale. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2021.

4 Equal treatment of shareholders and related-party transactions

The company aims to ensure that all shareholders are treated equally. Shareholders shall not be subject to differential treatment unless such treatment is based on the company's or shareholders' common interest. The company's shares are freely transferable, and there are no restrictions on the purchase or sale of company shares over and above those pursuant to Norwegian law.

Share classes

The Group only has one class of share and the company's Articles of Association do not impose any restrictions with regard to voting rights. All shares confer the same rights.

Purchase/sale of treasury shares

The board's mandate to purchase treasury shares permits the board to choose the most appropriate acquisition method within a certain price range; however, in practice, the company sells and purchases treasury shares at market price.

Related-party transactions

Services were purchased from a company partly owned by the Chair and associated companies in 2020. Goods were purchased from companies controlled by shareholders and from associated companies. These were purchased on market terms and conditions. Further information on the transactions is found in Note 27 to the consolidated financial statements.

Guidelines for board members and senior executives on conflicts of interest

The Group's Code of Conduct provides guidance on the conduct expected of board members and the Group's senior executives in situations involving conflicts of interest.

5 Freely negotiable shares

Norway Royal Salmon ASA's shares are freely negotiable, and the company's Articles of Association do not impose any restrictions in this regard. Norway Royal Salmon ASA is listed on the Oslo Stock Exchange.

6 General meetings

The shareholders exercise the ultimate authority in Norway Royal Salmon ASA through the general meeting, where the company's Articles of Association are adopted. The board makes arrangements to ensure that the general meeting is an effective forum for both the shareholders and the board.

Notice

All shareholders have the right to propose items for the agenda, and to participate, speak and vote at the general meeting, provided that their shareholding is entered in the Norwegian Central Securities Depository (VPS) no later than the fifth business day before the general meeting (the record date). Shareholders or their representatives who wish to attend and vote at the AGM must notify the company within two days before the meeting.

The Annual General Meeting is held within six months of the end of the accounting year, and in 2021 is scheduled for Thursday 27 May. The financial calendar is published as a stock market notification and on the company's website. The convening of the general meeting shall be notified in writing to all shareholders whose address is known, no later than 21 days before the meeting is due to be held. Notification, agenda documents, proposed resolutions, the Nomination Committee's justified nominations and registration and mandate forms, are made available to the shareholders on the company's website and as a stock market notification, no later than 21 days prior to the date of the meeting. In accordance with the company's Articles of Association, a shareholder may also contact the company and request despatch of documents relating to the items to be considered by the general meeting. Agenda documents shall contain all information required by shareholders to form a considered opinion on all items to be reviewed. All shareholders who are registered in the VPS no later than the fifth business day before the general meeting (the record date) have the right to vote directly or via proxy. Shareholders or their representatives who wish to attend and vote at the AGM must notify the company within two days before the meeting. Shareholders may register for the general meeting in writing or by post or email. Shareholders who are unable to attend in person may vote by proxy. An individual proxy is required for each item that is to be considered.

Implementation

The agenda is established by the board, where the main points are stated in § 8 of the Articles of Association. The Annual General Meeting shall approve the annual accounts, the Board of Directors' report and establish board members' fees. The general meeting elects a meeting chair. The Board Chair, the company's auditor and the company's management all participate in the general meeting. Minutes from the general meeting are publicised through stock exchange announcements and displayed on the Group's website on the same day as the meeting.

7 Nomination Committee

The structure of the Nomination Committee is established in the company's Articles of Association.

Rules of procedure have been established for the committee's work. The Nomination Committee's remit is to nominate board members to be elected by shareholders to the general meeting. The Board Chair shall be specifically nominated. The Nomination Committee also provides recommendations on fees paid to elected board members.

The members of the Nomination Committee shall be independent of the board and the administration, and the committee shall safeguard the interests of the shareholders. The Nomination Committee comprises three members: Endre Glastad (Committee Chair), Anne Breiby and Asle Rønning. No member of the Nomination Committee serves on the board or performs any other honorary office with the company. All members are elected by the general meeting for a term of office of 2 years. The Nomination Committee proposes themselves new representatives to the Nomination Committee, which are elected by the general meeting.

The Nomination Committee shall report on its work and present its justified nominations to the general meeting. Nominations shall contain relevant information on the candidates and shall justify how it safeguards the shareholders and company's interests. The Nomination Committee's proposed nominees shall be communicated to the company's administration no later than one month prior to the date of the general meeting.

Information on the Nomination Committee and deadlines for the proposing of candidates to the board are displayed on the Group's website.

8 The board's composition and independence

Norway Royal Salmon ASA is not obliged to have a corporate assembly.

Election of the board and the composition of the board

The Nomination Committee proposes members to be elected to the board by shareholders at the general meeting. The general meeting elects all the board members, including the Chair. In accordance with the company's Articles of Association, the board comprises three to nine members. At the most recent election at the Annual General Meeting the Chair and 1 of the representatives were re-elected. In addition, 2 new members were elected to the board. After the election the board comprised seven representatives, all elected by the shareholders. Three of the board members are women. The board currently comprises Helge Gåsø (Chair), Eva Kristoffersen (Vice Chair) and board members Tom Vidar Rygh, Marianne E. Johnsen, Trude Olafsen, Arnfinn Aunsmo and Karl-Johan Bakken. Board

representatives are normally elected for a term of office of two years. To secure continuity of board work, the aim is to re-elect half of the board representatives each year.

The board's independence

Some board members are involved in other aquaculture companies on their own behalf and on behalf of other companies. Consequently, situations could arise where these companies could be in direct competition with NRS. More than two board members are independent of all general management, material business connections and major shareholders. Thus the board complies with the independence requirements laid down by the Code. None of the company's board members or senior executives are related by family.

Board competence and shareholdings

Board members' CVs and shareholdings in the company are discussed in the annual report and Notes to the financial statements.

9 The work of the board of directors

The board's duties

The board has overarching responsibility for the Group's administration and for monitoring general management and the Group's activities.

The board shall ensure that the company's operations are properly organised at all times by establishing overarching principles for the company's operation and development, including guaranteeing that the Group has sufficient funding and appropriately qualified personnel. The board shall ensure that the objectives adopted by the general meeting are implemented in practice. The board shall play a controlling as well as proactive role, and divide its work between strategic processes, control activities and providing consultancy for the CEO. The board shall keep itself informed of the company's financial position and has a duty to ensure that operations, accounting and asset management are subject to proper scrutiny.

Rules of procedure for the board

The board's rules of procedure were adopted at the board meeting of 11 May 2020. The rules cover the following areas: the board's remit, convening of and matters to be reviewed at meetings, the board's decisions, duty of confidentiality and incapacity, the board's self-assessment and the CEO's obligations to the board.

The Chair is responsible for ensuring that the board's work is performed in an efficient and proper manner, in accordance with the applicable legislation and rules of procedure adopted for the board. The board works in accordance with an annual plan.

Board committees

The board has resolved the establishment of a Nomination Committee. The board also established an Audit Committee and a Compensation Committee.

The Audit Committee is elected by and comprises board members for one year at a time. The Audit Committee comprises Karl-Johan Bakken, Tom Vidar Rygh and Marianne E. Johnsen (Chair). The members of the Audit Committee satisfy the requirements of independence and competence established in the Norwegian Public Limited Liability Companies Act. Rules of procedure have been drawn up for the Audit Committee's responsibilities and remit. The Audit Committee shall prepare matters for consideration by the board and help to secure an increased focus on efficient risk management and effective financial reporting and follow-up. The external auditor attends most of the committee's meetings.

A Compensation Committee has been established to review matters relating to senior executives' remuneration. The Compensation Committee comprises Board Chair Helge Gåsø and Vice Chair Eva Kristoffersen.

Rules of procedure for the CEO

The CEO is responsible for the Group's operational management and management of the company's resources and makes decisions on all items not requiring particular expertise and which naturally fall within the board's remit. The CEO shall also ensure that the consolidated financial statements comply with relevant legislation and regulations. The board appoints the CEO. The CEO's authority is established in separate rules of procedure adopted by the board.

Frequency of meetings

A minimum of six board meetings shall be held each year. Where required, extra board meetings are held to consider urgent items that need to be reviewed before the next board meeting. Eleven board meetings were held in 2020.

Financial reporting

The board receives monthly reports on the company's financial performance and position. The administration presents and reports on the interim and annual financial statements.

The board's evaluation of its own work

The board assesses its business, working practices and competence each year. An assessment report is prepared and made available to the board and the Nomination Committee.

10 Risk management and internal control

Effective risk management and sound internal controls are critical to the successful performance of NRS and form an integral part of the company's business operations. The ability to plan, structure, perform and evaluate projects is a key area of the business. The management of the company's operations is based on predetermined financial targets.

Risks in Norway Royal Salmon ASA are divided into two main categories:

- Financial risks, which are trading risks based on underlying exposures, e.g. currency risks, credit risks, interest rate risks and liquidity risks.
- Operational risks mainly linked to the development of the salmon price, forces of nature, biological risks linked to the salmon farming operations and regulatory risk.

For further discussion of risk, a reference is made to the Board of Directors report included in the annual report.

Financial reporting in Norway Royal Salmon is an integrated part of the Group's corporate governance. Distinct roles, responsibilities and duties have been established. Requirements concerning content and deadlines, including accounting policies, checks and validations have been clearly defined. A key element in the financial reporting process is risk assessment.

All Group units report their financial statements monthly, based on a common chart of accounts. The accountant of the unit is responsible for the accuracy of the reported figures and that the financial reporting complies with the Group's accounting principles. In addition, general and analytical controls of the reported figures together with consolidation are performed at corporate level. The reports are analysed on group, company and project level by the group management. Reporting covers both financial and non-financial parameters. Focus is placed on profitability and risk within each business area. Performance monitoring is given high priority, and measures are implemented in areas that do not have the desired development. Disclosures are reported in connection with the quarterly and the annual reporting. Extended controls are carried out in the quarterly and the year-end reporting processes.

The Audit Committee monitors the financial reporting and the related internal control, including application of accounting principles and estimates in the financial reporting. The Group management and the Audit Committee have regular meetings with the external auditor present to discuss issues related to the financial reporting.

The purpose of risk management and internal controls is to manage risks associated with the business and to enhance the quality of financial reporting. Effective risk management and sound internal controls help to safeguard shareholders' investments and the company's assets. The board believes that NRS has a sound internal control and risk management system, which is tailored to suit the needs of the business. The board's annual plan includes an annual review of the company's risk areas and internal control systems, as well as values and ethical guidelines.

The board reviews the company's financial status in the annual report. Individual elements of the company's risk management are laid down in the Group's internal control system, with which all employees are obliged to comply. These comprise a set of documents and procedures that are continuously monitored and updated, and where minutes of important failures of compliance are noted.

Ethical guidelines

The ethical guidelines describe Norway Royal Salmon ASA's commitment and requirements in connection with ethical issues. Norway Royal Salmon ASA will, in its business activities, comply with applicable laws and regulation and act in an ethical, sustainable and socially responsible manner. The ethical guidelines have been communicated to all employees.

11 Remuneration of the board of directors

The general meeting sets annual fees for board members based on the Nomination Committee's recommendations. Remuneration paid to the board is not performance-related, and no share options are issued to board members. The fee payable to board members shall reflect the board members' responsibilities, competence and time spent on the assignments in question, as well as the complexity of the business. Further information regarding board members' fees can be found in the Notes to the financial statements.

Transactions with related parties are priced at market terms and are discussed in Note 27 to the consolidated financial statements.

Other information on fees and remuneration paid to the board is disclosed in Note 19 to the consolidated financial statements. Resolutions on fees are recorded in the minutes of the Annual General Meeting each year and are displayed on the company's website.

12 Remuneration paid to senior executives

The Board proposes the principles for the group's

senior executive remuneration policy to the general meeting, which adopts these. The Board is directly responsible for the determination of the CEO's salary and other benefits. The CEO is responsible for the determination of the salary and other benefits for the Group's other senior executives. The Group's senior executives include the management team of the Group.

The following guidelines form the basis of the determination of compensation to the Group's senior executives:

- The total compensation offered to senior executives shall be competitive.
- The compensation shall be motivating, both for the individual and for the senior executives as a group.
- Variable elements in the total compensation shall be linked to the values generated by the Group for the shareholders.
- The system of compensation shall be understandable and meet general acceptance internally in the Group, among the Company's shareholders and with the public.
- The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Group.

Remuneration of the Company's CEO and the executive management team is disclosed in note 19 to the consolidated financial statements. The Board prepares guidelines in compliance with the Public Limited Liability Companies Act regarding the remuneration of the executive management team for consideration by the AGM.

The remuneration concept for the corporate executive staff consists of the following main elements:

- Fixed salaries
- Benefits in kind
- Pension
- Termination payment
- Bonus
- Share based option scheme

For additional information on the different elements, reference is made to the guidelines for remuneration of senior executives and to note 19 in the consolidated financial statements.

13 Information and communication

NRS shall ensure that all shareholders receive accurate, clear, relevant and timely information relating to all matters of financial significance to shareholders. NRS publishes financial information on its website and in press releases. Annual financial statements are

published in both Norwegian and English. Interim financial statements are published in English.

The company shall provide investors and analysts with the best possible basis on which to gain an accurate picture of the company's financial position, key value drivers, risk factors and other matters that could affect future value creation. At the same time, the company's management shall endeavour to identify any guidance signals from the markets.

The company's financial calendar, providing details of the date of publication of important events like the Annual General Meeting, are publicised through stock exchange announcements and displayed on the company's website, along with a presentation of the company's interim financial reports and other important events.

The company nominates an official spokesperson for various matters. The Company's CEO and CFO are the company's spokespersons for the financial markets. An ongoing dialogue is maintained with investors and analysts. Importance is attached to identical and simultaneous information being provided to the equity market. All relevant information is presented on the company's website at the same time as it is notified to shareholders.

14 Take-overs

The board of directors will not seek to prevent or place obstacles in the way of any party who wishes to make an offer for the company's business or shares. If an offer is made for the company's shares, the board will issue a statement evaluating the offer and a recommendation to the shareholders on acceptance or non-acceptance. The board's statement will indicate whether the board is unanimous in its recommendation.

15 Auditor

Separate rules of procedure have been drawn up for the Audit Committee's work in relation to the auditor, together with guidelines on work extending beyond standard audit work performed by the external auditor.

The auditor participates in the board meetings that discuss the annual financial statements. Each year, the auditor presents the Audit Committee with an audit plan and a summary of the conducted audit, including a review of the company's internal controls.

The board informs the general meeting of the auditor's remuneration, allocated between auditing and other services.

Guidelines for remuneration of senior executives

1. Introduction

In accordance with the Norwegian Public Companies Act § 6-16a, the board of Norway Royal Salmon ASA (the "Company") shall prepare guidelines on the determination of salaries and other remuneration to senior executives in the company. Senior executives include the CEO, other senior executives, and members of the board. The guidelines shall be considered and approved by the general meeting. Guidelines approved by the general meeting, the result of the vote and date, shall be published without delay on the company's website. The following guidelines were adopted at the board meeting on 14 April 2021. The guidelines are submitted to the general meeting for approval with a duration until 30.06.2024.

2. Decision-making authority

The board of Norway Royal Salmon ASA has a special compensation committee. The Compensation Committee advises the board on all matters concerning the company's remuneration paid to the CEO. The salary and other remuneration paid to the CEO must be approved by the board. The board must also approve any forms of remuneration which involve the issue of shares, subscription rights or options to senior executives.

Salaries and other remuneration paid to senior executives are set by the CEO. The board will have the final say in approving remuneration paid to other senior executives and may lay down more detailed guidelines over and above what follows on remuneration for senior executives below. If the CEO wishes to offer remuneration to senior executives outside the scope of such detailed guidelines, this must be submitted to the board for approval.

Determination of remuneration to the board is proposed by the nomination committee and approved annually at the general meeting.

Should special circumstances arise, the board may choose to deviate from the guidelines for bonuses and share-based incentive schemes. In the event of such a decision, reasons for deviating from the guidelines shall be included in the board minutes. Furthermore, the board shall at the forthcoming annual general meeting explain the reason the deviation. In the event of changes in the company's financial capacity, such as financial sustainability, the board does not have the opportunity to deviate from the guidelines and withdraw variable remunerations.

3. Guidelines for remuneration for senior executives

Remuneration paid to the CEO and other senior executives of the company are based on the following main principles:

Basic salary

The basic salary is the main element in the senior executive's salary. The basic salary shall be based on job content, responsibility levels, competency and length of service. Regular measurements against relevant markets are carried out to ensure that the total compensation is competitive. Having a competitive basic salary ensures that the right people continue in the organisation, which in turn ensures a sustainable structure without frequent replacements. Basic salary is based on the main principles that it must be competitive and motivating.

Bonus

The group management executives have a bonus scheme which depends on goal achievement in several areas. The bonus scheme covers all employees in the company. The basic bonus scheme shall not exceed the sum of six months' salary for the group management. General bonus criteria for group management are linked to financial and operational goals that ensure that the remuneration corresponds to financial and

environmental sustainability. Bonus criteria related to operational goals reflect the strategy of sustainable growth and criteria related to ESG (Environment, social and governance). Variable pay shall be based on objective, definable and measurable criteria that the manager can influence. The board shall make an annual assessment of the scheme.

Benefits in kind

Senior executives will normally be awarded benefits in kind which is common for comparable positions such as communication, newspaper, and car. There are no special restrictions on the nature of which benefits in kind that can be agreed upon.

Share-based incentive schemes

The Group has a share-based bonus scheme for the Group Management and key personnel. The bonus scheme confers the right to receive shares in the company based on the price performance of the company's shares on the Oslo Stock Exchange. Incentive schemes related to share programs are directly measurable against the company's financial development (for the market), which in turn reflects the shareholders' belief in the company's financial viability. The scheme is designed so that it contributes to long-term efforts for the company that ensures continuity and motivates the employee. This scheme shall not exceed a year's salary.

Pension schemes

Norway Royal Salmon ASA has a defined-benefit pension scheme covering all the company's staff employed before 1 July 2016 and a defined

contribution scheme for employees hired after 1 July 2016. The senior executives are part of this schemes and no members of the Group management have any pension scheme other than that for the other staff.

Notice period and severance pay

The group management are entitled, under certain circumstances, to up to one year's severance pay. Otherwise contracts that are based on the Norwegian working environment act apply.

Other variable remuneration components

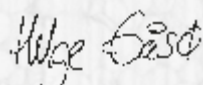
Other than as stated above, the company shall not offer its senior executives any variable remuneration components or benefits in addition to their basic salary.

The board

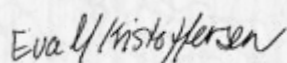
The board fees are determined according to market conditions. Measurements must be made regularly against relevant market conditions to ensure that the total compensation is competitive. Competitive compensation ensures that the right competence is on the board. Selected board members are also members of the audit committee and the compensation committee and receive remuneration for this. Remuneration for the work of the board, audit committee and compensation committee is proposed by the nomination committee and is approved by the general meeting.

The methods for determining variable remuneration are quantifiable, and are based on financial and operational figures.

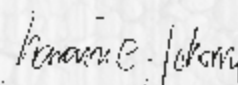
Trondheim, 14 April 2021



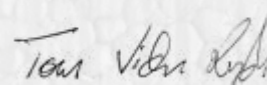
Helge Gåsø
Chair



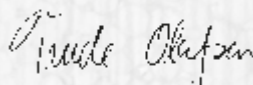
Eva Kristoffersen
Vice Chair



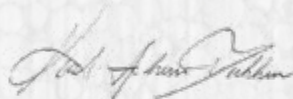
Marianne E. Johnsen



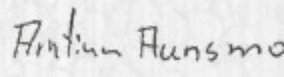
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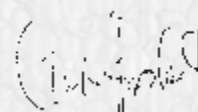
Trude Olafsen



Karl Johan Bakken



Arnfinn Aunsmo



Charles Høstlund
Chief Executive Officer





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Consolidated income statement

(NOK 1 000)	Note	2020	2019
Operating revenues	2	5 118 867	5 586 670
Cost of materials		4 393 881	4 586 500
Personnel expenses	19,20	166 995	154 466
Depreciation	7	100 747	86 804
Other operating expenses	13,25,26	210 992	216 098
Total operating expenses		4 872 615	5 043 868
Operational EBIT		246 252	542 802
Fair value adjustments	15	-136 657	-132 023
Write down of assets	7	0	-4 379
Income from associates	11	-1 985	16 901
Net operating result		107 609	423 301
Financial items			
Gain financial assets	17,21	-8 165	78 375
Net interest expenses	21	-13 276	-17 986
Net other financial expenses	21	-13 198	-8 915
Net financial items		-34 639	51 474
Result before tax		72 970	474 775
Tax	14	1 717	-84 278
Profit after tax from continuing operations		74 687	390 497
Profit after tax on discontinued operations incl. profit from sale	28	0	922 600
Net profit/loss		74 687	1 313 097
Profit attributable to:			
Owners of the parent company		80 113	1 306 721
Non-controlling interests	4	-5 426	6 376
Net result for the year		74 687	1 313 097
Earnings per share, continuing operations (NOK)	23	1,86	8,86
Earnings per share, continuing operations - diluted	23	1,86	8,86
Earnings per share (NOK)	23	1,86	30,14
Earnings per share - diluted	23	1,86	30,14

Consolidated statement of comprehensive income

(NOK 1 000)	Note	2020	2019
Net result for the year		74 687	1 313 097
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Translation differences from associated companies		14 436	-2 182
Cash flow hedges (net of tax)	17	15 098	18 424
Total items that may be reclassified to profit or loss		29 535	16 242
Items not to be reclassified to profit or loss:			
Actuarial losses on defined benefit plans (net of tax)	20	4 018	-7 686
Total items not to be reclassified to profit or loss		4 018	-7 686
Comprehensive income for the year		108 239	1 321 653
Comprehensive income attributable to:			
Owners of the parent company		113 666	1 315 276
Non-controlling interests	4	-5 426	6 376
Comprehensive income for the year		108 239	1 321 653

Statement of financial position

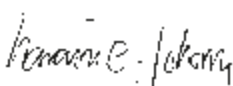
ASSETS (Tall i NOK 1 000)	Note	31.12.2020	31.12.2019
Non-current assets			
Intangible assets			
Licences	3,10	948 616	713 947
Total intangible assets		948 616	713 947
Property, plant and equipment			
Buildings, boats, fleets & other operating assets	7,10	2 042 887	858 568
Right-of-use assets	8,10	308 872	317 000
Total property plant and equipment		2 351 759	1 175 568
Non-current financial assets			
Investments in associates	11	721 856	607 886
Other financial assets		3 999	463
Other long-term receivables	6,16,27	46 904	68 374
Total non-current financial assets		772 759	676 723
Total non-current assets		4 073 134	2 566 238
Current assets			
Inventories	10,24	104 275	80 123
Biological assets	5,10,15	1 282 006	1 231 662
Total inventory		1 386 281	1 311 784
Receivables			
Accounts receivables	6,10,16	150 539	416 910
Other short-term receivables and prepayments	6,16,17	166 002	233 289
Total short-term receivables		316 541	650 199
Bank deposits	9,16,18	7 302	133 135
Restricted bank deposits	9,16,18	31 451	19 182
Total current assets		1 741 574	2 114 301
Total assets		5 814 710	4 680 537

EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12.2020	31.12.2019
Equity			
Share capital	22,23	43 572	43 572
Treasury shares	22,23	-653	-141
Retained earnings	22,23	3 048 177	3 267 659
Total equity attributable to owners of the parent company		3 091 096	3 311 090
Non-controlling interests		39 596	45 949
Total equity		3 130 692	3 357 039
Non-current liabilities			
Pension liabilities	20	23 703	27 638
Deferred tax liabilities	14	365 569	358 208
Non-current interest bearing debt	9,10,16	1 200 000	0
Long-term leasing liabilities	9,10,25	178 514	200 933
Total non-current liabilities		1 767 786	586 780
Current liabilities			
Current interest bearing debt	9,10,16	178 307	0
Short-term leasing liabilities	9,10,25	48 512	47 927
Accounts payables	16	617 937	575 895
Tax payable	14	3 752	42 537
Other current liabilities	12,16,17	67 723	70 359
Total current liabilities		916 231	736 718
Total liabilities		2 684 018	1 323 499
Total equity and liabilities		5 814 710	4 680 537

Trondheim, 14 April 2021


Helge Gåsø
Chair



Eva Kristoffersen
Vice Chair


Marianne E. Johnsen


Tom Vidar Rygh


Trude Olafsen


Karl Johan Bakken


Arnfinn Aunsmo


Charles Høstlund
Chief Executive Officer

Consolidated statement of cash flow

(NOK 1 000)	Note	31.12.2020	31.12.2019*
Operational EBIT		246 252	542 802
Adjusted for:			
Taxes paid	14	-38 379	-138 290
Depreciation	7	100 747	86 804
Share based payment		3 100	-1 413
Pension costs with no cash effect		1 216	-1 199
Change in inventories/biological assets	5	-183 548	-260 491
Change in account receivables and accounts payables		245 005	17 974
Change in other current assets and other current liabilities		10 154	-22 897
Net cash flow from operating activities		384 548	223 291
Cash flow from investing activities			
Payments for purchase of fixed assets and licenses (MAB)	7	-1 416 544	-535 396
Payments for acquisition of associated company		0	-43 738
Proceeds from realisation of current financial assets (TRS)	17,21	44 689	-3 809
Proceeds from investments in non-current financial assets	11	17 625	19 950
Proceeds from sale of non-current financial assets	11	2 644	0
Net cash proceeds from discontinued operations**	28	0	1 125 700
Change in loans/issue associates and others		-98 935	-22 270
Net cash flow from investing activities		-1 450 521	540 436
Cash flow from financing activities			
Receipts from new non-current debt	9	1 200 000	0
Non-current debt repayment	9	0	-350 000
Down payments on right to use liabilities	9,25	-53 489	-50 404
Interest payments for right to use liabilities	25	-6 788	-7 930
Net change in bank overdraft	9	178 308	-51 611
Total proceeds from transactions with treasury shares	22	-239 308	-102 430
Net interest payments		-20 139	-23 908
Dividend payment	22	-106 173	-180 782
Net cash flow from financing activities		952 411	-767 064
Net increase in bank deposits		-113 563	-3 337
Bank deposits as of 1 January		152 317	155 653
Bank deposits as of 31 December		38 753	152 317

* The cash flow statement for 2019 has been restated. Cash flow effects from lease obligations are specified on separate lines and new lease obligations have been taken out of the cash flow as a "Non-cash-generating effect". See separate table in note 9 for specifications.

** Net cash flow discontinued operations includes net cash flow from operations in the discontinued operation, Region South, as well as net paid sales price for the sold business. See Note 28 for specification.

Consolidated statement of changes in equity

Equity attributable to owners of the parent company

(NOK 1 000)	Note	Share capital	Treas- ury shares	Cash- flow hedges reserve	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interests	Total equity
Equity as of 1 January 2020		43 572	-141	5 277	3 049	3 259 333	3 311 090	45 949	3 357 039
Net result for the year		0	0	0	0	80 113	80 113	-5 425	74 688
Actuarial losses on defined benefit plans		0	0	0	0	4 018	4 018	0	4 018
Foreign currency translation		0	0	0	14 436	0	14 436	0	14 436
Cash flow hedges (net of tax)		0	0	15 098	0	0	15 098	0	15 098
Total comprehensive income		0	0	15 098	14 436	84 131	113 666	-5 425	108 240
Transactions with shareholders									
Dividend	22	0	449	0	0	-106 173	-105 724	-927	-106 651
Share based payment	19	0	0	0	0	3 100	3 100	0	3 100
Other equity transactions in the Group*		0	0	0	0	9 234	9 234	0	9 234
Net purchase and sale of treasury shares	22	0	-962	0	0	-239 308	-240 270	0	-240 270
Total transactions with shareholders		0	-513	0	0	-333 148	-333 661	-927	-334 588
Equity as of 31 December 2020		43 572	-653	20 375	17 486	3 010 316	3 091 096	39 596	3 130 692

* Other equity transactions of KNOK 9 234 are related to gains on the sale of NRS shares in an associated company and dilution of shares in an associated company. See note 11 for further explanations.

Consolidated statement of changes in equity cont.

Equity attributable to owners of the parent company

(NOK 1 000)	Note	Share capital	Treas- ury shares	Cash- flow hedges reserve	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interests	Total equity
Equity as of 1 January 2019		43 572	-58	-13 147	5 231	2 243 644	2 279 243	41 542	2 320 785
Net result for the year		0	0	0	0	1 306 721	1 306 721	6 376	1 313 097
Actuarial losses on defined benefit plans		0	0	0	0	-7 686	-7 686	0	-7 686
Foreign currency translation		0	0	0	-2 182	0	-2 182	0	-2 182
Cash flow hedges (net of tax)		0	0	18 424	0	0	18 424	0	18 424
Total comprehensive income		0	0	18 424	-2 182	1 299 035	1 315 276	6 376	1 321 653
Transactions with shareholders									
Dividend	22	0	388	0	0	-180 782	-180 393	-1 969	-182 363
Share based payment	19	0	0	0	0	-1 412	-1 412	0	-1 412
Other equity transacti- ons in the Group		0	0	0	0	1 278	1 278	0	1 278
Net purchase and sale of treasury shares	22	0	-471	0	0	-102 430	-102 901	0	-102 901
Total transactions with shareholders		0	-83	0	0	-283 346	-283 429	-1 969	-285 398
Equity as of 31 December 2019		43 572	-141	5 277	3 049	3 259 333	3 311 090	45 949	3 357 039

Notes to the annual financial statements

Note 1. Accounting principles

1.1 General information

Norway Royal Salmon ASA is based in Norway and has its head office in Trondheim. The company's shares are listed on the Oslo Stock Exchange, code NRS.

The consolidated financial statements for 2020 include the parent company, subsidiaries and the Group's shareholdings in associates. The Group's core business is linked to salmon farming and sales.

The annual financial statements were approved by the board on 14 April 2021.

1.2 Basis of preparation

The most important accounting principles applied in preparing the consolidated financial statements are described below. These principles apply in the same way in all periods presented unless indicated otherwise.

Statement of compliance

The consolidated financial statements of Norway Royal Salmon ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and relevant interpretations that are mandatory for annual financial statements presented as of 31 December 2020.

The consolidated financial statements have been prepared on a going concern basis.

Basis for measurement

The consolidated financial statements have been prepared on the principle of historic cost, except for the following assets and liabilities, which are presented at fair value:

- Biological assets valued at fair value (Note 5)
- Derivatives valued at fair value (Note 17)
- Pension liabilities (Note 20)

The principles used to determine fair value are described in more detail in the following principles and relevant notes.

1.3 Introduction of new and amended standards

Norway Royal salmon has not applied any new standards in 2020. The most significant changes in the IFRS standards in 2020 are:

- Change in IFRS 3: Business combinations
- Change in IFRS 9 and IFRS 7: Interest Rate Benchmark Reform

None of these changes have had any effect on the financial statements of Norway Royal Salmon ASA in 2020.

1.4 Summary of important accounting principles

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the company. Control over a company arises when the Group is exposed to variability in the return of a company and has the ability to influence this return through its influence over the company. Annual financial statements of subsidiaries are included in the consolidated financial statements from the date control is achieved until the date control ceases. In 2019 Norway Royal salmon ASA sold Region South and all transactions relating to the discontinued operations are presented as discontinued operations. This is presented as "Profit after tax discontinued operations incl. profit from sale", in the income statement and includes Region South's pre-tax profit for the period as well as the gain from the sale. See Note 28 for further information.

Business combinations are recognised using the acquisition method. The consideration paid is measured as the fair value of the assets transferred, liabilities assumed, equity instruments issued and the fair value of contingent assets or liabilities resulting from the contract. Costs in connection with business combinations are expensed as they are incurred. Identifiable assets and liabilities are recognised at

fair value at the time of acquisition. Non-controlling shareholdings in acquired companies are measured on a case-by-case basis either at fair value or as the respective share of the net assets of the company acquired.

Should the total of the consideration, carrying amounts of non-controlling owners and fair value at the time of acquisition of previous shareholdings exceed the fair value of identifiable net assets of the company acquired, the difference is recognised in the balance sheet as goodwill. Should this total be less than the company's net assets, the difference is recognised in income immediately.

Eliminations

Intra-group transactions and balances have been eliminated. Any unrealised profits or losses associated with intra-group transactions are eliminated during the preparation of the consolidated financial statements.

Non-controlling interests

Transactions with non-controlling owners of subsidiaries are treated as equity capital transactions. When acquiring shares from non-controlling owners, the difference between the price paid and the shares' pro rata share of the reported balance sheet value of the subsidiary's net assets is recognised in the equity of the parent company's owners. Profits or losses on sales to non-controlling owners are similarly recognised in equity.

If the Group no longer has control, any remaining interest is valued at fair value with changes in value being recognised through profit or loss. Fair value then represents the cost in subsequent recognition, either as an investment in associates, joint ventures or as a financial asset. Amounts previously recognised in comprehensive income relating to this company are treated as if the Group had disposed of the underlying assets and liabilities. This could mean that amounts previously recognised in comprehensive income are reclassified to the income statement.

Associates

Associates are entities over which the Group exercises considerable influence but not controlling influence. A considerable influence normally applies to investments in which the Group owns between 20% and 50% of the voting rights. The consolidated financial statements include the Group's share of profits of associates in accordance with the equity method from the time considerable influence is achieved and until such influence ceases. Should the Group's share of losses exceed the investment in an associate, the Group's carrying amount is reduced to zero and no further losses are recognised unless the Group has assumed legal or constructive obligations or made payments on

the company's behalf. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

The equity method is regarded as a consolidation method. By cross-ownership, the associates' investments in Norway Royal Salmon ASA are treated as treasury shares.

Classification of accounting items

Assets and liabilities associated to the production cycle, or which are held for sale, and items due for payment within one year of the balance sheet date are classified as current assets or short-term liabilities. Liquid funds are also classified as current assets. Other assets are classified as non-current assets. Other liabilities and provisions for long-term obligations are classified as long-term liabilities. The next year's instalments of long-term debt are classified as current liabilities.

Proposed dividends are recognised as liabilities in the balance sheet when the company is obliged irrevocably to pay dividends, normally when they have been approved at the Annual General Meeting.

NRS's key measurement is operational EBIT before fair value adjustments. Fair value adjustments are presented on separate lines within the income statement. This presentation has been chosen to clearly identify earnings on sales during the period.

Statement of cash flow

The statement of cash flow has been prepared using the indirect method. The statement of cash flow shows a breakdown of the Group's total cash flow by operating activities, investing activities and financing activities. Cash flow associated with the acquisition and divestment of businesses is presented net under investing activities after deductions for cash reserves held by the acquired or divested company.

Segment reporting

An operating segment is part of the Group that engages in business which can generate revenues and costs, including revenues and costs deriving from transactions with other Group segments. Operating segments are identified based on the reporting used by Group management to assess performance and profitability at a strategic level. The Group management is defined as the chief operating decision-makers. The financial performance of all operating segments is reviewed monthly by group management. Performance is evaluated based on operating results (EBIT) per segment. See Note 2.

Revenues

Sale of goods

The Group's operating revenues derive mainly from the sale of fish. Revenues from the sale of goods are recognised in income when control has been transferred to the customer. This is normally the delivery date. The timing of the transfer of risk to the customer depends on the delivery terms specified in the sales contract and varies from customer to customer. The normal credit term is 30 days net. The transaction price is the consideration that Norway Royal Salmon expects to be entitled to in exchange for the transfer of agreed goods to the customer, except for amounts received on behalf of third parties. The consideration agreed upon in a contract with a customer may include fixed amounts, variable amounts or both.

Interest income

Interest income is recognised when the income is earned.

Dividends

Dividend income is recognised when the entitlement to receive payment arises.

Fish-farming licences

Licenses acquired by the Group are capitalised at cost. Fish-farming licences are deemed to have an indefinite useful life and are not amortised, but are tested annually for impairment or more frequently if there is indication of impairment

Below is a detailed description of the Group's assessments in situations where the Group has established that an asset has an indefinite useful life, cf. IAS 38.122. Intangible assets with an indefinite useful life are not amortised, but tested for impairment once a year as a minimum.

The license scheme for production of salmon and trout in Norway is implemented by the Norwegian Parliament and adopted in the Norwegian Act relating to aquaculture (Aquaculture Act). The Ministry of Trade, Industry and Fisheries is responsible for allocation of aquaculture permits (licenses). All activities involving aquaculture require a license. It is prohibited to farm salmon without a license from the authorities, cf. section 4 of the Aquaculture Act. All licenses are governed by the same regulations (current Aquaculture Act with provisions) irrespective of when the license was allocated. NRS's aquaculture permit entitles the Group to produce salmon in a confined geographic area (sites), subject to the prevailing limitations established at any given time regarding the scope of the permit. The Ministry may prescribe detailed provisions relating to the content of the aquaculture licenses by administrative decision or regulations. The

Ministry of Trade, Industry and Fisheries administer the Aquaculture Act centrally, and the Directorate of Fisheries is the supervisory authority. Regionally, there are several sector authorities that together represent the total administrative and supervisory authority within the area governed by the Aquaculture Act. The individual county is the regional administrative body, and the Directorate of Fisheries is the appellate body for issues involving locations and licenses.

Since January 2005, the limitations on production established for aquaculture licenses for salmon and trout have been governed according to a scheme known as Maximum Allowable Biomass (MAB). This specifies the maximum biomass in the sea that a license holder can have at any given time. The following regulations regarding production limitations apply to the different types of licenses held by the Group:

Licenses are limited in number, i.e. the enterprises are only granted new licenses (more production volume) subsequent to politically adopted allocation rounds.

Section 5, second paragraph of the Aquaculture Act reads: «The Ministry may prescribe detailed provisions relating to the content of the aquaculture licenses, including the scope, time limitations, etc., by administrative decision or regulations." In the legislative background to the Aquaculture Act, White Paper no. 61 2004-2005, the following statement can be found on page 59:" It will remain the case that licenses are normally allocated without any specific time limitation. Implementation of such limitations should be reserved for those issues where a time limitation, based on the specific situation, provides for a more complete fulfilment of the Act than if the license were to be allocated without a time limitation." The duration of licenses is also specified by the Aquaculture Act, which in its most recent revision underlined ownership of licenses by allowing the licenses to be mortgaged to the benefit of the lender.

There are no time limitations specified in NRS's terms for grow out licenses, and they are therefore deemed to be time-indefinite production rights according to the prevailing regulations. As the licenses are not bound by limited period, there is no need to apply for their renewal. The licenses are deemed valid pursuant to the Aquaculture Act, unless they are revoked in accordance with the Act. Section 9 of the Aquaculture Act describes the grounds for revocation of a license. Section 9 states that licenses may be revoked due to gross contravention of the provisions of the Act. Historically, no operative licenses for salmon and trout have ever been revoked in Norway.

According to past and present legislation and the general interpretation and practice in the industry,

Norwegian fish farming licenses are not a time-limited right, and licenses should therefore not be subject to amortisation.

Write-downs

The Group's assets are reviewed at the end of each accounting period to assess whether there are any indications that their value has fallen below book value. If such indications exist an assessment is made of the asset's recoverable amount. If the recoverable amount is lower than book value, the asset is written down to the recoverable amount. The recoverable amount is the higher of the expected sales value and value in use (present value of expected future cash flows).

Licenses are defined as having indefinite useful economic lives and are not amortised, but tested annually for impairment. This assessment is done at by calculating the estimated present value of future cash flows (recoverable amount) from each cash-flow generating unit and comparing these with the book value of the cash flow generating unit. If the recoverable amount is lower than book value, the asset is written down.

Previous write-downs are reversed if the estimated recoverable amount subsequently exceeds book value. The upper limit for reversal is cost less amortisation.

Biological assets

Biological assets comprise live fish stocks. Under IAS 41, biological assets are recognized and measured at fair value. Fair value is determined in accordance with IFRS 13. There are no efficient markets for the sale of live fish, and valuing live fish involves estimating their fair value in a theoretical live fish market. Norway Royal Salmon recognises the production cost incurred at the balance sheet date.

The technical model for calculating fair value is a present value model. Present value is calculated for the biomass on each site/project by estimating the future sales value less remaining production costs discounted to the present value at the balance sheet date. The fair value of fish in the sea is calculated in the present value model as a function of the expected biomass at the time of harvest multiplied by the expected sales price. For fish that are not harvestable, estimated remaining costs to breed the fish to its harvestable weight are deducted. Cash flows are discounted monthly using a discount factor. The discount factor consists of three main components: 1) risk for events that affect cash flow, 2) hypothetical license and site rent and 3) the time value of money. Expected biomass (volume) is based on the estimated number of individuals in the sea, adjusted for expected mortality until harvesting and multiplied by the expected harvest weight per individual at the time of harvest. The measuring unit

is the individual fish, but for practical reasons the calculation is made on site level. Live weight of fish in the sea is translated into gutted weight to get the same measurement unit as the prices are set in.

The price is calculated based on forward prices from Fish Pool. The forward price for the month in which the fish expected to be harvested, is used in the calculation of expected cash flow. The price quoted by Fish Pool (sales price from Oslo) adjusted for the export cost is the reference price. This rate is further adjusted for expected harvest costs (well boat, harvest and packing) and transport to Oslo. Adjustments for expected size and quality differences are also made. The adjustment in relation to the reference price is done at site level.

Estimated remaining production costs to breed the fish to harvestable weight represents the cost estimate a rational operator would assume, if he wanted to buy the immature fish with the purpose to breed to harvestable size.

The present value model used for valuing the biological assets stipulates that compensation for license rent is deducted from the inventory value in the form of a premium in the monthly discount factor, rather than a separate cost item. In this way, rent cost will be correlated with the price and the value of the license.

The principle of highest and best use, according to IFRS 13 is the basis for the valuation and classification. In the fair value calculation, optimal harvest weight is defined as harvest weight according to harvest plans.

Changes in fair value adjustments are recognised in the income statement on a separate line for fair value adjustments. Fair value adjustments are included in the consolidated net operating results.

Costs related to the non-recurring events that cause mortality are expensed in the income statement in the period it occurs. Such costs are included in the operational result. Non-recurring events that cause mortality is defined as an incident of not normal nature that has a significant economic impact. A specific assessment is made of every incident that has caused increased mortality. This assessment is done by the regional management in close dialogue with the group management to ensure consistent classification within the Group. Events defined as non-recurring are for example, outbreaks of disease, algae attack, treatment losses, extreme weather, statutory orders of destruction of salmon and escapes that amounts to a significant value for the Group.

Costs related to what is considered normal mortality are included in the carrying amount of biomass in the balance sheet. Normal mortality is considered part of the production process of fish and added to the production cost.

The Group enters into contracts for future delivery of salmon. Biological assets are recognised at fair value. The fair value adjustment in the income statement includes the change in fair value of the biological assets, expected cost for fulfilling the sales contracts and financial Fish Pool contracts. The Group may have onerous contracts under IAS 37 even if the contract price for physical delivery contracts is higher than the actual production cost of the products. In that case, a provision is made for the estimated negative value. The provisions are classified as other current liabilities.

Fair value adjustment recognised in the financial accounts in the period include 1) changes in the fair value of biological assets, 2) changes in fair value (liabilities) related to onerous contracts and 3) change in unrealized value of financial purchase and sales contracts (derivatives) at Fish Pool. Fish Pool contracts are treated as financial instruments in the balance sheet, where unrealised gains are classified as other receivables and unrealised losses are classified as other current liabilities.

Financial instruments

Financial instruments are classified in three measurement categories: hedge accounting, fair value through P&L and amortised cost. The measurement categories are decided when recognising the assets for the first time. The basis of classification depends on Norway Royal Salmon's business model and the contractual cash flow characteristics of the financial asset.

Financial liabilities at fair value through P&L

Forward currency contracts

The Group uses forward currency contracts to hedge against foreign currency fluctuations arising from operating activities. The contracts are measured at fair value. Changes in fair value of derivatives are recognised through profit and loss as financial items, except for currency contracts qualifying for hedge accounting.

Total Return Swaps

The Group uses a Total Return Swaps (TRS)-agreements to get a result and liquidity exposures that are linked to the value of Norway Royal Salmon's shares. The TRS-agreement is recognised at fair value and changes in fair value are recognised in financial items. The Group has no TRS-agreements as of 31 December 2020.

Fish Pool – Purchase contracts

The Group also derivatives to hedge margins connected to deliveries in the sales department. In cases where fixed-price contracts have been entered into and the sales department does not wish to hedge the Group's volume from the farming operations, agreements are made to purchase financial Fish Pool contracts to hedge the margins. The derivatives are measured at fair value at the time they are entered into with subsequent changes in value recognised on a separate line for fair value adjustment. Fair value adjustments are included in the consolidated operating results. Realised gains and losses are recognised in cost of sales.

Fish Pool – Sales contracts

The Group enter into financial Fish Pool contracts in order to hedge prices of future deliveries. Derivatives are measured at fair value at the time they are entered into with subsequent changes in value being recognised on a separate line for fair-value adjustments. Fair value adjustments are included in the consolidated operating result. Realised gains and losses are recognised in sales revenues.

Hedge accounting

Forward currency contracts -hedge accounting

The Group uses forward currency contracts which qualify for hedge accounting to hedge against foreign currency fluctuations arising from operating activities. The contracts are measured at fair value. Changes in fair value of forward currency contracts qualifying for hedge accounting are recognised in OCI.

The Group's criteria for classifying a derivative as a hedging instrument for accounting purposes follows specific guidance in IFRS9 and is as follows: There is adequate documentation when the hedge is entered into that the hedge is effective. The hedge is expected to be highly effective in that it counteracts changes in cash flows from an identified object. For cash flow hedges, the forthcoming transaction must be highly probable, and the effectiveness of the hedge can be reliably measured. The hedge is evaluated regularly.

For hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability in cash flows caused by variances in currency rates. For cash flow hedges, which meet the conditions for hedge accounting, any unrealised gain or loss on the contract that is determined to be an effective hedge is recognised temporarily in other comprehensive income until the hedged cash flow materialises and affects the profit or loss. All financial instruments are recognised in the balance sheet at fair value when the entity becomes a party to the contractual provisions of the instrument. The instrument is derecognised when the contractual rights expire, or contractual rights

and obligations are transferred. Derivative financial instruments are classified as current assets or liabilities. If a cash flow hedge expires, gains and losses in the hedging reserve within equity are recycled through profit or loss in accordance with the above principle. If the hedged transaction is no longer expected to occur, accumulated unrealised gains and losses previously recognised in other comprehensive income is immediately reversed and recycled through profit or loss.

Financial liabilities at amortised cost

Liabilities

Current and non-current interest-bearing debt and trade payables are initially recognised at fair value less directly attributable transaction costs. In subsequent periods, interest bearing debt is recognised at amortised cost. Trade payables do not generate interest and are recognised at nominal value in the balance sheet.

Financial assets at amortised cost

Loans and receivables

Loans and receivables, including trade receivables, are financial assets with fixed payments not listed in an active market. Financial assets of this kind are initially recognised at fair value plus directly attributable transaction costs. Following initial recognition, loans and receivables are recognised at amortised cost less any impairment.

Accounts receivables

Accounts receivable are amounts outstanding from customers as a result of ordinary sales of goods as part of ordinary activities. Accounts receivable have ordinary credit time between 30 and 60 days and are classified as current assets. Accounts receivable are initially recognized at the transaction price as defined in IFRS 15. After initial recognition, trade receivables are measured at amortized cost, less any impairment losses. Accounts receivable are valued at face value less any expected losses.

Bank deposits

Bank deposits comprise cash in hand, bank deposits and other current investments that may immediately be converted into cash amounts without material risk of loss on the transaction.

Property, plant and equipment

Property, plant and equipment are capitalised at cost, less accumulated depreciation and impairments. If material individual parts of a unit of property, plant or equipment have different useful lives, they are recognised as separate components with varying depreciation schedules. Ongoing maintenance costs are

charged to expenses as they arise.

Assets are depreciated over their estimated useful economic lives. The depreciable amount is the asset's cost less its residual value. Land is not depreciated.

Onerous contracts

Physical fixed-price sales contracts whose price is less than the price used as the basis for adjusting the fair value of the biomass are recognised as liabilities in the financial statements. The amount recognised as a liability is the difference between the market price at the balance sheet date plus costs to sell and the contract price. Changes in provisions are recognised in a separate line for fair-value adjustment. Fair value adjustments are included in the consolidated operating results.

Tax

Tax on the profit/loss for the year comprises tax payable and deferred tax. Tax is recognised in the income statement except for tax on items that have been recognised in comprehensive income or directly in equity. The tax impact of these latter items is recognised in comprehensive income or directly in equity.

Tax payable comprises expected tax payable on the taxable profit for the year at the tax rates in effect at the balance sheet date, and any corrections of tax payable for previous years.

Deferred tax is calculated to take account of temporary differences between the book value of assets and liabilities and their value for tax purposes. Provisions for deferred tax are based on expectations relating to the realisation or utilisation of the book value of assets and liabilities and are calculated at the nominal tax rates applicable at the balance sheet date.

Deferred tax assets are only recognised in the balance sheet to the extent that it is probable that the asset will be utilised through future taxable profits. Deferred tax assets are reduced to the extent that it is no longer probable that the tax asset will be utilised.

Pensions

Defined contribution pension schemes

A defined contribution plan is a pension plan under which the group pays fixed contributions. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. In a defined contribution scheme, the company pays what they have committed in accordance with an agreement, committed by law or voluntarily contributes. The company has no further obligations beyond this

payment. Liabilities to pay contributions to defined contribution pension schemes are recognised as costs in the income statement as they accrue.

Defined benefit pension schemes

Pension schemes that are not defined contribution schemes are defined benefit schemes. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using a linear accrual method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

Share price-based bonus scheme

The Group has a share price-based bonus scheme for senior executives and key personnel in the Group. The bonus program is a share-based scheme that entitles the employees to receive shares in NRS based on the price development in Norway Royal Salmon ASA's average share price for a predetermined period. Each employee can at most be granted rights to shares for a value in the interval between 25 per cent to 100 per cent of annual salary. The exercise price will be adjusted for dividends and changes in holdings of treasury shares.

The fair value of bonus scheme is calculated at the time of allocation and is recognised linearly in the vesting period.

Equity

Treasury shares

On the repurchase of treasury shares, the purchase price including directly attributable costs is recognised as a change in equity. Treasury shares are recognised as a reduction in equity. When treasury shares are sold, any consideration received is included in equity

attributable to the company's equity holders.

Dividends

Dividends are recognised as liabilities in the period they are adopted.

Inventory

Inventory comprise raw materials of which is mainly feed for the fish farming business, finished goods in transit and stocks of finished goods, largely frozen salmon for sale.

Inventory is valued at the lower of cost and net realisable value. The net realisable value is the estimated ordinary sales price less estimated sales costs. Raw material inventory is recognised in accordance with the FIFO principle.

Fish produced in-house and which is placed in storage awaiting sale by the sales business is recognised at the fair value of own production, which is deemed to be the acquisition cost for the sales business.

Leases

Leases with a term of more than twelve months are booked as a right-of-use asset and liability according to IFRS 16, as long as the underlying value is not low. For agreements that fall under the exception for right-of-use assets, the rental cost is recognised in the income statement on an ongoing basis. The group rents office space, machinery, equipment, boats and rafts. The duration of the leases is different, and at expiration the group often purchase of the underlying fixed assets. Purchases are not applicable for office premises. Purchase options that are likely to be exercised are included in the lease payments used to recognise assets and liabilities.

Right-of-use assets are measured at acquisition cost, taking into account accumulated depreciation, write-downs and revaluations. The asset is depreciated on a straight-line basis over the lower of the lease term and the useful life of the underlying asset. The lease liability is measured by the present value of the lease payments to be paid over the lease term, discounted at an interest rate approximately equal to the group's external loan terms.

When implementing IFRS 16 in 2019, Norway Royal Salmon ASA recognised leases based on a modified retrospective method. Leases that were accounted for as financial leases under IAS 17 in 2018 were continued using IFRS 16 in 2019.

See notes 7, 8 and 25 for more information.

Foreign currency**Presentation currency**

The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency. All amounts are stated in thousands of kroner unless indicated otherwise.

Transactions and balance-sheet items

Transactions in foreign currency are translated at the exchange rate in effect at the transaction date. Monetary items in foreign currency are translated to NOK at the rate in effect at the balance sheet date. The Group reduces its foreign currency risks on receivables by drawing the same amount in the same currency on its overdraft facility. Other non-monetary assets and liabilities, which are recognised at historical cost in a foreign currency, are translated at the rate in effect at the transaction date. Foreign exchange gains and losses deriving from the settlement and translation of monetary items in foreign currencies to the exchange rate in effect on the balance sheet date are recognised and classified as operating items.

Exceptional items

Fair value adjustments are disclosed separately in the financial statement under operational result and in notes to provide further understanding of the financial performance of the group. Exceptional items are fair value adjustment of biomass (note 5), provision for onerous contracts and changes in fair value of Fish Pool contracts (note 17).

Events after the balance sheet date

New information regarding the company's financial position on the balance sheet date which is received after the balance sheet date has been accounted for in the year-end financial statements. Events after the balance sheet date which do not affect the company's financial position on the balance sheet date, but which will affect the company's future financial position are reported if material.

Accounting standards and interpretations issued but not applied

There are no IFRSs or IFRIC interpretations that are not yet effective for the financial year ending 31 December 2020 that would be expected to have a material impact on the Group.

1.5 Important accounting estimates and judgments

Preparation of annual financial statements in accordance with IFRSs involves the use of judgements, estimates and assumptions. These affects both the application of accounting principles and the recognised values of assets, liabilities, revenues and expenses.

Actual figures may deviate from those estimated.

Estimates and underlying assumptions are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in all future periods affected. Valuations and estimates that are of most significance for the Group are as follows:

Valuation of the biological assets

Biological assets are fish in the sea. In accordance with IAS 41 and IFRS 13, the biological assets are valued at fair value. The difference between the fair value adjustment of live inventory at the beginning and the end of the period is recognised as a fair value adjustment in the income statement. The technical model for calculating fair value is a present value model. The inventory to be valued is in the sea and are exposed to operational risk. All harvest is in the future, normally within the next 1 to 24 months. The following factors affecting the calculation of fair value of biomass are uncertain: volume, growth rate, price, cost and discount factor.

The volume of fish may be lower or higher than expected. The calculation of fair value is done for each site and specifying the biomass includes both the number of fish and the estimated average weight. This estimate includes considerable uncertainty. Estimated produced biomass is based on assumptions about growth and mortality from the date the fish is put to sea, adjusted for any controls done during the production period, until the fish is harvested. Uncertainty about the growth rate affect the time of harvest and the period of discounting. Changes in regulatory conditions and forced harvest or destruction required by the authorities cause uncertainty about the harvest volume.

The prices are subject to change and this estimate contains considerable uncertainty. The forward prices used to calculate the fair value of the biomass can change. In addition, can growth rate and changes in regulatory issues lead to changes to the harvest plans, which in turn results in harvesting at different times with other prices than the valuation model assumes. Achieved price is also affected by the quality distribution of the fish, which only to a limited extent can be observed and assessed before harvest. The estimate of the quality distribution will be subject to considerable uncertainty and affect the price assumption used when estimating the fair value of the biomass.

There is considerable uncertainty associated with the estimate for the remaining production costs. Biological challenges greater than expected, with respect to disease or sea lice, results in higher costs. Changes

in exchange rates and the market prices of the input factors related to feed entail changed remaining production costs. Change in regulatory conditions, which can enforce higher cost, represent an uncertainty in the estimation of fair value of biomass.

The discount factor used in the model consists of several components. The valuation model implies that the license rent is deducted from the inventory value in the form of an additional premium in the discount factor. There is uncertainty about the charge for the license rent because it will be influenced and correlated with the market price of salmon and value of the license. The discount rate has been reduced from 6.0 per cent in 2019 to 5.0 per cent in 2020. The reduction is based on reduced expectations of profitability in the industry, especially lower salmon prices, and the impact on the hypothetical license and site rent.

The principles used for valuation are described in the section describing biological assets and in Note 5 to the financial statements.

1.6 Financial risk

The Group's main financial obligations comprise liabilities to financial institutions and current liabilities connected to the company's operations. These financial liabilities account for the bulk of the Group's debt capitalisation. The Group has several financial assets, such as cash, trade receivables and short-term receivables connected to the company's operations. The company also has some forward currency contracts and Fish Pool contracts for hedging purposes. The main risks to which the company is exposed are connected to interest rate risk, foreign currency risk, liquidity risk and credit risk. This note gives details of exposure to each of these risks and aims and procedures for dealing with risk. Further quantitative details can be found elsewhere in the consolidated financial statements.

Foreign exchange risk

The bulk of the Group's transaction risk is linked to sales in currencies other than the functional currency of its sales business. The exposure is largely connected to EUR, USD and GBP. Hedging of contracted currency revenues is managed through forward currency contracts. Hedging of the currency exposure deriving from trade receivables is managed through forward currency contracts and by drawing on the overdraft facility in the same currency. Details of the Group's exposure in foreign currency can be found in Notes 6 and 9. Forward currency contracts, see Note 17. Given the financial instruments in effect on 31 December 2020, a 2 per cent reduction in the value of the NOK towards USD would decrease the Group's profit by KNOK 1 127, a 2 per cent reduction in the value of the NOK towards EUR would decrease the Group's profit

by KNOK 9 456 and a 2 per cent reduction in the value of the NOK towards GBP would decrease the Group's profit by KNOK 567. The contractual future revenues that the instrument hedge (hedged items) are not recognized in the accounts.

Interest rate risk

The Group's interest-bearing debt is currently exposed to variable interest rates. This means that the Group is exposed to changes in interest rates. The Group's interest-bearing debt is capitalised at amortised cost. Given the financial instruments in effect on 31 December 2020, an increase of 100 basis points in the interest rates level would decrease the Group's profit by KNOK 15 216, assuming all other variables are constant.

Credit risk

The Group's exposure to credit risk is affected largely by circumstances related to each individual customer. The Group is not materially exposed to any single counterparty. Historically, bad debts have been small – see Note 6 for further details. Trade receivables are monitored continuously, and the Group's policy is to insure all major trade receivables against non-payment. In addition to trade receivables, the Group is exposed in connection with the derivatives entered into by the Group. The counterparty in the agreements are major financial institutions and the credit risk associated with the counterparty is very low.

Price/liquidity risk

Liquidity risk is the risk that the Group will have trouble meeting those financial obligations which must be settled in cash or with other financial assets. Liquidity management shall, as far as possible, ensure that available liquidity is sufficient to meet such obligations as they fall due.

The Group monitors its liquidity continuously and estimates expected future developments through budgets and updated forecasts. The Group's liquidity depends in large measure on developments in the price of salmon, making it significantly exposed to changes in salmon prices. Other key risks include fluctuations in production and harvested volumes.

The farming business, to a certain extent, enters fixed price contracts with the aim to hedge fluctuations in the spot price. If the sales business concludes fixed-price contracts, the margin is closed at the same time by concluding financial contracts to buy fish to an equivalent volume at Fish Pool or possible physical contracts with suppliers. In 2020 Norway Royal Salmon entered into agreements to secure the price of self-produced fish in the Group. 30 per cent of harvested volume were hedged. The Group had a net exposure on Fish Pool contracts for sale of 300 tonnes at

31 December 2020 (2019: no exposure. Given the financial instruments in effect on 31 December 2020, a reduction of NOK 5.00 in the price would increase the Group's profit by KNOK 1 500. See note 17 for more information.

The Group's objective is to maintain a balance between long-term funding and flexibility through the use of overdraft facilities. The maturity profile of the company's interest-bearing debt is presented in Note 9.

Capital structure and equity

The Group's objectives when managing capital are to safeguard the continued operation of the Group, have a reasonable debt ratio to ensure adequate returns for shareholders and other stakeholders, as well as maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and adjusts in the light of changes in underlying economic conditions. Capital structure can, in addition to organisation of the operations, be affected through dividends to shareholders, repayment of capital to shareholders, issuing of new shares or sale of assets to reduce debt.

The company's main borrowing covenants are important indicators for measuring risk of the capital structure. The Group's main borrowing covenants are based on standard ratios relating to solvency. The group's finance agreement has one financial covenant requiring an equity ratio of at least 30 per cent and another requiring that the short-term credit facility shall not exceed 75 per cent of the carrying value of inventory and accounts receivables adjusted for IFRS 16 effects. At the end of 2020, the company keeps covenants under the loan agreement.

The Group's principal financial liabilities apart from bank liabilities consist of trade payables and derivatives. These financial liabilities constitute the majority of the Group's debt financing. The Group has various financial assets such as cash, accounts receivable and shares. The Group also uses financial derivatives, principally forward currency contracts. The purpose is to manage currency risks arising from the operations of the Group. Derivatives of this type are not entered into for speculation purposes.

Equity not considered necessary for further growth will be returned to shareholders through dividends. At 31 December 2020, the Group had equity of NOK 3 131 million. The equity ratio, defined as equity divided by total assets, was at the same time 53.8 per cent. Net interest-bearing debt, defined as total debt less cash and cash equivalents and interest-bearing receivables were NOK 1 522 million at year-end.

The Company's dividend policy is to distribute at least 60% of profit after tax, provided that the Group's equity ratio is above 40 per cent and that the Group's own capital requirements have been satisfied. The shareholders should obtain a current yield directly correlated with the results. The board has proposed a dividend of NOK 130 716 573 (NOK 3.00 per share) based on the financial statements of 2020. The resolution is passed at the Annual General Meeting on 27 May 2021. See Note 22 for further information.

The board of Norway Royal Salmon ASA has received the following powers from the General Meeting:

The board is authorised to purchase up to 4 357 219 treasury shares with a face value of NOK 4 357 219. For acquisitions, the purchase price per share should be no lower than a nominal value of NOK 1.00, and no higher than NOK 300.00 per share. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2021. The Group owns 653 398 treasury shares at the end of 2020.

The board is authorised to issue up to 4 357 219 shares. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2021. See Note 22 for further information.

Note 2. Segment reporting

Operating segments are identified based on the reporting used by Group management to assess performance and profitability at a strategic level. The Group management is defined as the chief operating decision-makers.

The Group's business areas are divided into the Sales and Fish farming. The Sales segment includes the purchase and sale of salmon. The fish farming business includes salmon farming. The fish farming business was historical divided into two regions: Region North, which consists of the fish farming business in Troms

and Finnmark; and Region South, which consisted of fish farming business in the border region of Hordaland and Rogaland. Region South was sold in December 2019, but is presented as a segment for information purposes.

Transactions between the segments are made at market terms. Group management reviews monthly reports in connection with the segments. Performance is evaluated based on operating results (EBIT) per segment.

(NOK 1 000)	Sales		Fish farming				Total	
	2020	2019	Region North		Region South		2020	2019
			2020	2019	2020	2019		
Total segment revenues	5 108 577	5 586 475	1 529 368	1 540 978	0	178 128	6 637 945	7 305 581
Revenues between segments	0	0	-1 529 368	-1 540 978	0	-178 128	-1 529 368	-1 719 106
Revenues from external customers	5 108 577	5 586 475	0	0	0	0	5 108 577	5 586 475
Cost of materials	4 984 257	5 477 903	928 736	638 389	0	110 838	5 912 993	6 227 130
Depreciation	253	153	99 335	86 581	0	12 519	99 588	99 253
Other costs	36 774	38 853	286 111	280 255	0	52 365	322 885	371 473
Operating result before fair value adjustments	87 293	69 566	215 186	535 753	0	2 406	302 479	607 725
Fair value adjustments	-27 605	-4 116	-109 052	-127 907	0	2 487	-136 657	-129 536
Write down of assets	0	0	0	-4 379	0	0	0	-4 379
Share of income from associates	0	0	0	0	0	-1 087	0	-1 087
Operating result	59 688	65 450	106 134	403 467	0	3 806	165 822	472 723
Interest income	0	0	868	3 962	0	0	868	3 962
Interest expenses	0	0	-24 305	-25 633	0	-2 823	-24 305	-28 456
Other financial items	-5 577	-3 806	1	20	0	0	-5 576	-3 786
Segment result before tax	54 110	61 643	82 696	381 815	0	983	136 808	444 443
Total assets*	513 264	841 529	2 748 489	2 537 749	0	0	3 261 754	3 379 277

* All segment assets are located in Norway.

Note 2. cont.**Reconciliation of reported segment result before tax with Group result before tax:**

(NOK 1 000)	2020	2019
Segment result before tax for operating segments	136 808	444 443
<i>Unallocated income statement items:</i>		
Profit before tax NRS Settefisk AS	-15 233	-3 964
Profit before tax Arctic Offshore Farming AS	-16 958	0
Unallocated expenses (operations)	-47 825	-50 719
Unallocated non-recurring items	0	-11 000
Income from associates	-1 985	16 901
Gain on realisation of financial assets	44 689	-3 810
Unrealised gains (+)/ losses (-) on financial assets	-52 854	82 185
Unallocated interest (finance)	26 328	1 721
Profit before tax discontinued operations	0	-983
Result before tax	72 970	474 775

Reconciliation of reported segment assets to total assets:

(NOK 1 000)	2020	2019
Segment assets for reportable segments:	3 261 754	3 379 277
<i>Unallocated assets:</i>		
Investments in associates	721 856	607 886
Investments in other shares	1	1
Assets in NRS Settefisk AS	653 907	231 554
Assets in Arctic Offshore Farming AS	1 132 193	374 845
Other long-term receivables	45 000	63 470
Unrealised losses/gains on financial assets	0	8 680
Bank deposits related to TRS agreements	0	14 825
Total assets in the balance sheet	5 814 710	4 680 537

Geographical market sales:

(NOK 1 000)	2020	2019
Norway	668 436	733 524
Western Europe	3 540 272	3 503 415
Eastern Europe	296 334	336 281
Asia & Middle East	610 409	1 004 067
Other countries	3 415	9 382
Total operating revenues	5 118 867	5 586 670

Countries that generates more than 10 % of total operating revenues:

(NOK 1 000)	2020	2019
Spain	709 396	725 059

Note 3. Intangible assets

Cost: (NOK 1 000)	Fish farming licenses	
	2020	2019
Acquisition cost as of 1 January	713 947	846 807
Additions during the year	234 669	0
Disposals discontinued operations, Region South	0	-132 860
Acquisition cost as of 31 December	948 616	713 947

Specification of fish farming licenses by region:

(NOK 1 000)	Licenses tonnes MAB	Cost	Book value 31.12.2020
Troms and Finnmark	36 085	948 616	948 616
Total	36 085	948 616	948 616

Licenses

NRS has licenses equivalent to a MAB of 36 085 tonnes. All licenses are in Norway and are managed by the Department of trade, industry and fisheries. The main condition for ordinary licenses is that they shall be operated in accordance with current laws and regulations.

Serious breaches of the terms of the licenses may give rise to loss of the licenses.

Annual impairment test

Fish farming licenses are defined as having an indefinite useful economic life and are not amortised, but are tested for impairment annually, or more frequently when there is an indication that an asset may be impaired. This is done by comparing assets' recoverable amounts with their book values. Licences are considered to have an indefinite life because ownership of licenses has no time limit as long as the owner complies with significant statutory requirements regarding the use of them. See note 1.4 for further details on the Group's assessment that the licenses have indefinite life.

Impairment testing is performed for each cash flow generating unit (CGU). After the sale of Region South in 2019 the Group has one CGU as all production management, evaluation of harvesting plans, etc. are treated as one within the farming operations.

The impairment test is carried out by calculating the present value of estimated future cash flows (estimated value in use) for the cash flow generating unit and comparing this with the book value of the unit's net

assets. Impairments are recognised if the book value exceeds the estimated value in use.

Estimated future cash flows are based on budgets and forecasts for the next four years. After that, a terminal value is used. The terminal value is calculated using a growth rate of 2.0 per cent, which reflects future estimated inflation.

The impairment test did not give indications for write-downs of the book value of the licenses at 31 December 2020. There are significant positive differences between estimated recoverable amounts and book values in Farming.

Key assumptions

Calculations are based mainly on EBIT margin per kg (salmon prices and production costs per kg), investment levels, discount rates and harvesting volumes.

EBIT margin per kg

EBIT per kilo is highly volatile due to the fluctuations in the price of salmon. Costs can under normal circumstances be forecasted with a relatively high level of accuracy. Due to expectations of continued high salmon prices the next four years, a lower EBIT margin per kg than average achieved in the period between 2018 and 2020. After this period, the margin has been reduced to a normalized EBIT per kg of approximate NOK 15.00 (2019: NOK 15.00). Necessary investments to meet anticipated growth has been taken into consideration. In the latter part of the forecast period the investments will equal the depreciations and represents maintenance investments.

Discount rate

The estimated value in use is based on a discount rate after tax of 7.5 per cent (2019: 8.0 per cent). The discount rate is an estimated average capital cost for the Group (WACC). Capital costs are calculated by considering the risk-free interest rate, the market risk premium in the equity market and the company's average interest rate on borrowing. Capital costs are adjusted to reflect conditions at individual cash flow generating units, such as particular risks and interest rate differentials.

Harvest volume

Future production are estimated on the basis of current production and harvest plan, adjusted for expected increases in future output given current licenses. In the calculation it is assumed a production capacity of about 52 000 tonnes (2019: 42 500 tonnes).

Sensitivity analysis

Sensitivity analysis have been performed by examining changes in discount rates, EBIT per kg and harvesting volume. The following table shows how much each key assumption can change before book value is lower than estimated value in use.

	Farming (Region North)	
	2020	2019
EBIT margin per kg (NOK)	-6.18	-8.66
Discount rates after tax	+5.77 %	+16.53 %
Harvest volume	-41.0 %	-47.0 %

Note 4. Companies in Group

The consolidated financial statements for 2020 include the following companies:

(NOK 1 000)	Registered Office	Nominal share capital	Share holding %	
			2020	2019
Parent company				
Norway Royal Salmon ASA	Trondheim	43 572		
Subsidiaries				
NRS Farming AS	Alta	9 429	100.00 %	100.00 %
NRS Settefisk AS	Trondheim	1 000	100.00 %	100.00 %
Arctic Offshore Farming AS	Trondheim	50 000	100.00 %	100.00 %
Nor Seafood AS	Senja	205	82.50 %	82.50 %
Norway Royal Salmon UK Ltd *	Leeds, UK			100.00 %
Arctic Fish Holding AS	Trondheim	30	100.00 %	0.00 %

* Norway Royal Salmon UK Ltd was discontinued in October 2020.

All subsidiaries are included in the consolidation. The proportion of the voting rights in the subsidiary held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiaries in the group.

Note 4. cont.**Summarised financial information on subsidiaries with material non-controlling interests:**

Summarised balance sheet	Nor Seafood AS	
	2020	2019
Current		
Assets	164 113	238 804
Liabilities	-18 794	-45 163
Total current net assets	145 319	193 641
Non-current		
Assets	114 240	116 877
Liabilities	-33 297	-47 950
Total non-current net assets	80 943	68 927
Net assets	226 262	262 568

Summarised income statement	Nor Seafood AS	
	2020	2019
Operating revenues	64 432	151 678
Operational EBIT	-841	47 826
Result before tax	-39 025	46 730
Tax	8 472	-10 294
Total comprehensive income	-30 553	36 436
Total comprehensive income allocated to non-controlling interests	-5 425	6 376
Dividends paid to non-controlling interests	927	1 969

Summarised cash flows	Nor Seafood AS	
	2020	2019
Cash flows from operating activities		
Cash generated from operations	9 034	88 467
Interest paid	526	1 111
Income tax paid	-11 050	-14 766
Net cash generated from operating activities	-1 490	74 812
Net cash used in investing activities	-3 337	-2 564
Net cash used in financing activities	-11 059	-19 926
Net increase in cash and cash equivalents and bank overdrafts	-15 886	52 322
Cash, cash equivalents and bank overdrafts at beginning of year	127 836	75 514
Cash and cash equivalents and bank overdrafts at end of year	111 951	127 836

Note 5. Biological assets

Specification of biological assets:

(NOK 1 000)	31.12.2020	31.12.2019
Biological assets valued at cost	1 172 790	1 013 394
Fair value adjustments of the biological assets	109 216	218 268
Total biological assets	1 282 006	1 231 662

Specification of changes in book value of biological assets:

(NOK 1 000)	2020	2019
Biological assets as of 1 January	1 231 662	1 240 393
Increase due to production in the period	1 322 815	1 377 738
Non-recurring event at cost	0	-11 000
Reduction due to harvesting in the period	-1 163 419	-1 055 101
Fair value adjustments of the biological assets	-109 052	-125 420
Fair value adjustments of the biological assets due to non-recurring events	0	0
Discontinued operations	0	-194 947
Biological assets as of 31 December	1 282 006	1 231 662

Specification of biological assets – tonnes (ungutted weight):

	2020	2019
Biological assets as of 1 January	26 033	24 675
Increase due to smolt releases in the period	1 342	1 555
Increase due to production in the period	41 309	43 252
Reduction due to mortality in the period	-2 843	-2 733
Reduction due to harvesting in the period	-35 980	-36 320
Non-recurring event	0	-68
Discontinued operations	0	-4 327
Biological assets as of 31 December	29 861	26 033

Note 5. cont.**Specification of biological assets status on the balance sheet date 31 December 2020**

	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	5 794	3 385	236 187	60 956	297 143
1-4 kg	7 675	20 155	756 759	31 724	788 483
Larger than 4 kg	1 006	6 320	179 845	16 535	196 380
Biological assets	14 475	29 861	1 172 790	109 216	1 282 006

Specification of biological assets status on the balance sheet date 31 December 2019

	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	6 757	3 515	261 098	22 868	283 967
1-4 kg	5 357	12 734	454 350	78 241	532 591
Larger than 4 kg	2 154	9 784	297 945	117 158	415 103
Biological assets	14 268	26 033	1 013 393	218 268	1 231 662

Fair value of biological assets:

In accordance with IAS 41, biological assets have to be valued at fair value. Fair value is calculated in accordance with IFRS 13. Changes to valuation adjustments are recognised in the income statement on an ongoing basis and classified on a separate line in order to highlight operating results before and after fair value adjustments. The valuation model for biomass makes the fair value within level 3 in the fair value hierarchy.

Valuation model:

Efficient markets for sale of live fish do not exist and the valuation of biological assets involves estimating fair value in a theoretical market for live fish.

The technical model for calculating fair value is a present value model. Present value is calculated for the biomass on each site/project by estimating the future sales value less remaining production costs discounted to the present value at the balance sheet date.

The fair value of fish in the sea is calculated in the present value model as a function of the expected biomass at the time of harvest multiplied by the expected sales price. For fish that are not harvestable, estimated remaining costs to breed the fish to its harvestable weight are deducted. Cash flows are discounted monthly using a discount factor. The

discount factor consists of three main components:

1) risk for events that affect cash flow, 2) hypothetical license and site rent and 3) the time value of money. Expected biomass (volume) is based on the estimated number of individuals in the sea, adjusted for expected mortality until harvesting and multiplied by the expected harvest weight per individual at the time of harvest. The measuring unit is the individual fish, but for practical reasons the calculation is made on site level. Live weight of fish in the sea is translated into gutted weight to get the same measurement unit as the prices are set in.

The price is calculated based on forward prices from Fish Pool. The forward price for the period in which the fish expected to be harvested is used in the calculation of expected cash flow. The price quoted by Fish Pool adjusted for the export cost is the reference price. This rate is further adjusted for expected harvest costs (well boat, harvest and packing) and transport to Oslo. Adjustments for expected size differences and quality differences are also made. The adjustment in relation to the reference price is done at site level.

The principle of highest and best use, according to IFRS 13 is the basis for the valuation and classification. In the fair value calculation, optimal harvest weight is defined as harvest weight according harvest plans.

Note 5. cont.

The valuation model uses the following forward prices:

Fish Pool forward prices 31.12.2020	NOK/kg	Fish Pool forward prices 31.12.2019	NOK/kg
Q1 21	50.33	Q1-20	66.20
Q2 21	58.90	Q2-20	66.80
Q3 21	53.67	Q3-20	54.90
Q4 21	55.83	Q4-20	56.30
Q1 + Q2 22	61.85	Q1+Q2-21	59.50
Y2022	58.00	Y2021	59.00

The following discount factor is used in the valuation model:

	31.12.2020	31.12.2019
Discount factor	5 %	6 %

Sensitivity analysis:

Based on the Group's biomass at 31 December 2020, a change in some factors will affect the book value of the biomass in the following manner:

		Effect on biomass value at 31 December 2020		Effect on biomass value at 31 December 2020
	Increase		Reduction	
Change in price	NOK 5,- per kg	191 771	NOK -5,- per kg	-191 772
Change in production cost on finished projects, gutted weight	NOK 1,- per kg	-38 355	NOK -1,- per kg	38 354
Change in discount factor	0.5 %	-51 617	-0.5 %	55 111
Change in discount factor	1 %	-100 004	-1 %	114 010
Change in time of harvest	1 month earlier	46 143	1 month later	-104 330
Biomass at 31 December 2019	1 %	4 625	-1 %	-4 626
Biomass at 31 December 2019	5 %	23 126	-5 %	-23 127

Non-recurring events recognised in the income statement ¹⁾	2020			2019		
	Cost	Fair value adjustments	Fair value	Cost	Fair value adjustments	Fair value
Culling of fish due to sores NOR Seafood AS	0	0	0	11 000	0	11 000
Biological assets	0	0	0	11 000	0	11 000

1) Non-recurring event recognised in the income statement, not allocated to the segments. These are significant events that are defined as abnormal for the operations and not expected to occur regularly.

Note 6. Accounts receivables, other receivables and prepayments

Specification of accounts receivables, other receivables and prepayments:

(NOK 1 000)	31.12.2020	31.12.2019
Account receivables	152 282	419 533
Provision for bad debts	-1 742	-2 623
Net accounts receivables	150 539	416 910
Other short-term receivables and prepayments	166 002	233 289
Other long-term receivables	1 904	4 904
Other long-term interest-bearing receivables	45 000	63 470
Total accounts receivables, other receivables and prepayments	363 445	718 573

Other short-term receivables and prepayments comprise:

(NOK 1 000)	31.12.2020	31.12.2019
Fair value derivatives	39 800	64 070
Prepayments	15 319	62 361
Value added tax repayable	90 591	68 068
Other receivables	20 292	38 790
Total other short-term receivables and prepayments	166 002	233 289

At 31 December 2020, accounts receivables of KNOK 90 828 (2019: KNOK 144 298) were past their due date but not impaired. These relate to a number of different customers that have not previously defaulted on their obligations to the group. The age distribution of these receivables are:

(NOK 1 000)	31.12.2020	31.12.2019
Less than 1 month	75 920	129 198
Between 1 and 3 months	11 653	9 769
More than 3 months	3 254	5 331
Accounts receivables past due date, but not impaired	90 828	144 298

Change in provision for bad debts:

(NOK 1 000)	2020	2019
Provision for bad debts as of 1 January	-2 623	-5 816
Bad debts recorded in the year	3 016	207
Change in provision for bad debts	-2 136	2 986
Provision for bad debts as of 31 December	-1 742	-2 623

Note 6. cont.

At 31 December 2020 was nominal accounts receivables of KNOK 6 946 (2019: KNOK 17 704) written down. The size of the provision was KNOK 1 742 at 31 December 2020 (2019: KNOK 2 623). The individually impaired receivables relate to customers who have had financial problems and the provision covers both realised and expected losses. Accounts receivables are insured with a deductible mainly between 10 and 20 per cent. The age distribution of the written down receivables are:

(NOK 1 000)	31.12.2020	31.12.2019
2 to 6 months	379	136
More than 6 months	6 567	17 568
Accounts receivables written down	6 946	17 704

Foreign currency exposure on receivables:

(NOK 1 000)	31.12.2020	31.12.2019
CHF	0	59
EUR	60 967	231 876
GBP	4 082	26 661
JPY	7 141	7 943
USD	31 334	56 254
NOK	47 015	94 117
Total book value trade receivables	150 539	416 910

Note 7. Property, plant and equipment

(NOK 1 000)	Land and buildings	Machinery and equipment	Boats and barges	Other operating assets	Total
Acquisition cost as of 1 January 2019	51 004	366 006	124 354	42 565	583 926
Acquisition cost purchased right-of-use assets	0	34 692	12 833	0	47 526
Acquisition cost as of 1 January 2019 including purchased right-of-use assets	51 004	400 698	137 187	42 565	631 454
Reclassification of long-term receivables	0	0	-1 230	0	-1 230
Discontinued operations	-5 186	-70 462	-30 328	-6 050	-112 026
Additions	19 642	554 526	13 675	9 735	597 578
Disposals	0	-1 778	-1 963	-118	-3 859
Acquisition cost as of 31 December 2019	65 460	882 984	117 342	46 132	1 111 917
Acquisition cost as of 1 January 2020	65 460	882 984	117 342	46 132	1 111 917
Acquisition cost purchased right-of-use assets	0	21 552	0	0	21 552
Acquisition cost as of 1 January 2020 including purchased right-of-use assets	65 460	904 536	117 342	46 132	1 133 469
Additions	12 095	1 256 044	9 329	4 290	1 281 758
Disposals	0	-40 248	-11 926	-326	-52 500
Acquisition cost as of 31 December 2020	77 555	2 120 332	114 745	50 095	2 362 727
Accumulated depreciation as of 1 January 2019	13 224	140 923	58 229	20 965	233 342
Depreciation purchased right-of-use assets	0	22 832	6 209	-110	28 931
Accumulated depreciation as of 1 January 2019 including purchased right-of-use assets	13 224	163 756	64 438	20 855	262 273
Discontinued operations	-2 053	-30 221	1 068	-1 755	-32 961
Depreciation for the year	2 743	27 738	-11 463	8 757	27 775
Impairments	0	0	4 379	0	4 379
Disposals	0	-6 157	-1 962	0	-8 119
Accumulated depreciation as of 31 December 2019	13 914	155 114	56 459	27 856	253 346
Accumulated depreciation as of 1 January 2020	13 914	155 114	56 459	27 856	253 343
Depreciation purchased right-of-use assets	0	13 234	0	0	13 234
Accumulated depreciation as of 1 January 2020 including purchased right-of-use assets	13 914	168 348	56 459	27 856	266 577
Depreciation for the year	4 275	45 497	11 442	8 066	69 280
Disposals	0	-3 772	-11 926	-326	-16 025
Accumulated depreciation as of 31 December 2020	18 189	210 073	55 974	35 596	319 832
Book value as of 1 January 2019	37 779	225 083	66 126	21 599	350 586
Book value as of 31 December 2019	51 546	727 868	60 881	18 272	858 568
Book value as of 31 December 2020	59 366	1 910 258	58 768	14 497	2 042 887

Economic life

20 years 3–15 years 5–15 years 3–5 years

Depreciation method

Straight-line Straight-line Straight-line Straight-line

Note 8. Right-of-use assets

(NOK 1 000)	Land and buildings	Machinery and equipment	Boats and barges	Other operating assets	Total
Acquisition cost as of 1 January 2019	0	158 986	286 441	0	445 426
Implementation of IFRS 16 1.1.2019	0	0	16 793	0	16 793
Reclassification of long-term receivables	0	0	1 230	0	1 230
Discontinued operations	0	-22 515	-43 016	0	-65 531
Additions	3 725	18 712	54 232	0	76 669
Disposals*	0	-34 692	-12 833	0	-47 526
Acquisition cost as of 31 December 2019	3 725	120 493	302 846	0	427 061
Acquisition cost as of 31 December 2019	3 725	120 493	302 846	0	427 061
Additions	9 691	1 378	20 587	0	31 656
Disposals*	0	-21 552	0	0	-21 552
Acquisition cost as of 31 December 2020	13 416	100 318	323 433	0	437 165
Accumulated depreciation as of 1 January 2019	0	70 484	52 953	0	123 435
Discontinued operations	0	-22 515	-25 227	0	-47 742
Depreciation for the year	186	19 219	39 623	0	59 029
Impairment	0	4 379	0	0	4 379
Disposals*	0	-22 832	-6 209	0	-29 041
Accumulated depreciation as of 1 January 2019	186	48 735	61 141	0	110 060
Accumulated depreciation as of 1 January 2020	186	48 735	61 141	0	110 062
Depreciation for the year	1 479	8 332	21 656	0	31 467
Disposals*	0	-13 234	0	0	-13 234
Accumulated depreciation as of 1 January 2020	1 665	43 833	82 797	0	128 295
Book value as of 1 January 2019	0	88 502	233 489	0	321 991
Book value as of 31 December 2019	3 538	71 755	241 707	0	317 001
Book value as of 31 December 2020	11 750	56 485	240 636	0	308 872

* Disposal right-of-use assets are related to the purchase of these.

Economic life

20 years 3–15 years 5–20 years

Depreciation method

Straight-line Straight-line Straight-line

Note 9. Interest bearing debt

Non current interest bearing debt:

(NOK 1 000)	31.12.2020	31.12.2019
Debt to financial institutions	1 200 000	0
Non current liabilities for right-of-use assets	178 514	200 933
Total non current interest bearing debt	1 378 514	200 933

Current interest bearing debt:

(NOK 1 000)	31.12.2020	31.12.2019
Liabilities to financial institutions	178 307	0
First year's instalment liabilities for right-of-use assets	48 512	47 927
Total current interest bearing debt	226 819	47 927
Total interest bearing debt	1 605 334	248 860
Other non current interest bearing receivables	45 000	63 470
Cash and bank deposits	38 753	152 317
Net interest bearing debt	1 521 581	33 073
Total long term financial facility	2 200 000	1 400 000
Unused credit facility long-term debt	-1 200 000	0
Limit credit facility	600 000	600 000
Drawn upon credit facility	-178 307	0
Unutilised drawing rights	1 421 693	2 000 000

Group loan agreements

The group's credit facilities to banks total TNOK 2,800,000. TNOK 1,000,000 is a revolving loan facility that is interest - free, expires in 2025 and has an annual credit assessment for a further 5-year term. TNOK 1,200,000 is a term loan with a sustainability connection that has an 8.5 year repayment period with the first installment Q4-21 with a duration until 31.12.2025. The sustainability connection is explained by the fact that the bank's margin is adjusted in accordance with the company's ASC certification development as well as the progression of electrification of the company's barges.

The group has a multi-currency operating credit with a limit of TNOK 600,000. The loan agreement covers all the group's companies.

Interest on the debt is floating and linked to the 3-month NIBOR plus a margin. Interest on the multi-currency credit line is 3-month NIBOR/ 1-week LIBOR/ Danish BOR plus a margin.

Financial covenants

The group's main loan terms (covenants) are based on standard ratios. The agreement has a financial requirement for a minimum 30% equity ratio where the right-of-use-assets and lease obligations have been deducted (2020: 55.4 per cent, see calculation in Alternative Profit Measures). Withdrawals from the short-term credit facility shall not exceed 75% of the book value of inventories and accounts receivable. At the end of 2020, the group complies with the loan terms in accordance with the loan agreement.

Note 9. cont.**Foreign currency exposure in connection with company's interest bearing debt at 31 December 2020:**

(NOK 1 000)	NOK	EUR	USD	GBP	JPY	Other	Total
Long term liabilities to financial institutions	1 200 000	0	0	0	0	0	1 200 000
Non current liabilities for right-of-use assets	178 514	0	0	0	0	0	178 514
Short term liabilities to financial institutions*	156 800	33 717	2 508	-5 659	-7 748	-1 311	178 307
First year's instalment for right-of-use assets	48 512	0	0	0	0	0	48 512
Total interest bearing debt	1 583 826	33 717	2 508	-5 659	-7 748	-1 311	1 605 334

* Short term liabilities to financial institutions specifies the various currencies in the multi-currency overdraft facility in Danske bank.

Short-term foreign exchange liabilities are hedging currency exposure on trade receivables.

Foreign currency exposure in connection with company's interest bearing debt at 31 December 2019:

(NOK 1 000)	NOK	EUR	USD	GBP	JPY	Other	Total
Long term liabilities to financial institutions	0	0	0	0	0	0	0
Non current liabilities for right-of-use assets	200 933	0	0	0	0	0	200 933
Short term liabilities to financial institutions*	-108 191	54 186	18 716	28 226	7 301	-238	0
First year's instalment for right-of-use assets	47 927	0	0	0	0	0	47 927
Total interest bearing debt	140 669	54 186	18 716	28 226	7 301	-238	248 860

* Short term liabilities to financial institutions specifies the various currencies in the multi-currency overdraft facility in Danske bank.

Short-term foreign exchange liabilities are hedging currency exposure on trade receivables.

Maturity structure of Group's interest-bearing debt:

(NOK 1 000)	31.12.2020	2021	2022	2023	2024	2025	After 2025
Non current liabilities to financial institutions	1 200 000	35 294	141 176	141 176	141 176	741 176	0
Interest on non current liabilities	90 713	21 401	19 804	17 248	14 693	17 568	0
Non current liabilities for right-of-use assets	178 514	0	42 292	36 485	28 219	25 319	46 199
Interest on liabilities for right-of-use assets	11 871	3 726	2 891	2 171	1 576	1 083	425
Current liabilities for right-of-use assets	48 512	48 512	0	0	0	0	0
Total interest bearing debt	1 529 610	108 933	206 163	197 080	185 664	785 146	46 624

Maturity structure of Group's interest-bearing debt:

(NOK 1 000)	31.12.2019	2020	2021	2022	2023	2024	After 2024
Non current liabilities for right-of-use assets	200 933	0	40 157	33 154	27 791	22 522	77 308
Interest on liabilities for right-of-use assets	25 763	7 398	5 919	4 685	3 678	2 846	1 237
Current liabilities for right-of-use assets	47 927	47 927	0	0	0	0	0
Total interest bearing debt	274 623	55 325	46 077	37 839	31 469	25 369	78 545

Note 9. cont.**Financing activities - changes in liabilities 31.12.2020**

(NOK 1 000)	01.01.2020	Cashflow		Non-cash generating effects		31.12.2020
		Receipts from new debt	Instalments	New leasing contracts	Reclassification short/ long term & other	
Long term liabilities to financial institutions	0	1 200 000	0	0	0	1 200 000
Short term liabilities to financial institutions	0	178 307	0	0	0	178 307
Total liabilities to financial institutions	0	1 378 307	0	0	0	1 378 307
Non current liabilities for right-of-use assets	200 933	0	0	31 656	-54 074	178 514
First year's instalment for right-of-use assets	47 927	0	-53 489	0	54 074	48 512
Total liabilities for right-of-use-assets	248 860	0	-53 489	31 656	0	227 028
Total interest bearing debt	248 860	1 378 307	-53 489	31 656	0	1 605 334

Financing activities - changes in liabilities 31.12.2019

(NOK 1 000)	01.01.2019	Cashflow		Non-cash generating effects			31.12.2019
		Instalments	Sale of subsidiary	New leasing contracts	Implement. IFRS 16	Reclassification short/ long term & other	
Long term liabilities to financial institutions	350 000	-350 000	0	0	0	0	0
Short term liabilities to financial institutions	51 611	-51 611	0	0	0	0	0
Total liabilities to financial institutions	401 611	-401 611	0	0	0	0	0
Non current liabilities for right-of-use assets	201 054		-19 035	48 841	16 793	-46 721	200 933
First year's instalment for right-of-use assets	50 903	-50 404	0	0	0	47 428	47 927
Total liabilities for right-of-use-assets	251 958	-50 404	-19 035	48 841	16 793	707	248 860
Total interest bearing debt	653 569	-452 015	-19 035	48 841	16 793	707	248 860

Note 10. Pledges and guarantees etc.

Reported liabilities secured by pledge:

(NOK 1 000)	31.12.2020	31.12.2019
Non current liabilities to financial institutions	1 200 000	0
Non current liabilities for right-of-use assets	178 514	200 933
Current liabilities for right-of-use assets	48 512	47 927
Total liabilities secured by pledges	1 427 026	248 860
Guarantee obligations and guarantor liabilities	1 567	1 392

Book value of assets pledged:

(NOK 1 000)	31.12.2020	31.12.2019
Licenses	948 616	713 947
Property, plant and equipment	2 351 759	1 175 568
Inventories and biological assets	1 386 281	1 311 784
Trade receivables	150 539	416 910
Total book value of pledged assets	4 837 195	3 618 209

Note 11. Investments in associates

The Group accounts include the Group's share of result from associates by using the equity method. The equity method is considered a consolidation method. Some associates own shares in Norway Royal Salmon

ASA. These are treated as treasury shares in the Group accounts. The fair value of the shares that the associates companies own is thus not included in the Group accounts.

2020 (NOK 1 000)	Business local authority	Share- holding	Book value 31.12.2019	Share of result for the year	Dividend received	Equity changes	Book value 31.12.2020
Company							
Wilsgård Fiskeoppdrett AS	Senja	37.50 %	180 939	-8 648	-3 750		168 541
Måsøval Fishfarm AS ⁵⁾	Frøya	36.10 %	26 182	7 202	-8 844	20 369	44 909
Hellesund Fiskeoppdrett AS	Lillesand	33.50 %	111 710	16 739	-5 030	972	124 392
Arctic Fish ¹⁾	Isafjörður	50.00 %	227 750	-15 507		130 461	342 703
Hardanger Fiskeforedling AS ²⁾	Kvam	17.20 %	11 799	247		-12 046	0
Ranfjord Fiskeprodukter AS ⁴⁾	Mo i Rana	0.00 %	2 644	0		-2 644	0
Skardalen Settefisk AS ³⁾	Kåfjord	16.90 %	4 569	-1 034		-3 535	0
Nordnorsk Smolt AS	Hasvik	50.00 %	42 247	-983		0	41 263
Other			48				48
Total associates			607 885	-1 986	-17 625	133 577	721 856

1) The changes directly against equity is translation differences and debt converted to equity.

2) As a result of restructuring in Hardanger Fiskeforedling AS, Norway Royal Salmon was diluted and the shareholding was reduced to 17.2 %. The investment will no longer be accounted as an investment in associates.

3) As a result of an capital increase in Skardalen Settefisk AS, Norway Royal Salmon was diluted and the shareholding reduced to 16.9 %. The investment will no longer be accounted as an investment in associates.

4) In 2019, a sales agreement was entered into for NRS's shares in Ranfjord Fiskeprodukter AS, and in 2020 the shareholding was sold at book value.

5) The changes directly against equity is due to a share of the gain on sale of shares in Norway Royal Salmon ASA.

Note 11. cont.

Wilsgård Fiskeoppdrett, Måsøval Fishfarm, Hellesund Fiskeoppdrett and Arctic Fish are engaged in fish farming activities. Hardanger Fiskeforedling operate harvesting plants. Nordnorsk Smolt, Ranfjord Fiskeprodukter and Skardalen Settefisk are smolt producers.

The Group's share of fair value adjustments in connection with biomass at associates was KNOK 12 449 as of 31 December 2020. The fair value adjustments at the start of the year were KNOK 27 996. The decrease of KNOK 15 547 less tax is included in income from associates.

Associates that own shares in NRS as of 31 December 2020:

(NOK 1 000)	Shareholding	Number of shares	Fair value 31.12.2020	NRS' share of fair value adjustment 31.12.2020
Måsøval Fishfarm AS*	36.10 %	-	-	-
Hellesund Fiskeoppdrett AS	33.50 %	1 683 406	361 259	121 022
Total		1 683 406	361 259	121 022

* Måsøval Fishfarm AS sold 262 343 shares in Norway Royal Salmon ASA in 2020.

2019 (NOK 1 000)	Business local authority	Share-holding	Book value 01.01.2019	Share of result for the year	Dividend received	Equity changes	Book value 31.12.2019
Company							
Wilsgård Fiskeoppdrett AS	Senja	37.50 %	156 909	27 217	-3 188		180 939
Måsøval Fishfarm AS	Frøya	36.10 %	28 244	9 280	-11 732	390	26 182
Hellesund Fiskeoppdrett AS	Lillesand	33.50 %	92 390	22 022	-5 030	2 329	111 711
Arctic Fish ¹⁾	Isafjörður	50.00 %	253 394	-23 461		-2 182	227 750
Hardanger Fiskeforedling AS	Kvam	31.10 %	10 944	855			11 799
Espevær Laks AS ²⁾	Bømlo	33.33 %	1 785	0		-1 785	0
Ranfjord Fiskeprodukter AS ⁴⁾	Mo i Rana	37.75 %	19 255	-16 612		0	2 644
Skardalen Settefisk AS	Kåfjord	30.00 %	5 477	-908			4 569
Nordnorsk Smolt AS ³⁾	Hasvik	50.00 %	0	-1 491		43 738	42 247
Andre			48				48
Total associates			568 446	16 902	-19 950	42 490	607 886

1) The change directly against equity is translation differences.

2) The investment in Espevær Laks is part of discontinued operations.

3) Equity changes of KNOK 43 490 in Nord Norsk Smolt AS is mainly due to debt of KNOK 42 420 that has been converted to equity.

4) A sales agreement has been signed for NRS's shares in Ranfjord Fiskeprodukter AS. The book value is written down so the balance sheet value at 31 December 2019 is equal to the sales price of KNOK 2 643.

Wilsgård Fiskeoppdrett, Måsøval Fishfarm, Hellesund Fiskeoppdrett and Arctic Fish are engaged in fish farming activities. Hardanger Fiskeforedling and Espevær Laks operate harvesting plants. Nordnorsk Smolt, Ranfjord Fiskeprodukter and Skardalen Settefisk are smolt producers.

The Group's share of fair value adjustments in connection with biomass at associates was KNOK 27 996 as of 31 December 2019. The fair value adjustments at the start of the year were KNOK 45 303. The decrease of KNOK 17 307 less tax is included in income from associates.

Note 11. cont.**Associates that own shares in NRS as of 31 December 2019:**

	Shareholding	Number of shares	Fair value 31.12.2019	NRS' share of fair value adjustment 31.12.2019
Måsøval Fishfarm AS	36.10 %	259 606	62 098	22 417
Hellesund Fiskeoppdrett AS	33.50 %	1 665 843	398 470	133 487
Total		1 925 449	460 567	155 905

Summary of financial information for investments (100% basis) – converted to IFRS:

2020 (NOK 1 000)	Wilsgård Fiskeop- pdrett AS	Måsøval Fish farm AS	Hellesund Fiskeop- pdrett AS	Arctic Fish	Other
Operating revenues	479 282	151	89 099	385 051	72 624
Depreciation	15 791	77	6 642	1 424	5 506
Net interest expenses	-2 614	-27	2 138	-39 809	2 259
Result before tax	7 740	35 310	62 479	-16 578	-3 344
Net result for the year	-23 062	19 950	49 968	-16 578	-1 966
Translation differences and OCI posts	0	0	0	0	0
Comprehensive income	-23 062	19 950	49 968	-16 578	-1 966
Current assets	382 381	138 515	296 805	536 998	15 907
Non-current assets	312 698	14 588	70 863	588 660	90 995
Current liabilities	137 577	33 098	13 659	132 679	30 192
Non-current liabilities	153 947	16 930	4 735	520 700	23 121
Net assets	403 555	103 075	349 274	472 279	53 589
Net interest bearing debt	14 721	-29 373	-189 279	504 278	30 272

Note 11. cont.

2019 (NOK 1 000)	Wilsgård Fiskeopp- drett AS	Måsøval Fish farm AS	Hellesund Fiskeopp- drett AS	Arctic Fish	Other
Operating revenues	403 510	59	200 590	163 708	152 470
Depreciation	15 574	77	5 703	1 220	11 258
Net interest expenses	362	-6	2 177	-23 114	-1 329
Result before tax	128 238	33 241	101 447	-46 922	545
Net result for the year	72 579	25 707	65 736	-46 922	-615
Translation differences and OCI posts	0	0	0	0	0
Comprehensive income	72 579	25 707	65 736	-46 922	-615
Current assets	408 394	86 232	345 007	351 960	91 992
Non-current assets	307 304	14 202	32 343	497 187	204 530
Current liabilities	121 561	26 211	69 529	83 250	81 613
Non-current liabilities	157 514	20 989	-3 596	513 533	88 378
Net assets	436 622	53 233	311 417	252 364	126 532
Net interest bearing debt	-6 802	-18 508	-189 279	504 278	87 301

Added value in the Arctic Fish ehf Group are linked to land property and fish farming licenses. Approved farming licenses are considered an intangible asset. Applications for fish farming licenses are not considered an intangible asset as the assets are not controlled by the company before the licenses are approved.

Two types of licenses are required to run fish farming operations on Iceland: A production license issued by the Icelandic Food and Veterinary Authority (MAST) and an operating license granted by the Environmental Agency of Iceland (UST). An environmental survey must be completed before applying for the two licenses. The survey must be approved by Icelandic National Planning Agency.

Fish farming licenses are normally granted with a 10-year lifetime. The license regulation on Iceland is new and under continuous development, it aims to ensure sustainable development. Arctic Fish ehf is therefore subject to requirements, and the company is liable to penalties, sanctions or revocation of the licenses if the company fails to comply with the licensing requirements. The licensing requirements for the production licenses means that the company must report production volume for each site, location of the site, feeding, origin of the fish, diseases and other events affecting production or other conditions that the

company sees relevant for the authorities to ensure its surveillance responsibilities to the Icelandic Food and Veterinary Authority (MAST). A production diary shall always be available to the authorities.

The licensing requirements for an operating license means that the company is required to have established internal control related to environmental threats in the operations, such as pollution or emissions of chemicals. Information about the controls and possible incidents shall be recorded and be available for review by the Environmental Agency of Iceland (UST).

The licenses require renewal after a certain period. On a general basis, no assigned licenses on Iceland has expired. The intention of the licensing regulation is that licenses will be renewed if there is not a specific reason to deny the extension. The licenses can therefore be renewed without significant costs to the company, as long as the company comply with the licenses requirements. Based on its understanding of the licensing regulations Norway Royal Salmon considers the fish farming licenses as an intangible asset with an indefinite useful life that are not to be depreciated.

See note 29: Events after the balance sheet date for further details on Arctic Fish.

Note 12. Other current liabilities

Specification of other short-term liabilities:

(NOK 1 000)	31.12.2020	31.12.2019
Official taxes due	12 179	10 596
Holiday pay	17 277	14 508
Provision for onerous sales contracts*	0	3 860
Provision for unrealised derivatives - Fish Pool contracts	4 262	0
Other short-term liabilities and accruals	34 004	41 396
Total other short-term liabilities	67 723	70 359

* Physical sales contracts with fixed price where the price is lower than the price which underlies the fair value of the biomass, posted as a liability in the financial statements in accordance with IAS 37.

Note 13. Operating expenses

Specification of other operating expenses:

(NOK 1 000)	2020	2019
Short term rental of equipment and offices	33 861	41 038
Maintenance	75 122	69 904
Fuel	13 610	13 435
External fees	30 857	23 531
Off-balance sheet equipment	16 967	17 615
Insurance	6 745	5 025
Bad debts	2 136	2 266
Other	31 695	43 285
Total other operating expenses	210 992	216 098

Note 14. Taxation

Tax on the result is as follows:

(NOK 1 000)	2020	2019
Tax payable	3 752	50 295
Change in deferred tax	1 970	-30 574
Deferred tax discontinued division	0	64 010
Corrections from previous years	-7 439	546
Tax	-1 717	84 278

Tax on items recognised in comprehensive income:

(NOK 1 000)	2020			2019		
	Before tax	Tax expense	After tax	Before tax	Tax expense	After tax
Cash flow hedges	19 357	-4 259	15 098	23 620	-5 196	18 424
Actuarial losses on benefits pension scheme	5 151	-1 133	4 018	-9 854	2 168	-7 686
Total	24 508	-5 392	19 116	13 766	-3 027	10 737

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2020	2019
Result before tax	72 970	474 775
Tax calculated at nominal tax rate (22 %)	16 053	104 451
Permanent differences:		
Equity method associates	437	-3 718
Gain/Loss Total Return Swap (TRS)	-9 832	-18 081
Expenses not deductible for tax purposes	-877	1 080
Tax loss carry-forwards	-60	0
Corrections from previous years	-7 439	546
Tax on the result	-1 717	84 278
Effective tax rate	-2 %	18 %

Note 14 . cont.**Deferred tax liabilities****Breakdown of deferred tax and basis for deferred tax:**

(NOK 1 000)	31.12.2020	31.12.2019	Endring
Intangible assets	311 376	311 376	0
Property, plant and equipment	27 716	39 280	-11 564
Property, plant and equipment under financial leasing	295 498	317 002	-21 504
Debt under financial leasing	-213 653	-248 860	35 208
Current assets	1 279 050	1 230 573	48 477
Pension liabilities	-23 703	-27 638	3 935
Short-term liabilities	-12 521	7 356	-19 877
Other temporary differences	-2 085	-867	-1 218
Basis for deferred tax	1 661 678	1 628 220	33 457
Tax rate	22 %	22 %	
Estimated deferred tax liabilities	365 569	358 208	7 362

Change in deferred tax liabilities in balance sheet:

(NOK 1 000)	2020	2019
Book value as of 1 January	358 208	385 754
Deferred tax posted in income statement	1 970	-30 574
Tax posted directly over OCI	5 392	3 027
Book value 31 December	0	0
Balanseført verdi 31. desember	365 569	358 208

Specification of tax payables:

(Tall i NOK 1 000)	2020	2019
Tax payable "Skattefunn"	0	-7 759
Tax payable basis for tax expense	3 752	50 295
Tax payable	3 752	42 537

Note 15. Fair value adjustments

Fair value is part of consolidated EBIT, but is presented on a separate line to give a better understanding of the Group's operating results on goods sold.

Specification of fair value adjustments in the income statement:

(NOK 1 000)	Note	2020	2019
Change in fair value adjustments of biomass	5	-109 052	-127 907
Change in provision for sales contracts	12	3 860	-2 399
Change in fair value on financial Fish Pool contracts	17	-31 466	-1 717
Total fair value adjustments		-136 657	-132 023

Specification of fair value adjustments in the balance sheet:

(NOK 1 000)		31.12.2020	31.12.2019	Change
Fair value adjustments biomass (biological assets)	5	109 216	218 268	-109 052
Provision for onerous sales contracts (other current liabilities)	12	0	-3 860	3 860
Fair value of financial Fish Pool contracts (other current liabilities)	17	-31 466	0	-31 466
Total fair value adjustments		77 750	214 408	-136 657

Note 16. Financial instruments by category

The principles applied for subsequent measurement of financial instruments in the balance sheet are as follows:

As of 31 December 2020

(NOK 1 000)	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedge accounting	Total
Cash flow hedging	17	0	0	26 160	26 160
Fair value hedging	17	0	13 640	0	13 640
Trade and other receivables*	6	348 126	0	0	348 126
Cash and cash equivalents	18	38 753	0	0	38 753
Total		386 879	13 640	26 160	426 679

* Trade and other receivables exclude prepayments.

(NOK 1 000)	Note	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedge accounting	Total
Loans (excluding finance leases)	9	1 378 307	0	0	1 378 307
Finance leases	9	227 026	0	0	227 026
Fish Pool contracts**	17	0	31 466	0	31 466
Trade and other payables*	12	653 980	0	0	653 980
Total		2 259 313	31 466	0	2 290 779

* Trade and other payables excluding statutory liabilities.

** Unrealised value of Fish Pool contracts have daily cash settlements against a bank account. Unrealised value of KNOK -27 204 is drawn from a bank account which is part of the Group's cash pool.

Note 16 . cont.**As of 31 December 2019**

(NOK 1 000)	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedge accounting	Total
Cash flow hedging	17	0	0	6 765	6 765
Fair value hedging	17	0	4 451	0	4 451
Total return swap	17	0	52 854	0	52 854
Trade and other receivables*	6	656 212	0	0	656 212
Cash and cash equivalents	18	152 317	0	0	152 317
Total		808 529	57 305	6 765	872 599

* Trade and other receivables exclude prepayments.

(NOK 1 000)	Note	Financial liabili- ties at amortised cost	Financial liabili- ties at fair value through profit or loss	Hedge accounting	Total
Finance leases	9	248 860	0	0	248 860
Trade and other payables*	12	646 254	0	0	646 254
Total		895 114	0	0	895 114

* Trade and other payables excluding statutory liabilities.

Fair value of financial instruments***Fair value of financial instruments recognised at amortised cost***

The Group assumes that the recognised value of financial assets and liabilities that are recognised at amortised cost is approximately equal to the fair value of those instruments.

Fair value measurement of financial instruments

Financial instruments which are valued at fair value at the balance sheet date under IFRS 7 are grouped according to a valuation hierarchy based on the level of observability of the market value for establishment and disclosure of fair value of financial instruments:

Level 1: Listed price in an active market for an identical asset or liability

Level 2: Valuation based on other observable factors either directly (price) or indirectly (price-derived) than listed price (used in level 1) for assets or liabilities

Level 3: Valuation based on factors not taken from observable markets (non-observable assumptions)

Note 16 . cont.

The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2020:

(NOK 1 000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Forward currency contracts	0	13 640	0	13 640
Hedge accounting				
- Forward currency contracts	0	26 160	0	26 160
Total assets	0	39 800	0	39 800
Liabilities				
Financial liabilities at fair value through profit or loss				
- Fish Pool contracts	0	31 466	0	31 466
Hedge accounting				
- Forward currency contracts	0	0	0	0
Total liabilities	0	31 466	0	31 466

The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2019:

(NOK 1 000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Total Return Swap	0	52 854	0	52 854
- Forward currency contracts	0	4 451	0	4 451
Hedge accounting				
- Forward currency contracts	0	6 765	0	6 765
Total assets	0	64 070	0	64 070
Liabilities				
Financial liabilities at fair value through profit or loss				
- Forward currency contracts	0	0	0	0
Hedge accounting				
- Forward currency contracts	0	0	0	0
Total liabilities	0	0	0	0

Note 17. Derivatives

The Group uses derivatives to reduce risk and to add desired risk exposure.

As of 31 December 2020

(NOK 1 000)	Bank overdraft	Other short-term receivables	Other current liabilities
Forward currency contracts		39 800	0
Financial Fish Pool contracts*	-27 204	0	-4 262
Total		39 800	-4 262

* Unrealised value of Fish Pool contracts have daily cash settlements against a bank account. Unrealised value of KNOK -27 204 is drawn from a bank account which is part of the Group's cash pool.

As of 31 December 2019

(NOK 1 000)	Bank overdraft	Other short-term receivables	Other current liabilities
Forward currency contracts	0	11 216	0
Total return swap	0	52 854	0
Total	0	64 070	0

Derivatives used to reduce risk

The Group uses forward currency contracts to hedge against currency fluctuations. The Group use derivatives to hedge margins related to deliveries. In those cases where it is entered into fixed-price contracts with customers without being hedged by physical contracts, the Group enters into agreements to purchase financial Fish Pool contracts to hedge margins. The Group enter into financial Fish Pool contracts to hedge prices for future deliveries.

Forward currency contracts

Forward currency contracts are recognised at fair value at the balance sheet date. At 31 December 2020 forward currency contracts were nominated in EUR, USD, GBP and JPY. These contracts mature between 5 January 2021 and 20 January 2022 and are used to hedge cash flows expected to arise during this period and reduce foreign currency exposure on receivables.

Note 17 . cont.**As of 31 December 2020**

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Salg	EUR	45 184	15.01.21-20.01.22	10.515-11.959	19 841
Forward currency contracts – cash flow hedging	Salg	USD	6 608	05.01.21-15.12.21	8.965-9.061	3 023
Forward currency contracts – cash flow hedging	Salg	GBP	2 436	15.01.21-22.03.21	12.591-13.493	3 350
Forward currency contracts – cash flow hedging	Salg	JPY	80 444	08.01.21-15.03.21	0.0827-0.0830	-54
Total forward currency contracts - cash flow hedging						26 160
Forward currency contracts – fair value hedging	Salg	USD	5 000	06.01.21	9.304	3 872
Forward currency contracts – fair value hedging	Salg	EUR	24 000	07.01.21	10.877	9 768
Total forward currency contracts - fair value hedging						13 640
Total forward currency contracts						39 800

As of 31 December 2019

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Salg	EUR	12 413	15.01.20-15.12.20	10.114-10.477	5 278
Forward currency contracts – cash flow hedging	Salg	USD	9 650	06.01.20-21.12.20	8.944-9.174	1 855
Forward currency contracts – cash flow hedging	Salg	JPY	101 250	15.01.20-16.03.20	0.0776-0.0778	-368
Total forward currency contracts - cash flow hedging						6 765
Forward currency contracts – fair value hedging	Salg	USD	5 000	02.01.20	9.057	1 387
Forward currency contracts – fair value hedging	Salg	EUR	27 000	03.01.20	9.974	3 064
Total forward currency contracts - fair value hedging						4 451
Total forward currency contracts						11 216

The cash flow hedging satisfy the demands for hedge accounting and the changes in unrealised value are recognised in other comprehensive income, inefficient hedge is recorded as a finance post in the P&L. Realised profit/loss on the contracts are recognised in revenues. The change in value of the fair value hedge is recognised in the P&L in operating revenues.

Specification of cash flow hedges over OCI

	Cash flow hedges per 01.01	Cash flow hedges per 31.12	Inefficiency	Gross change	Tax	Over OCI
2020	6 765	26 160	-38	19 395	-4 259	15 098
2019	-17 077	6 765	-222	23 842	-5 196	18 424

Note 17. cont.**Financial Fish Pool contracts**

Contracts have been signed to purchase 8 209 tonnes on the Fish Pool salmon exchange. The contract prices are in the range NOK 55.00–NOK 62.00 and cover the period from January 2021 to January 2022. The sales department enters into the contracts with the aim of hedging margins linked to deliveries of fixed-price contracts to customers. In addition, the group has entered into an agreement to sell 300 tonnes on Fish Pool. The contract price is NOK 57.00 and

cover the period from January 2021 to June 2021. Realised Fish Pool contracts are posted in the accounts under operational result and the unrealised value changes to the Fish Pool contracts are posted under fair value adjustments in the accounts. Realised Fish Pool contracts classified under the operational result amounted to a cost of KNOK 4 619 in 2020 (2019: KNOK 1 471). Unrealised change in the value of Fish Pool contracts was KNOK -31 466 in 2020 (2019: KNOK -1 717).

As of 31 December 2020

(NOK 1 000)	Type	Currency	Volume (tonnes)	Period	Price range	Book value
Fish Pool contracts	Purchase	NOK	8 209	01.01.21-31.01.22	55.00-62.00	-32 501
Fish Pool contracts	Sale	NOK	300	01.01.21-30.06.21	57.00	1 035
Total						-31 466

As of 31 December 2019

(NOK 1 000)	Type	Currency	Volume (tonnes)	Period	Price range	Book value
Fish Pool contracts	Purchase/Sale	NOK	0			0
Total						0

Derivatives that add desired risk exposure**Total return swap**

In 2020, Norway Royal Salmon ASA exercised its contractual right to purchase 994 609 own shares at a price of NOK 235.00 per share. Consequently, the TRS (Total Return Swap) agreement for the corresponding number of shares terminated. The Group used Total Return Swaps (TRS) agreements against own shares to get an economic exposure of an asset without having to acquire the asset. As of 31 December 2020, Norway Royal Salmon has no underlying exposure through TRS

agreements. The agreement meant that the group had a result and liquidity exposures linked to the value of the parent company's shares. The TRS-agreement was recognised at fair value and changes in fair value were recognised as a financial item. The gain on realisation amounted to KNOK 44 689 (2019: loss of KNOK 3 810) and is posted as a financial item in the accounts. Change in unrealised value in 2020 was KNOK -52 854 (2019: KNOK 82 185). The net financial cost of the TRS agreement was TNOK 8 165 (2019: Financial income of KNOK 78 375).

As of 31 December 2020

(NOK 1 000)	No. of shares	Exercise price	Maturity	Book value
TRS	-	-		0
Total	-			0

As of 31 December 2019

(NOK 1 000)	No. of shares	Exercise price	Maturity	Book value
TRS	994 609	187,29	17.03.2020	52 854
Total	994 609			52 854

Note 18. Bank deposits

(NOK 1 000)	31.12.2020	31.12.2019
Bank deposits	7 302	133 135
Restricted bank deposits	31 451	19 182
Bank deposits	38 753	152 317

Of the restricted deposits KNOK 31 451 (2019: KNOK 4 357) is pledged as collateral related to the company's trading at Fish Pool. As of 31.12.2019 KNOK 14 825 was pledged as collateral related to its TRS agreements.

Note 19. Personnel expenses and benefits

Wages and personnel expenses

(NOK 1 000)	2020	2019
Wages and salaries	135 006	121 916
Payroll tax	10 572	10 414
Pension costs defined contribution scheme	4 218	3 257
Pension costs defined benefit scheme	5 137	4 505
Other benefits	12 064	14 375
Total wages and personnel expenses	166 995	154 466
Average full-time equivalents	217	176

REMUNERATION TO SENIOR MANAGEMENT AND BOARD OF DIRECTORS:

Senior management

2020 (NOK 1 000)	Salary	Fees ¹⁾	Bonus	Share- based pay- ments	Pay- ments in kind	Total	Accrued pension costs ²⁾
Charles Høstlund, CEO	2 855	40	213	2 743	231	6 082	323
Ola Loe, CFO	2 238	20	162	2 080	11	4 511	315
Arve Olav Lervåg, COO Farming	1 654	0	121	1 552	11	3 338	85
Klaus Hatlebrekke, COO Business Development	1 844	0	134	1 718	11	3 707	317
Tore Evjen, COO Freshwater	1 487	0	109	0	11	1 607	88
Total	10 078	60	739	8 093	275	19 245	1 128

1) Fees are directors' fees paid by subsidiaries.

2) Accrued pension cost are entitlements under the defined benefits pension scheme and the amount paid to the defined contribution scheme. The employees own share of 2 per cent of gross salary has not been deducted.

Benefits to senior executives have been carried out in accordance with guidelines on the determination of salaries and other remuneration to senior executives in Norway Royal Salmon published in Norway Royal Salmon's Annual Report for 2019. For guidelines for executive salaries for future periods, see page 96.

Note 19. cont.

2019 (NOK 1 000)	Salary	Fees¹⁾	Bonus	Share-based pay- ments	Pay- ments in kind	Total	Accrued pension costs²⁾
Charles Høstlund, CEO	2 743	40	380	8 436	273	11 872	255
Ola Loe, CFO	2 234	20	288	357	48	2 947	257
Arve Olav Lervåg, COO Farming	1 665	0	215	279	39	2 198	0
Klaus Hatlebrekke, COO Business Development	1 847	0	238	300	37	2 422	251
Tore Evjen, COO Freshwater	1 422	0	0	0	62	1 484	0
Total	9 911	60	1 120	9 373	459	20 923	967

1) Fees are directors' fees paid by subsidiaries.

2) Accrued pension cost are entitlements under the defined benefits pension scheme and the amount paid to the defined contribution scheme.
The employees own share of 2 per cent of gross salary has not been deducted.

Directors fee:

(NOK 1 000)	2020	2019
Helge Gåsø, Board Chair	445	440
Kristine Landmark, Vice Chair	345	0
Trude Olafsen	285	282
Marianne E. Johnsen	350	346
Tom Vidar Rygh	324	0
Kristine Landmark*	0	306
Lars Måsøval*	324	320
Jon Hindar*	0	320
Total	2 073	2 014

* Kristine Landmark, Lars Måsøval and Jon Hindar resigned from the board of directors at the General Assembly 4. June 2020.

Share-based incentive scheme

In 2017, a share-based bonus program was introduced for senior executives and key personnel. The scheme continued in 2018, 2019 and in 2020. The bonus program entitles the shareholders the right to receive shares based on the price development of the company's shares on the Oslo Stock Exchange. The scheme introduced in 2018 was paid out in 2020 and the scheme introduced in 2019 runs until 20 March 2021. The scheme has been approved by the board, is divided into 4 different levels and has a service period of 24 months. The bonus program is a share-based scheme that gives the right to receive shares in Norway Royal Salmon based on the price development in Norway Royal Salmon ASA's volume-weighted average share price in the ten trading days prior to 20. March

2019, 20. March 2020 and 20. March 2021.

The schemes introduced in 2018 and 2019 shall not exceed an annual salary. The scheme introduced in 20 March 2020 has a vesting period until 20 March 2021 and is paid 50 % in March 2022 and 50 % in March 2023. This scheme shall not exceed 25 % of an annual salary. None of the shareholders are entitled to exercise their options as of 31.12.2020.

The exercise price will be adjusted for dividends and changes in the holding of treasury shares. In 2020, a cost of KNOK 3 100 (2019: KNOK 3 570) was recognised in the income statement related to the option schemes. The Black-Scholes model has been used to calculate this cost.

Note 19. cont.

Assumptions for calculation	Program introduced in 2018	Program introduced in 2019	Program introduced in 2020	
Allocation date	20 March 2018	20 March 2019	20 March 2020	
Share price on the allocation date	155.71	203.48	202.04	
Adjustments based on equity transactions	5.20	6.00	5.00	
Share price increase from allotment price for full earnings	20 %	20 %	20 %	
Expected volatility	25.00 %	29.00 %	30.50 %	
Risk-free interest rate	0.64 %	1.14 %	0.10 %	
Lifespan of the option	1.0 år	1.0 år	1.0 år	
Model employed for fair value calculation	Black-Scholes	Black-Scholes	Black-Scholes	

Change in number of options	Program introduced in 2018	Program introduced in 2019	Program introduced in 2020	All programs
At 31 December 2019	393 286	366 223	0	759 509
Exercised in the year	-379 953	0	0	-379 953
Allocated during the year (new program)	0	0	216 934	216 934
Terminated	-13 333	-43 790	-14 813	-71 936
Number of options at 31 December 2020	0	322 433	202 121	524 554
Exercise price	150.51	197.48	197.04	
Number of employees in the program at 31 December 2020	0	19	31	31

Note 20. Pension costs and liabilities

The Group is required to operate occupational pension schemes under the Norwegian Mandatory Occupational Pensions Act. The schemes offered by all Group companies meet statutory requirements.

The subsidiaries have defined contribution schemes for the employees. In addition, some employees participate in an early retirement scheme (AFP). The scheme is funded through grants from the participating companies and is a defined benefit multi-employer plan. There is currently insufficient information to estimate the proportionate share of the liability for the AFP scheme and fees are therefore recognized in the same way as contribution schemes. The scheme is accounted for as a defined contribution scheme until reliable and sufficient information that enables the Group can recognise its proportionate share of pension costs, pension obligations and pension funds in the scheme.

The parent company operates a defined benefits pension scheme and a defined contribution scheme. The defined benefits scheme covers 29 people. The pension scheme provides an entitlement to defined future benefits, the size of which is largely dependent on the number of years' entitlement, salary upon

retirement and state pension benefits. The scheme is financed externally through an insurance company.

As a result of the application of IAS 19R, the period's net interest expense is now calculated by applying the discount rate for the liability at the beginning of the period to the net liabilities. Net interest expense therefore consists of interest on the obligation and return on assets, both calculated at the same discount rate. The change in the net pension obligation as a result of premium payments and pension payments are taken into account. Actuarial losses on defined benefit plans (net of tax) is recognised in the consolidated statement of comprehensive income.

The Norwegian Accounting Standards Board has announced that the market interest rate for covered bonds (OMF) can be used as the discount rate when estimating the future pension liabilities. Norway Royal Salmon finds it appropriate to use the market interest rate for covered bonds as the discount rate for its pension liability. Norway Royal Salmon believes there is a deep market in covered bonds that satisfy the requirements of high quality. Norway Royal Salmon have in their calculations per 31.12.2020, used a discount rate of 1.5 per cent.

Pension costs:

(NOK 1 000)

	2020	2019
Current service cost	4 343	3 813
Interest cost	480	463
Payroll tax	694	615
Administration cost	101	88
Net pension costs service – defined benefit scheme	5 618	4 980
Cost of defined benefit pension scheme	5 618	4 980
Cost of defined contribution pension scheme	4 218	3 257
Early retirement scheme	1 439	1 485
Employee contributions to scheme	-482	-475
Total pension costs	10 793	9 247

Note 20. cont.

Assumptions defined benefit scheme:	2020	2019
Discount rate	1.50 %	1.80 %
Future salary increases	2.00 %	2.25 %
Inflation rate	1.75 %	2.00 %
Future pension increase	0.00 %	0.70 %
Demographic factors:		
Disability table	IR02	IR02
Mortality table	K2013 BE	K2013 BE
Number of employees in the scheme		
Active	29	30
Pensioners	9	9
Total	38	39

	2020	2019
Paid into the scheme during the year	3 858	5 434
Forecast payment to the scheme next year	4 329	6 113

Calculation of amount recognised in the balance sheet:

(NOK 1 000)	31.12.2020	31.12.2019
Present value of funded obligations	78 757	78 097
Fair value of plan assets	-55 053	-50 458
Net pension liabilities in balance sheet	23 703	27 638

Change in present value pension liabilities:

(NOK 1 000)	2020	2019
Pension liabilities as of 1 January	78 097	64 583
Current service cost	5 045	4 464
Interest expense	1 410	1 673
Payroll tax on this year's payment	-544	-766
Pension payments	-599	-710
Actuarial losses over other comprehensive income	-4 652	8 854
Pension liabilities as of 31 December	78 757	78 097

Note 20. cont.**Change in estimated fair value of plan assets:**

(NOK 1 000)	2020	2019
Estimated fair value of plan assets as of 1 January	50 458	45 578
Return on plan assets	836	1 157
Contributions paid	4 402	6 200
Pension payments	-544	-766
Payroll tax on this year's payment	-599	-710
Actuarial losses/ (gain) over other comprehensive income	500	-1 000
Plan assets as of 31 December	55 053	50 458

Pension funds are made up as follows:

(NOK 1 000)	2020	2019
Shares	7.2 %	12.7 %
Short-term bonds	20.4 %	13.5 %
Money market fund	10.6 %	17.0 %
Long-term bonds	30.8 %	31.4 %
Loans and receivables	17.0 %	14.1 %
Property	13.6 %	11.1 %
Other	0.4 %	0.2 %
Total	100.0 %	100.0 %

Sensitivity calculations

The Group's pension liabilities and costs are based on assumptions as described above. Changes in these assumptions will result in changes in liability. A 1 per cent increase in the discount rate would result in a gross pension liability of KNOK 6 688 (2019: 10 374). Conversely, reducing the discount rate by 1 per cent

would result in a gross pension liability of KNOK 46 510 (2019: 50 952). An 1 per cent increase in the future salary increases, would result in a gross pension liability of KNOK 35 331 (2019: 39 790). Conversely, reducing the future salary increases by 1 per cent would result in a gross pension liability of KNOK 13 011 (2019: 16 622).

Note 21. Financial income and financial expenses

(NOK 1 000)	2020	2019
Realised gains (+)/ losses (-) on TRS agreements	44 689	-3 810
Unrealised gains on TRS agreements	-52 854	82 185
Loss/Gain financial assets	-8 165	78 375
Interest income	2 503	7 466
Interest expenses	-15 779	-25 451
Net interest expenses	-13 276	-17 986
Other financial income	16	62
Other financial expenses	-13 251	-9 199
Inefficiency cash flow hedging	38	222
Net other financial expenses	-13 198	-8 915
Net financial items	-34 639	51 474

Note 22. Share capital and shareholder information

Share capital in parent company as of 31 December 2020:	No. of shares	Nominal	Value
Ordinary shares	43 572 191	1.00	43 572 191

The company only has one class of shares. All shares confer the same rights in the company.

Ownership structure – the 20 largest shareholders as of 31 December 2020:

Shareholder	No. of shares	Shareholding	Voting rights
FRØY GRUPPEN AS	6 015 079	13.80 %	13.80 %
MÅSØVAL EIENDOM AS	5 573 111	12.79 %	12.79 %
NORWAY FRESH AS	4 500 000	10.33 %	10.33 %
HAVBRUKSINVEST AS	4 233 371	9.72 %	9.72 %
EGIL KRISTOFFERSEN & SØNNER AS	3 841 770	8.82 %	8.82 %
HELLESUND FISKEOPPDRETT AS	1 683 406	3.86 %	3.86 %
STATE STREET BANK AND TRUST COMP	1 522 552	3.49 %	3.49 %
NYHAMN AS	1 407 782	3.23 %	3.23 %
THE NORTHERN TRUST COMP, LONDON BR	1 270 865	2.92 %	2.92 %
NTS ASA	1 051 838	2.41 %	2.41 %
RBC INVESTOR SERVICES TRUST	930 952	2.14 %	2.14 %
BROWN BROTHERS HARRIMAN & CO.	682 599	1.57 %	1.57 %
NORWAY ROYAL SALMON ASA	653 398	1.50 %	1.50 %
BNP PARIBAS SECURITIES SERVICES	450 000	1.03 %	1.03 %
STATE STREET BANK AND TRUST COMP	448 600	1.03 %	1.03 %
STATE STREET BANK AND TRUST COMP	411 001	0.94 %	0.94 %
JPMORGAN CHASE BANK, N.A., LONDON	307 660	0.71 %	0.71 %
MP PENSJON PK	290 539	0.67 %	0.67 %
JPMORGAN CHASE BANK, N.A., LONDON	281 543	0.65 %	0.65 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	241 614	0.55 %	0.55 %
Total 20 largest shareholders	35 797 680	82.16 %	82.16 %
Total other shareholders	7 774 511	17.84 %	17.84 %
Total no. of shares	43 572 191	100.00 %	100.00 %

Note 22. cont.**Shares held by members of the board, CEO and senior executives:**

	Occupation	No. of shares	Shareholding	Voting rights
Helge Gåsø v/ Frøy Gruppen & NTS ASA	Chair	7 066 917	16.22 %	16.22 %
Eva Kristoffersen, v/ Egil Kristoffersen & Sønner AS	Vice chair	3 841 770	8.82 %	8.82 %
Ola Loe v/ Ramsfjell AS	CFO	237 320	0.54 %	0.54 %
Charles Høstlund v/ Høstlund Invest AS	CEO	181 521	0.42 %	0.42 %
	COO Business Development			
Klaus Hatlebrekke v/ Hatlebrekke Invest AS		148 492	0.34 %	0.34 %
Arve Olav Lervåg	COO Freshwater	1 551	0.00 %	0.00 %
Tore Evjen	COO Farming	548	0.00 %	0.00 %

Treasury shares:

The board is authorised to acquire treasury shares up to a total nominal value of NOK 4 357 219. This authority runs until the Annual General Meeting in 2021, however not later than 30 June 2021. On the acquisition of such shares, the purchase price per share may not be less than a nominal value of NOK 1.00 and not more than NOK 300.00. The group owns 653 398

treasury shares at the end of 2020, representing 1.50 per cent of the share capital in the company. At 31 December 2020 the company has no TRS (total return swap) agreements, but at 31 December 2019 Norway Royal Salmon ASA's underlying exposure through TRS agreements was 994 609 shares, representing 2.28 per cent of the share capital in the company.

Treasury shares	2020		2019	
	No. of shares	Payment (NOK 1 000)	No. of shares	Payment (NOK 1 000)
Book value as of 1 January	140 811		57 953	
Net purchase and sale of own shares	962 071	240 270	471 008	102 901
Distribution of dividend shares	-449 484	-106 586	-388 150	-77 795
Book value 31 December	653 398		140 811	

Board mandates:

The board is authorised to increase the share capital by up to NOK 4 357 219. This authority runs until the Annual General Meeting in 2021, however not later than 30 June 2021.

Dividend:

The board has proposed a dividend of NOK 3.00 per share based on the annual accounts for the financial year 2020. The dividend will be partly distributed in cash, 1.00 per share and partly by distribution of NOK

2.00 as shares in Norway Royal Salmon ASA from the company's treasury shares.

The resolution will be adopted at the Annual General Meeting of 27 May 2021. In 2020 an ordinary dividend of NOK 217 860 955 (NOK 5.00 per share) was paid based on the annual accounts for the financial year 2019. The dividend was partly distributed in cash, 2.50 per share, totalling NOK 106 173 120 and partly by distribution of 449 484 shares. The dividend was transferred in June 2020.

Note 23. Earnings per share

Basic earnings per share is based on the earnings attributable to shareholders of the company and the weighted average number of ordinary shares outstanding for the year, less ordinary shares purchased by the company and held as treasury shares.

Result allocated to majority shareholders:

(NOK 1 000)	2020	2019
Majority share of net result for the year	80 113	1 306 721
The majority's share of fair value adjustments on biomass after tax	79 876	97 526
The majority's share of fair value adjustments on onerous contracts and Fish Pool contracts after tax	23 847	3 210
Majority share of value-adjusted result for the year	183 837	1 407 457
Number of shares per 1 January	43 431 380	43 514 238
Effect of distribution of dividend of treasury shares	215 285	211 622
Effect of sale and purchase of treasury shares	-569 757	-377 283
Weighted average number of ordinary shares outstanding	43 076 909	43 348 577

Earnings per share:	2020	2019
Basis	1.86	30.14
Diluted	1.86	30.14
Earnings per share, continuing operations (NOK)	1.86	8.86
Earnings per share, continuing operations - diluted	1.86	8.86

Earnings per share shows the majority's share

Earnings per share pre fair value adjustments:	2020	2019
Basis	4.27	32.47
Diluted	4.27	32.47

Earnings per share pre fair value adjustments shows the majority's share

Shares outstanding:

(NOK 1 000)	2020	2019
Shares outstanding as of 1 January	43 431 380	43 514 238
Effect of purchase of treasury shares	-994 609	-500 000
Effect of sale / distribution of dividend of treasury shares	481 961	417 142
Shares outstanding as of 31 December	42 918 732	43 431 380

Note 24. Inventory

(NOK 1 000)	31.12.2020	31.12.2019
Raw materials	36 372	36 453
Goods in transit	54 899	26 504
Finished goods	13 004	17 166
Total inventory	104 275	80 123

Raw materials mainly comprise feed for the farming business. Finished products comprise fresh and frozen salmon for resale. Goods in transit to customers are goods where risk and control over the goods have not been transferred to the customer.

Note 25. Leasing liabilities

According to IFRS 16, Norway Royal Salmon ASA has booked the right-to-use assets and leases with a term of more than twelve months as long as the underlying value is not insignificant. Payment of short-term and leases with low value is expensed directly over the lease term. These are leases that are recognized in the income statement on an ongoing basis. The group has defined assets with low value to be assets where the rental cost is below TNOK 500 per year. The group rents office space, machinery, equipment, boats and barges. The duration of the leases is different, and at expiration the group often carries out a purchase the underlying fixed assets. Purchases are not applicable for office premises. Call options are included in lease payments that are used to recognise assets and liabilities. The discount rate used is approximately the company's external borrowing rate. The discount rate

will vary depending on the type of fixed asset the leasing obligation is linked to (short-term/long-term). There have been no facilitations related to leasing with regards to the Covid-19 pandemic

Upon implementation of IFRS 16 at 01.01.2019, Norway Royal Salmon ASA recognised leases based on a modified retrospective method. The group had an implementation effect of TNOK 16 793. Leases that were accounted for as financial leases under IAS 17 in 2018 were continued through the application of IFRS 16 in 2019.

Information on leases where the group is the lessee is presented in the table below, see also note 8 for an overview of the right-to-use assets:

	2020	2019
Opening balance (before implementation effect IFRS 16 in 2019, OB 2018)	248 860	251 958
Implementation effect IFRS16 (2019 only)	0	16 739
Opening balance after implementation effect (2019 only)	248 860	268 697
Additions	31 655	48 895
Disposal from discontinued operations	0	-19 035
Other effects	0	707
Interest on leasing obligation	6 788	7 930
Cash flow effect: Rent payments (instalments and interest)	-60 277	-58 334
Book value 31.12.	227 026	248 860

Note 25. cont.

Distribution of short-term and long-term debt to right-to-use assets	2020	2019
Long term debt	178 514	200 933
Short-term debt	48 512	47 927
Total debt for right-to-use assets	227 026	248 860

Cash flow effect on leasing obligation	2020	2019
Interest	-6 788	-7 930
Instalment	-53 489	-50 404
Total cash flow from leasing	-60 277	-58 334

In the period 2021 until the presentation of the annual report, two leasing contracts have been signed for respective 77.0 MNOK and 29.8 MNOK from January and May 2021. The cash flow effect of these two will be a total of approximately TNOK 967 in instalments and interest per month over the rental period.

Note 26. Auditor's fees

(NOK 1 000)	2020	2019
Statutory auditing services	713	771
Other attestation services	90	92
Tax advisory services	42	8
Other services	40	113
Total auditor's fees	885	984

All auditor's fees are exclusive VAT.

Note 27. Related parties**Group transactions with related parties:****Goods and services purchased:**

(NOK 1 000)	2020	2019
Associates – products purchased	475 239	482 576
Associates – services purchased	25 661	33 209
Enterprise controlled by large shareholder – purchase of products	618 361	656 246
Enterprise controlled by board members – purchase of services	46 837	34 811
CEO - purchase of services	8	0
Total goods and services purchased from related parties	1 166 105	1 206 842

Note 27. cont.

The Group conducts transactions on normal terms with associates and suppliers who are also shareholders in NRS. This applies to the purchase of harvested fish and smolts from such. Purchases of smolt and harvested fish are made at market price.

The Group purchase harvesting services from one of its associates. Harvesting services are purchased at market terms. Administrative services are also purchased

from one of the Group's associates. The Group rents a private parking space from CEO Charles Høstlund.

All goods and services are purchased at an arm's length distance. The board is not aware of any transactions with related parties in 2020 that in any way have a significant impact on the Group's financial position or result for the period.

Trade receivables due to goods and services sold:

(NOK 1 000)	2020	2019
Associates	30 457	0

Trade payables due to goods and services purchased:

(NOK 1 000)	2020	2019
Associates	89 883	35 597
Shareholders in Norway Royal Salmon ASA	44 019	3 737
Total trade payables related parties	133 902	39 334

Loans to related parties:

(NOK 1 000)	2020	2019
<i>Loans to associate, Arctic Fish ehf.:</i>		
Book value 1 January	63 470	49 474
Loans given during the year	49 065	11 420
Interest added to loan	3 489	2 576
Loans converted to equity	-116 024	0
As of 31 December	0	63 470

Note 28. Discontinued operations**2019:**

On 26 September 2019, Norway Royal Salmon ASA signed an agreement with Tombre Fiskeanlegg AS, Lingalaks AS and Eidesvik Laks AS on the sale of all shares in Sør Farming AS (Region South), a wholly owned subsidiary of NRS, which after the completion of a demerger of NRS Farming AS owned Norway Royal Salmon ASA's farming operations in Region South. As consideration for the shares in Sør Farming AS, a purchase price of NOK 1 240 million was agreed on a debt and cash-free basis. In connection with the transaction,

the parties have agreed on long-term cooperation on the purchase and sale of fish. The transaction was concluded 16 December 2019.

In the consolidated financial statements, the gain from the sale of the shares in Sør Farming AS is calculated as the difference between the book value in the Group and the consideration received. The results from Region South in the period leading up to the sale are presented as "Profit after tax discontinued operations, including profit from sale".

Note 28. cont.

(NOK 1 000)	2020	2019
Operating revenues ¹⁾	0	178 128
Cost of goods sold	0	110 838
Salaries	0	19 786
Depreciation and impairment	0	12 519
Other operating costs	0	32 579
Operational EBIT	0	2 406
Fair value adjustments	0	2 487
Income from associates	0	-1 087
EBIT	0	3 806
Gain/loss on financial assets	0	0
Net other financial items	0	-2 823
Profit before tax	0	983
Taxes	0	-427
Profit after tax	0	556

1) The operating revenues for discontinued operations are towards group companies and eliminated in the Group accounts.
See note 2 for further information.

Statement of cash flow discontinued operations:

(NOK 1 000)	2020	2019
Net cash flow from operating activities Region South	0	-17 855
Net cash flow from investing activities Region South	0	-11 437
Net cash flow from financing activities Region South	0	48 384
Net cash flow from discontinued operations	0	19 091
Net cashflow from sale of shares Sør Farming AS	0	1 106 609
Total cash flow discontinued operations	0	1 125 700

Specification of profit after tax on discontinued operations incl. profit from sale:

(NOK 1 000)	2020	2019
Profit after tax discontinued operations	0	556
Net gain from sale of shares Sør Farming AS	0	922 044
Profit after tax on discontinued operations incl. profit from sale	0	922 600

Note 29. Events after balance sheet date

Listing of Arctic Fish on Euronext Growth and full consolidation from Q1-2021

The shareholders in Arctic Fish ehf. transferred their shareholdings to Arctic Fish Holding AS at the beginning of February 2021 and received a corresponding shareholding in Arctic Fish Holding AS. As Norway Royal Salmon ASA was the sole shareholder in Arctic Fish Holding AS before the property contribution with shares in Arctic Fish ehf, Norway Royal Salmon achieved control over the company (ownership over 50 percent). The transaction will for accounting purposes be treated as a business transfer and consolidated in NRS from 1 January 2021. Previously, the company has been treated according to

the equity method as an associated company. At the time of control the entire equity investment in Arctic Fish Holding AS is considered as realised and a new cost price established. The allocation is shown below. This is not to be considered final.

Arctic Fish is a fish farming company located in Westfjords, Iceland and was listed on Euronext Growth on the Oslo Stock Exchange on 19 February 2021. The company estimates to harvest 12 000 tonnes of salmon in 2021 and currently has production cost in line with the average for Norwegian fish farming companies. Arctic Fish has a significant growth potential and estimates a harvest volume of 24 000 tonnes in 2025.

(NOK 1 000)

Book value of shares in Arctic Fish before the time of control	342 703
Fair value	500 000
Net change related to book value of shares	157 297
Of this profit before tax	174 783
OCI (translation difference reclassified to profit or loss)	-17 486

Effect on the balance sheet after business transfer

(NOK 1 000)

	Book value*	Adjustment to fair value	Fair value
Licences	27 240	657 724	684 964
Property, plant & equipment	560 794	2 752	563 546
Other non-current assets	627		627
Biological assets	401 373		401 373
Other current assets	61 682		61 682
Cash & cash equivalents	79 273		79 273
Deferred tax assets/liabilities	-2 509	-131 545	-134 054
Other non-current liabilities	-520 700		-520 700
Current liabilities	-136 709		-136 709
Net identifiable assets and liabilities	471 070	528 931	1 000 000

* Book value have been restated to IFRS and converted to NOK.

Fair value of controlling interest	500 000
Non-controlling interests	500 000

On 19 February 2021, Arctic Fish Holding AS was listed on Euronext Growth on the Oslo Stock Exchange. Before the listing, a share issue of MNOK 350 was carried out, in which NRS participated with MNOK 200 and increased its ownership interest to 51.28 %.

On 7 April 2021 Norway Royal Salmon entered into share purchase agreement to divest its 36.1 % stake in Måsøval Fishfarm AS.

Note 29. cont

Norway Royal Salmon announced that an agreement to sell its 36.1 % stake in the associated company Måsøval Fishfarm AS to Måsøval Fiskeoppdrett AS, which previously owned the other shares, was agreed upon on 7 April 2021. Estimated consideration for the shares is MNOK 143. In addition, NRS will receive MNOK 30 in dividends for 2020.

Completion of the transaction is based on the balance sheet as of 31 March 2021 and that the terms of sale in the share purchase agreement are met.

Alternative performance measures

The consolidated financial statements of Norway Royal Salmon ASA are prepared in accordance with the International Financial Reporting Standards (IFRS). In addition, the management prepares alternative performance measures to provide useful and relevant information to the users of the financial statements. Alternative performance measures are designed to increase the understanding of the underlying operational performance and is not a substitute for the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The performance measures are regularly reviewed by the Board. The alternative performance measures can be defined and used differently by other companies.

Net interest-bearing debt

Net interest-bearing debt is defined as the net of long-term debt, short-term debt, bank deposits and interest-bearing receivables. The measure is useful and necessary information to investors and other users of the financial statements to assess the net of the interest-bearing external capital used to finance the group. The measure is used to calculate return on capital employed and highlights the Group's ability to take on more debt.

(NOK 1 000)	31.12.2020	31.12.2019
Reported long-term interest-bearing debt	1 378 514	200 933
Reported short-term interest-bearing debt	226 819	47 927
Reported long-term interest-bearing receivables	-45 000	-63 470
Reported bank deposits, cash	-38 753	-152 317
Net interest bearing debt (NIBD)	1 521 580	33 073
Leasing (IFRS 16 effects)	-227 026	-248 860
NIBD according to bank covenant	1 294 554	-215 787

Equity ratio

The equity ratio is defined as equity divided by total assets. The measure is expressed as a percentage. The measure is relevant to users of the financial statements to see how much of the assets are financed with equity, the measure also indicate something about the solvency of the group.

(NOK 1 000)	31.12.2020	31.12.2019
Reported equity	3 130 692	3 357 040
Reported total assets	5 814 710	4 680 538
Equity ratio	53,8 %	71,7 %
Total assets adjusted for Right-of-use-assets	5 505 838	4 363 538
Total liabilities adjusted for leasing liabilities	2 456 991	1 074 638
Equity ratio according to bank covenant	55,4 %	75,4 %

Alternative performance measures cont.**Operational EBIT per kg**

Operational EBIT per kg is defined as a central performance measure for Norway Royal Salmon ASA. The measure is used to evaluate the profitability of sold goods and the operations of the Group. The performance measure is useful to users of the financial statements to evaluate the profitability of sold goods and the production. The measure is calculated before unallocated costs and non-recurring events, fair value adjustments, income from associated companies, financial expenses and taxes. The measure is expressed per kg harvested volume.

Operational EBIT per kg - Group

(NOK 1 000)	2020	2019
Operational EBIT continued operations	246 252	542 802
Unallocated expenses	56 227	46 094
Non-recurring events (note 5)	0	11 000
Operational EBIT	302 479	599 896
Harvested volume	30 509	27 297
Operational EBIT per kg	9,91	21,98

Operational EBIT per kg - Farming

(NOK 1 000)	2020	2019
Operational EBIT (note 2)	215 186	535 753
Harvested volume	30 509	27 297
Operational EBIT per kg	7,05	19,63

Fair value-adjusted earnings per share

Earnings per share before fair value adjustments is defined as the period's result adjusted for fair value adjustments after tax. The performance measure is expressed per share and is useful for the users of Norway Royal Salmon ASA's financial information. The performance measure is used as raw data in analysis like of P/E.

(NOK 1 000)	2020	2019
Majoritetens andel av perioderesultat	80 113	1 306 719
Majoritetens andel av virkelig verdijustering av biomasse etter skatt	79 876	97 526
Virkelig verdijustering salgs-og Fish Pool kontrakter etter skatt (i sin helhet maj.andel)	23 847	3 210
Majoritetens andel av virkelig verdijustert perioderesultat	183 837	1 407 456
Weighted average number of ordinary shares outstanding	43 076 909	43 348 577
Fair value-adjusted earnings per share	4,27	32,47







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Income statement

(NOK 1 000)	Note	2020	2019
Sales revenues	2	5 108 586	5 586 485
Cost of goods sold	13	4 984 257	5 477 903
Personnel expenses	3,5	56 934	57 401
Depreciation	7	967	223
Other operating expenses	4	24 916	32 111
Total operating expenses		5 067 073	5 567 639
Net operating result		41 513	18 846
Financial items			
Income from associates and subsidiaries	6,8	139 872	427 503
Gain from sale of subsidiary	6,8	0	936 654
Gain on financial assets	6,17	13 223	25 521
Net interest expenses	6,13	32 137	5 135
Net other financial expenses	6,17	-11 416	-17 114
Net financial items		173 816	1 377 699
Result before tax		215 329	1 396 545
Tax	12	4 157	-6 285
Net result for the year		219 485	1 390 260
Allocations:			
Allocated to dividend	11	130 717	217 861
Allocated from/to reserve for valuation variances	11	153 089	342 519
Allocated to other equity	11	-64 320	829 880
Total allocations		219 485	1 390 260

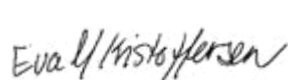
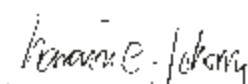
Balance sheet

ASSETS (NOK 1 000)	Note	31.12.2020	31.12.2019
Non-current assets			
Intangible assets			
Deferred tax assets	12	9 000	4 209
Total intangible assets		9 000	4 209
Property, plant and equipment			
Other operating assets	7,15	9 603	37 051
Total property, plant and equipment		9 603	37 051
Non-current financial assets			
Investments in subsidiaries	8	1 175 889	1 040 135
Investments in associates	8	672 655	586 649
Investments in other shares		12 048	1
Other non-current receivables	9	46 904	65 374
Total non-current financial assets		1 907 495	1 692 158
Total non-current assets		1 926 098	1 733 418
Current assets			
Inventory	10,15	67 903	43 670
Total inventory		67 903	43 670
Receivables			
Accounts receivables	13,15	127 376	392 626
Other Group receivables	13	20 292	0
Other receivables		90 864	70 752
Total receivables		238 532	463 378
Bank deposits and cash	16	2 372 047	1 285 818
Total current assets		2 678 482	1 792 866
Total assets		4 604 580	3 526 284

EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12.2020	31.12.2019
Paid-in capital			
Share capital	11	43 572	43 572
Treasury shares	11	-653	-141
Other paid-in equity	11	82 030	82 030
Total paid-in capital		124 949	125 461
Retained earnings			
Reserve for valuation variances	11	1 142 237	989 148
Other equity	11	1 488 450	1 622 413
Total retained earnings		2 630 687	2 611 561
Total equity		2 755 636	2 737 023
Liabilities			
Provisions			
Pension liabilities	5	23 703	27 638
Total provisions		23 703	27 638
Non-current liabilities			
Long-term leasing liabilities		9 023	0
Debt to credit institutions	14,15	1 200 000	0
Total non-current liabilities		1 209 023	0
Current liabilities			
Accounts payables	13	442 341	524 032
Public charges payable		6 315	5 391
Tax payable	12	2 803	652
Dividend	11	130 717	217 861
Other current liabilities	13	34 043	13 687
Total current liabilities		616 218	761 623
Total liabilities		1 848 945	789 261
Total equity and liabilities		4 604 580	3 526 284
Guarantee liabilities	15	1 567	1 392

Trondheim, 14 April 2021

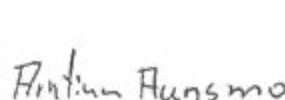

Helge Gåsø
Chair

 
Eva Kristoffersen Marianne E. Johnsen
Vice Chair


Tom Vidar Rygh


Trude Olafsen


Karl Johan Bakken


Arnfinn Aunsmo


Charles Høstlund
Chief Executive Officer

Cash flow

(NOK 1 000)	Note	2020	2019
Operating result		41 513	18 846
Taxes paid		0	4 792
Depreciation and write-downs	7	967	223
Pension costs with no cash effect		1 216	-1 220
Share based payment		3 100	-1 412
Change in inventories		-24 234	6 357
Change in accounts receivables		265 251	-56 937
Change in accounts payables		-81 691	58 191
Change in other current assets and other liabilities		73 883	-37 647
Net cash flow from operating activities		280 005	-8 808
Cash flow from investing activities			
Payments for purchase of property, plant and equipment	7	-9 690	-2 134
Payments and proceeds from investments in current financial assets (TRS)	8	44 689	-3 809
Proceeds from sale of subsidiary	8	0	1 125 700
Payments for acquisition of associated companies	8	0	-43 738
Dividend from subsidiaries and associated companies	8	21 997	29 229
Proceeds from sale of share in associated company	8	2 643	0
Group contribution from subsidiaries		0	432 322
Change in loans/investments associates and others		-103 308	20 148
Net cash flow from investing activities		-43 669	1 557 719
Cash flow from financing activities			
New non-current borrowings		1 200 000	0
Non-current debt repayments		0	-350 000
Net change in overdraft		0	0
Net proceeds from sale of treasury shares and payments for purchase of treasury shares		-239 308	-102 430
Net interest payments		-4 626	-2 082
Dividend payment		-106 173	-180 782
Net cash flow from financing activities		849 893	-635 294
Net increase/ reduction in cash and cash equivalents		1 086 230	913 617
Cash and cash equivalents as of 1 January		1 285 818	372 201
Cash and cash equivalents as of 31 December		2 372 047	1 285 818

Notes to the Financial Statements

Note 1 . Accounting principles

The financial statements for Norway Royal Salmon ASA have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting practice in Norway.

Principle for valuation and classification of assets and liabilities

Assets intended for long-term ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. Similar criteria are used when classifying non-current and current liabilities. Current assets are valued at the lower of acquisition cost and fair value.

Non-current assets are valued at acquisition cost, but are written down to their recoverable value if this is lower than book value and the impairment is expected to be permanent. Non-current assets with a limited useful economic life are systematically depreciated or amortised.

Other long-term and current liabilities are valued at nominal value.

Revenues

Revenues are recognised as they are accrued, when most of both risk and control have been transferred to the customer. This will normally be the case when the goods are delivered to the customer. Revenues are recognised at the value of the consideration on the date of the transaction.

Expenses

Expenses are generally recognised in the same period as the corresponding revenue. In cases where there is no clear connection between expenses and revenues, the allocation is determined based on an informed estimate. Other exceptions to the matching principle are specified where relevant.

Functional and presentation currency

The functional and presentation currency is NOK.

Assets and liabilities in foreign currencies

Transactions in foreign currencies are translated at the exchange rate in effect on the date of the transaction.

Monetary items, receivables and liabilities in foreign currencies are translated into NOK at the exchange rate in effect on the balance sheet date. Changes in exchange rates are recognised in the accounting period as an operational item.

The company reduces its foreign exchange risk on receivables by entering into forward contracts and raising loans for a corresponding amount in the same currency. As of 31 December, both trade receivables and withdrawals from currency accounts are valued at the day rate. See the description of forward currency contracts in the Derivatives section.

Derivatives

Currency Forward contracts are capitalised at their fair value on the date the contract was signed. Changes in fair value are recognised in the income statement, unless they qualify for hedge accounting. A derivative qualifying for hedge accounting is classified directly against equity. The instrument is derecognised when the contractual rights expire, or contractual rights and obligations are transferred. Derivative financial instruments are classified as current assets or liabilities.

Commodity derivatives entered into by the company do not meet the requirements for hedge accounting, and gains and losses are recognised in the income statement on the date they are realised. The effect is classified as an operating item in the company's financial statements.

Property, plant and equipment

Property, plant and equipment are capitalised at historical cost and depreciated in a straight line over the asset's expected useful economic life. If the recoverable value of an operating asset is lower than its book value, it is written down to its recoverable value. Recoverable value is the higher of net sales value and value in use. Value in use is the net present value of the future cash flows the asset is expected to generate.

Shares in subsidiaries and associates

Subsidiaries are defined as companies in which the shareholder has a controlling influence, normally where the shareholding exceeds 50 per cent. Associates are defined as companies in which the Group has a

significant, but not controlling, influence. This is normally deemed the case where the shareholding is between 20 and 50 per cent.

Investments in subsidiaries and associates are recognised in accordance with the equity method. The company's share of the profits/losses from subsidiaries and associates will be its share of their profit/loss after tax less any amortisation of excess values on the date of acquisition. Shares of profit/loss are presented net on a separate line under financial items in the income statement. Investments in subsidiaries and associates are presented as non-current assets in the balance sheet.

Other investments in shares classified as non-current assets

Shares and other securities intended for long-term ownership are classified as non-current assets and recognised at their original cost price. A write-down is performed if the fair value is lower than cost price, and this situation is not of a temporary nature. Dividends received from these companies are recognised as other financial income.

Inventory

Inventory is recognised at the lower of acquisition cost and net sales price. The cost price of purchased goods is their acquisition cost plus freight charges.

Receivables

Trade and other receivables are recognised at nominal value less provisions for bad debts. Trade receivables are monitored continuously, and it is the company's policy to insure all material trade receivables. Provisions for bad debts are based on an individual assessment of each receivable.

Bank deposits, cash and cash equivalents

Bank deposits, cash and cash equivalents include cash, bank deposits and other means of payment which can be immediately and with negligible exchange rate risk converted into cash.

Pensions

Defined contribution pension schemes

A defined contribution plan is a pension plan under which the group pays fixed contributions. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. In a defined contribution scheme, the company pays what they have committed in accordance with an agreement, committed by law or voluntarily contributes. The company has no further obligations beyond this payment. Liabilities to pay contributions to defined

contribution pension schemes are recognised as costs in the income statement as they accrue.

Defined benefit pension schemes

Pension schemes that are not defined contribution schemes are defined benefit schemes. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using a linear accrual method. Pension obligations are calculated based on long-term discount rate and long-term expectations of future salary growth, inflation and pension increases. Pension assets are valued at fair value. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the equity.

Statement of cash flow

The statement of cash flow has been prepared using the indirect method. The statement of cash flow shows a breakdown of the Company's total cash flow by operating activities, investing activities and financing activities. Cash flow associated with the acquisition and divestment of businesses is presented net under investing activities after deductions for cash reserves held by the acquired company.

Tax

The tax expenses are matched to the result before tax. Tax relating to equity transactions is recognised in equity. The tax expense comprises tax payable and any change in net deferred tax. Deferred tax liabilities and assets are presented net in the balance sheet.

Note 2. Sales revenues

Specification of sales by region:

(NOK 1 000)	2020	2019
Norway	658 157	733 339
Western Europe	3 540 272	3 503 415
Eastern Europe	296 334	336 281
Asia & Middle East	610 409	1 004 067
Other countries	3 415	9 382
Total operating revenues	5 108 586	5 586 485

Note 3. Personnel expenses and benefits

(NOK 1 000)	2020	2019
Wages and salaries	41 904	42 103
Payroll tax	8 410	9 149
Pension costs – defined benefits scheme	6 055	5 283
Other benefits	565	866
Total salary and personnel expenses	56 934	57 401
Average number of full-time-equivalents	46	44

For details of the salary and other benefits payable to the Board of Directors, CEO and other senior executives, see Note 19 to the consolidated financial statements.

Note 4. Auditor's fee

(NOK 1 000)	2020	2019
Statutory auditing services	572	406
Other attestation services	60	79
Other services	31	0
Total auditor's fees	663	484

All auditing costs are exclusive of VAT.

Note 5. Pension costs and pension liabilities

The company has a statutory obligation to provide an occupational pension scheme under the Norwegian Mandatory Occupational Pension Schemes Act. The company's pension scheme complies with the requirements of this legislation.

The company operates a defined benefits pension scheme and a defined contribution scheme.

The company's defined benefit scheme entitles the 29 members to defined future benefits. These are mainly dependent on the number of years of entitlement, level of salary upon reaching retirement age and the size of the pension benefits paid by the National Insurance Scheme. The liability is funded through an insurance

company. The defined contribution scheme includes 20 employees.

As a result of the application of IAS 19R, the period's net interest expense is now calculated by applying the discount rate for the liability at the beginning of the period to the net liabilities. Net interest expense therefore consists of interest on the obligation and return on assets, both calculated at the same discount rate. The change in the net pension obligation as a result of premium payments and pension payments are taken into account. The difference between the actual return on plan assets and the return recognised in the profit and loss accounts are expensed as incurred against equity.

Pension costs:

(NOK 1 000)	2020	2019
Current service cost	4 343	3 813
Interest expenses	480	463
Payroll tax	694	615
Administrational expenses	101	88
Net pension cost – defined benefit scheme	5 618	4 980

Employee contributions to scheme	-482	-475
Costs of defined contribution pension scheme	918	778
Total pension costs	6 055	5 283

Assumptions	2020	2019
Discount rate	1.50 %	1.80 %
Future salary increases	2.00 %	2.25 %
Inflation rate	1.75 %	2.00 %
Future pension increase	0.00 %	0.70 %

Demographic factors:

Disability table	IR02	IR02
Mortality table	K2013 BE	K2013 BE

Number of people covered by the defined benefit scheme:

In work	29	30
Pensioners	9	9
Total	38	39

	2020	2019
Paid into scheme during the year	3 858	5 434
Forecast payment to scheme next year	4 329	6 113

Note 5. cont.**Net pension liabilities:**

(NOK 1 000)	31.12.2020	31.12.2019
Pension liabilities	78 757	78 097
Fair value of plan assets	-55 053	-50 458
Pension liability	23 703	27 638

Change in present value pension liabilities:

(NOK 1 000)	2020	2019
Pension liabilities as of 1 January	78 097	64 583
Current service cost	5 045	4 464
Interest expense	1 410	1 673
Payroll tax on this year's payment	-544	-766
Pension payments	-599	-710
Actuarial losses over equity	-4 652	8 854
Pension liabilities as of 31 December	78 757	78 097

Change in estimated fair value of plan assets:

(NOK 1 000)	2020	2019
Estimated fair value of plan assets as of 1 January	50 458	45 578
Return on plan assets	836	1 157
Contributions paid	4 402	6 200
Payroll tax on this year's payment	-544	-766
Pension payments	-599	-710
Actuarial losses/ (gain) over equity	500	-1 000
Plan assets as of 31 December	55 053	50 458

Pension funds are made up as follows:

(NOK 1 000)	2020	2019
Shares	7.2 %	12.7 %
Short-term bonds	20.4 %	13.5 %
Money market fund	10.6 %	17.0 %
Long-term bonds	30.8 %	31.4 %
Loans and receivables	17.0 %	14.1 %
Property	13.6 %	11.1 %
Other	0.4 %	0.2 %
Total	100.0 %	100.0 %

Note 6. Financial income and financial expenses

Finansposter innregnet i resultatet:

(NOK 1 000)	2020	2019
Income from associates and subsidiaries	139 872	427 503
Gain on sale of subsidiary (see specification below)	0	936 654
Writedown of financial assets*	0	-6 400
Net result from investment in associates and subsidiaries	139 872	1 357 758
Realised losses (-) / gains (+) on TRS-agreements	44 689	-3 810
Reversal of unrealised losses on TRS-agreements	0	29 331
Reversal of unrealised losses on Fish Pool contracts	-31 466	0
Gain on financial assets	13 223	25 521
Interest income	36 042	19 867
Interest expenses	-3 904	-14 732
Net interest expenses	32 137	5 135
Other financial expenses	-11 454	-10 937
Inefficiency cash flow hedging	38	222
Net financial expenses	-11 416	-10 715
Net financial items	173 816	1 377 699

* A sales agreement were signed for NRS's shares in Ranford Fiskeprodukter AS at 31.12.2019. The book value of the shares was written down so the balance sheet value as at 31. December 2019 is equal to the sales amount KNOK 2 643, see note 8.

2019: Gain from sale of subsidiary

On 26 September 2019, Norway Royal Salmon ASA entered into an agreement with Tombre Fiskeanlegg AS, Lingalaks AS and Eidesvik Laks AS on the sale of all shares in Sør Farming AS (Region Sør), a wholly owned subsidiary of NRS which, following the completion of a demerger of NRS Farming AS, owned Norway Royal Salmon ASA's farming operations Region Sør. As consideration for the shares in Sør Farming AS, a

purchase price of NOK 1 240 million was agreed on a debt and cash-free basis. In connection with the transaction, the parties have entered into a long-term cooperation on the purchase and sale of fish. The transaction was completed on 16 December 2019.

For Norway Royal Salmon ASA (the parent company) the gain is presented as "Gain from sale of subsidiary" and is calculated below:

Gain from sale of subsidiary

(NOK 1 000)	2020	2019
Net proceeds for the shares of Sør Farming AS	0	1 138 304
Book value according to the equity method Sør Farming AS	0	-192 893
Transaction costs	0	-8 757
Total gain from sale of subsidiary	0	936 654

Note 7. Property, plant and equipment

(NOK 1 000)	Other operating assets
Acquisition cost 1 January 2020	37 523
Additions	9 690
Disposals*	-36 171
Acquisition cost 31 December 2020	11 042

* The disposal in 2020 is an intra-group transfer of operating assets from Norway Royal Salmon ASA to a wholly owned subsidiary Arctic Offshore Farming AS.

Accumulated depreciation 1 January 2020	471
Depreciation for the year	967
Accumulated depreciation 31 December 2020	1 438
Book value 31 December 2020	9 603

Useful economic life	5 years
Depreciation method	Straight-line

(NOK 1 000)	Other operating assets
Acquisition cost 1 January 2019	35 319
Additions	2 203
Acquisition cost 31 December 2019	37 523

Accumulated depreciation 1 January 2019	248
Depreciation for the year	223
Accumulated depreciation 31 December 2019	471
Book value 31 December 2019	37 051

Useful economic life	5 years
Depreciation method	Straight-line

Note 8. Subsidiaries and associated companies

Company	Consolidated	Registered office	Last acquisition date	Voting and shareholding	Book value
Nor Seafood AS	Yes	Senja	10.08.2007	82.50 %	191 681
NRS Farming AS	Yes	Alta	01.08.2008	100.00 %	934 424
NRS Settefisk AS	Yes	Trondheim	01.12.2016	100.00 %	1 017
Arctic Offshore Farming AS	Yes	Trondheim	01.08.2018	100.00 %	48 742
Arctic Fish Holding AS	Yes	Trondheim	09.11.2020	100.00 %	24
Norway Royal Salmon UK Ltd*		Leeds, UK		100.00 %	0
Total investment in subsidiaries					1 175 889

* Norway Royal Salmon UK Ltd was dissolved in October 2020.

Arctic Fish ehf.	No	Iceland	03.10.2016	50.00 %	340 038
Wilsgård Fiskeoppdrett AS	No	Senja	19.08.2008	37.50 %	168 541
Måsøval Fishfarm AS	No	Frøya	03.01.2003	36.10 %	41 386
Hellesund Fiskeoppdrett AS	No	Lillesand	21.02.2004	33.50 %	122 642
Other	No				48
Total investment in associates					672 655

Note 8. cont.**Subsidiaries:**

(NOK 1 000)	Nor Seafood AS	NRS Farming AS	NRS Settefisk AS	Artic Offshore Farming AS	Artic Fish Holding AS	Total
Acquisition cost	23 691	166 611	988	50 000	24	
Paid excess value	14 045	102 297	0	0	0	
Opening balance 1 January 2020	196 820	794 650	1 000	47 665	0	1 040 135
Additions	0	0	0	0	24	24
Share of profit/loss for the year	-767	153 711	-11 882	-12 177	0	128 885
Group contribution between subsidiaries	0	-13 938	683	13 254	0	0
Group contribution to subsidiary	0	0	11 216	0	0	11 216
Equity adjustments and dividend	-4 373	0	0	0	0	-4 373
Closing balance 31 December 2020	191 681	934 424	1 017	48 742	24	1 175 889

Paid excess value is almost entirely related to the value of licences and is not amortised, but is tested annually for impairment.

(NOK 1 000)	Nor Seafood AS	Sør Farming AS	NRS Farming AS	NRS Settefisk AS	Artic Offshore Farming AS	Total
Acquisition cost	23 691	173 217	166 611	988	50 000	
Paid excess value	14 045	18 162	102 297	0	0	
Opening balance 1 January 2019	174 998	0	637 428	2 167	50 061	864 654
Demerger of subsidiary	0	191 379	-191 379	0	0	0
Sale of subsidiary	0	-192 893	0	0	0	-192 893
Share of profit/loss for the year	31 101	1 514	351 637	-3 092	-2 396	378 764
Group contribution between subsidiaries	0	0	-1 925	1 925	0	0
Equity adjustments and dividend	-9 280	0	-1 111	0	0	-10 391
Closing balance 31 December 2019	196 820	0	794 650	1 000	47 665	1 040 135

Paid excess value is almost entirely related to the value of licences and is not amortised, but is tested annually for impairment.

Note 8. cont.**Associated companies:**

(NOK 1 000)	Arctic Fish ehf ¹⁾	Wilsgård Fiske- oppdrett AS	Måsøval Fishfarm AS ²⁾	Hellesund Fiske oppdrett AS	Nordnorsk Smolt AS	Other ³⁾	Total
Acquisition cost at 31.12.2020	269 487	25 011	10 977	17 472	19 241	21 777	
Paid excess value	102 519	17 205	7 699	11 807	17 022	12 211	
Of which amortisable excess value/goodwill	0	0	0	0	17 022	11 211	
Excess value and goodwill as of 31 December 2020	102 519	17 205	7 699	11 807	16 171	1 404	
Opening balance 1 January 2020	227 750	170 027	20 653	111 481	42 247	14 490	586 649
Disposal ⁴⁾	0	0	0	0	-43 738	-14 690	-58 428
Share of profit/loss for the year	-18 172	2 264	9 943	15 213	1 491	247	10 986
Conversion differences	14 436	0	0	0	0	0	14 436
Dividend	0	-3 750	-8 845	-5 030	0	0	-17 625
Equity adjustments	116 024	0	19 634	977	0	0	136 636
Closing balance 31 December 2020	340 039	168 541	41 385	122 642	0	48	672 655

1) The change directly against equity applies to debt converted to equity.

2) The changes directly against equity is due to a share of the gain on the sale of shares in Norway Royal Salmon ASA.

3) Due to a restructuring in Hardanger Fiskeforedling AS, Norway Royal Salmon was diluted and the ownership share was reduced to 17.2 %. The investment in the company, KNOK 12 047, will no longer be recognised as an investment in an associated company, but as an investment in shares. Disposal includes KNOK 2 643 paid for the sale of shares in Ranfjord Fiskeprodukter AS.

4) Disposal of KNOK 43 738 is related to the investment in Nordnorsk Smolt AS, which in 2020 was sold to the 100 % owned subsidiary NRS Farming AS.

Note 8. cont.

Paid excess value is almost entirely related to the value of licences and is not amortised, but is tested annually for impairment. The exception is Nordnorsk Smolt AS where excess value is allocated to the facility and is depreciated over 10 years.

Associated companies:

(NOK 1 000)	Arctic Fish ehf	Wilsgård Fiske- oppdrett AS	Måsøval Fishfarm AS	Hellesund Fiske oppdrett AS	Nordnorsk Smolt AS	Other	Total
Acquisition cost at 31.12.2019	269 487	25 011	10 977	17 472	19 241	21 777	
Paid excess value	102 519	17 205	7 699	11 807	17 022	12 211	
Of which amortisable excess value/goodwill	0	0	0	0	17 022	11 211	
Excess value and goodwill as of 31 December 2019	102 519	17 205	7 699	11 807	16 171	1 404	
Opening balance 1 January 2019	253 393	135 705	22 362	89 760	0	19 037	520 257
Addition	0	0	0	0	43 738	0	43 738
Share of profit/loss for the year	-23 461	37 510	9 633	24 696	-1 491	1 853	48 740
Impairment*	0	0	0	0	0	-6 400	-6 400
Conversion differences	-2 182	0	0	0	0	0	-2 182
Dividend	0	-3 188	-11 733	-5 035	0	0	-19 955
Equity adjustments	0	0	390	2 060	0	0	2 450
Closing balance 31 December 2019	227 750	170 027	20 653	111 481	42 247	14 490	586 649

* A sales agreement were entered into for NRS's shares in Ranfjord Fiskeprodukter AS at 31.12.2019. The book value was written down so the balance sheet value at 31 December 2019 is equal to the sale price of KNOK 2 643.

Paid excess value is mainly related to the value of licences and is not amortised, but is assessed for impairment annually.

Two exceptions:

- Ranfjord Fiskeprodukter AS. KNOK 12 211 out of a total excess value of KNOK 11 211 has been allocated to goodwill. All the goodwill has been amortised.
- Nordnorsk Smolt AS. Total excess value is allocated to the facility and is depreciated over 10 years.

Income from subsidiaries and associates	2020	2019
Share of profit/loss for the year from associated companies and subsidiaries	139 872	427 503
Gain on sale of subsidiary	0	936 654
Impairment Ranfjord Fiskeprodukter AS	0	-6 400
Total revenue recognised subsidiaries and associates	139 872	1 357 757

Note 9. Receivables due in more than one year

(NOK 1 000)	31.12.2020	31.12.2019
Loan to associates	0	63 470
Other long-term receivables	46 904	1 904
Total receivables due in more than one year	46 904	65 374

Note 10. Inventory

(NOK 1 000)	31.12.2020	31.12.2019
Goods in transit	54 899	26 504
Finished goods	13 004	17 166
Total inventory	67 903	43 670

Note 11. Share capital and shareholders

Share capital as at 31 December 2020 comprises the following classes of share:	Number of shares	Nominal value	Book value
Ordinary shares	43 572 191	1.00	43 572 191

Norway Royal Salmon ASA had 2 651 shareholders as at 31 December 2020. All shares afford the same rights in the company.

The board has proposed a dividend of NOK 3.00 per share based on the annual accounts for the financial year 2020. The dividend will be partly distributed in cash, NOK 1.00 per share and partly by distribution of NOK 2.00 as shares in Norway Royal Salmon ASA from the company's treasury shares. The resolution will be adopted at the Annual General Meeting of 27 May 2021.

For details of the largest shareholders and shares owned by board members, the CEO and other senior executives, see Note 22 to the consolidated financial statements.

Note 11. cont.

(NOK 1 000)	Share capital	Treasury shares	Other paid-in equity	Reserve for valuation variances	Other equity	Total
Equity as of 31 December 2019	43 572	-141	82 030	989 148	1 622 413	2 737 023
<i>Change in the year:</i>						
Net result for the year	0	0	0	175 085	44 400	219 485
Dividend associates and subsidiaries	0	0	0	-21 996	21 996	0
Other changes from subsidiaries and associates	0	0	0	0	21 324	21 324
Excess provision of dividends	0	0	0	0	5 516	5 516
Translation differences from associated companies	0	0	0	0	14 436	14 436
Deposited not paid out dividend	0	0	0	0	-130 717	-130 717
Cash flow hedges	0	0	0	0	15 098	15 098
Share based payment	0	32	0	0	-3 020	-2 988
Actuarial gains	0	0	0	0	4 018	4 018
Dividend	0	0	0	0	106 173	106 173
Net purchase and sale of treasury shares/dividend shares	0	-546	0	0	-233 187	-233 733
Equity as of 31 December 2020	43 572	-653	82 030	1 142 237	1 488 450	2 755 636

For additional information on purchase and sale of treasury shares please see Note 22 in the consolidated accounts.

Note 12. Taxation

(NOK 1 000)	2020	2019
Tax payable	-5 966	-652
Change in deferred tax	10 183	-5 633
Adjustments from previous years	-59	-0
Tax related to profit/loss for the year	4 157	-6 285

Tax payable in the balance sheet:

(NOK 1 000)	31.12.2020	31.12.2019
Tax payable	5 966	652
Tax on group contributions	-3 163	0
Tax payable	2 803	652

Note 12. cont.**Specification of temporary differences and deferred tax:**

(NOK 1 000)	31.12.2020	31.12.2019	Change
Property, plant and equipment	300	307	-7
Inventories and trade receivables	2 957	2 579	378
Long term receivables and liabilities in foreign currency	67	-1 490	1 557
Financial instruments	12 521	-11 216	23 737
Pensions	23 703	27 638	-3 935
Other temporary differences	1 359	1 311	48
Basis for deferred tax	40 907	19 130	21 777
Deferred tax assets	9 000	4 209	4 791

Tax on items recognised directly in equity:

(NOK 1 000)	31.12.2020	31.12.2019
Actuarial losses	5 151	-9 854
Cash flow hedging	19 357	23 620
Basis deferred tax	24 508	13 766
Deferred tax on items recognised directly against equity (22 % in 2020 and 2019)	5 392	3 028

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2020	2019
Result before tax	215 329	1 396 545
Expected tax after nominal tax rate (22 % in 2019 and 23 % in 2018)	47 372	307 240
Actual tax	-4 157	6 285
Difference	-51 529	-300 955
Explanation of difference		
Non-deductible expenses	154	1 580
Permanent differences related to the equity method	-30 772	-94 051
Realised and unrealised TRS gains/losses	-9 832	-5 615
Profit from sale of discontinued operations	0	-205 294
Share-based share of the option scheme	-1 598	-215
Tax effect of items recognised directly in equity	-9 481	2 641
Tax on ordinary result	-51 529	-300 955
Effective tax rate	-1.9 %	0.5 %

Note 13. Intra-group transactions and balances

Intra-group balances:

Non-current receivables

(NOK 1 000)	2020	2019
Loan to associated companies	0	63 470
Total non-current receivables	0	63 470

Current Group receivables

(NOK 1 000)	2020	2019
Other short term receivables group companies	20 292	0
Loan to associated company	-14 379	0
Total current Group receivables	5 913	0

Group trade payables

(NOK 1 000)	2020	2019
Group companies	84 153	179 828
Associated companies	90 598	32 165
Total Group trade payables	174 751	211 993

Transactions with group companies:

(NOK 1 000)	2020	2019
Cost of goods sold	1 529 368	1 719 106
Other interest income	34 383	16 632

Note 14. Non current liabilities

Non current liabilities

(NOK 1 000)	2020	2019
Long term liabilities for right-to-use assets	9 023	0
Debt to credit institutions, Danske Bank	1 200 000	0
Total non current liabilities	1 209 023	0

Group loan agreements

The group's credit facilities to banks total KNOK 2 800 000. Norway Royal Salmon ASA taken up KNOK 1 200 000 as a long-term loan in 2020. KNOK 1 000 000 is a revolving loan facility which is interest - free, expires in 2025 and has an annual credit assessment for a further 5-year term. KNOK 1 200 000 is a term loan with a sustainability connection that has an 8.5 year repayment period with the first instalment in Q4-21 with a duration until 31.12.2025. The sustainability connection is explained by the fact that the bank's margin is adjusted in accordance with the company's ASC-certification development as well as the progression on the electrification of the company's barges.

The group has a multi-currency operating credit with a limit of KNOK 600 000. The loan agreement covers all the group's companies. See note 9 in the consolidated financial statements for further details.

Interest on the debt is floating and linked to the 3-month NIBOR plus a margin. Interest on the multi-currency credit line is 3-month NIBOR/ 1-week LIBOR/ Danish BOR plus a margin.

Financial covenants

The group's main loan terms (covenants) are based on standard ratios. The agreement has a financial requirement for a minimum 30 % equity ratio where the right-of-use-assets and lease obligations have been deducted (see calculation in Alternative Profit Measures). Withdrawals from the short-term credit facility shall not exceed 75 % of the book value of inventories and accounts receivable. At the end of 2020, the group complies with the loan terms in the loan agreement.

Note 15. Assets pledged as securities, guarantees, etc.

Capitalised secured liabilities

(NOK 1 000)	31.12.2020	31.12.2019
Long-term debt to credit institutions	1 200 000	0
Total secured liabilities	1 200 000	0

Book value of assets pledged as security

(NOK 1 000)	31.12.2020	31.12.2019
Other operating assets	9 603	37 051
Inventories	67 903	43 670
Accounts receivables	127 376	392 626
Total secured liabilities	204 882	473 347

Guarantee liabilities	1 567	1 392
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In addition to the above-mentioned guarantees, the company had the following liabilities as of 31 December 2020:

- 1) Norway Royal Salmon ASA has given guarantees to credit institutions with respect to some of its subsidiaries' leasing liabilities. As of 31 December 2020 the total recognised leasing liabilities for which NRS has pledged security amounted to KNOK 227 026.
- 2) Norway Royal Salmon ASA has joint liability up to a maximum of KNOK 600 000 for the group overdraft arrangement.
- 3) In connection with Group funding the company's assets are pledged as security for the liabilities of the subsidiaries.

Note 16. Liquidity

As at 31 December 2020 the company had restricted deposits of KNOK 33 898 (2019: KNOK 21 290). Of the funds, KNOK 31 451 (2019: KNOK 4 357) have been pledged as security for the company's trading activities on Fish Pool. The remaining amount is related to guarantees and tax accounts.

The company is part of the group's cash pool, for information on unutilized overdraft please see Note 8 to the consolidated financial statements.

Note 17. Derivatives

Forward currency contracts

Forward currency contracts are recognised at fair value at the balance sheet date. At 31 December 2020 forward currency contracts was nominated in EUR, USD, GBP and JPY. These contracts mature between 5 January 2021 and 20 January 2022 and are used to hedge cash flows expected to arise during this period

and reduce foreign currency exposure on receivables. The cash flow hedging satisfy the demands for hedge accounting and the changes in unrealised value are recognised directly against equity, inefficient hedging is recognised as a finance post. Realised profit/loss on the contract are recognised in revenues.

As of 31 December 2019 (NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	45 184	15.01.21-20.01.22	10.515-11.959	19 841
Forward currency contracts – cash flow hedging	Sale	USD	6 608	05.01.21-15.12.21	8.965-9.061	3 023
Forward currency contracts – cash flow hedging	Sale	GBP	2 436	15.01.21-22.03.21	12.591-13.493	3 350
Forward currency contracts – cash flow hedging	Sale	JPY	80 444	08.01.21-15.03.21	0.0827-0.0830	-54
Forward currency contracts – fair value hedging	Sale	USD	5 000	06.01.21	9.304	3 872
Forward currency contracts – fair value hedging	Sale	EUR	24 000	07.01.21	10.877	9 768
Total forward currency contracts						39 800

As of 31 December 2019 (NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	12 413	15.01.20-15.12.20	10,114-10,477	5 278
Forward currency contracts – cash flow hedging	Sale	USD	9 650	06.01.20-21.12.20	8.944-9.174	1 855
Forward currency contracts – cash flow hedging	Sale	JPY	101 250	15.01.20-16.03.20	0.0776-0.0778	-368
Forward currency contracts – fair value hedging	Sale	USD	5 000	02.01.20	9.057	1 387
Forward currency contracts – fair value hedging	Sale	EUR	27 000	03.01.20	9.974	3 064
Total forward currency contracts						11 216

Note 17. cont.**Financial Fish Pool contracts**

Contracts have been signed to purchase 8 209 tonnes on the Fish Pool salmon exchange. The contract prices are in the range NOK 55.00–NOK 62.00 and cover the period from January 2021 to January 2022. The sales department enters into the contracts with the aim of hedging margins linked to deliveries of fixed-price contracts to customers. In addition, the group has entered into an agreement to sell 300 tonnes on Fish Pool. The contract price is NOK 57.00 and cover

the period from January 2021 to June 2021. Realised Fish Pool contracts are posted in the accounts under operational result and the unrealised value changes to the Fish Pool contracts are posted as a finance post in the accounts. Realised Fish Pool contracts classified under the operational result amounted to a cost of KNOK 4 619 in 2020 (2019: KNOK 1 471). Unrealised change in the value of Fish Pool contracts was KNOK -31 466 in 2020 (2019: KNOK -1 717).

As of 31 December 2020

(NOK 1 000)	Type	Cur- rency	Volume (tonnes)	Period	Price range	Book value
Fish Pool contracts	Purchase	NOK	8 209	01.01.21-31.01.22	55.00-62.00	-32 501
Fish Pool contracts	Sale	NOK	300	01.01.21-30.06.21	57.00	1 035
Total						-31 466

As of 31 December 2020

(NOK 1 000)	Type	Cur- rency	Volume (tonnes)	Period	Price range	Book value
Fish Pool contracts	Purchase/Sale	NOK				0
Total						0

Total return swap

In 2020, Norway Royal Salmon ASA exercised its contractual right to purchase 994 609 own shares at a price of NOK 235.00 per share. Consequently, the TRS (Total Return Swap) agreement for the corresponding number of shares terminated. As of 31 December 2020, Norway Royal Salmon has no underlying exposure through TRS agreements. The gain on realisation amounted to KNOK 44 689 (2019: loss of KNOK 3 810) and is posted as a financial item in the accounts.

As of 31 December 2020 (NOK 1 000)	No. of shares	Exercise price	Maturity	Fair value
TRS	-	-		0
Total	-			0

As of 31 December 2019 (NOK 1 000)	No. of shares	Exercise price	Maturity	Fair value
TRS	994 609	187,29	17.03.2020	52 854
Total	994 609			52 854

Note 18. Financial risk

For further information relating to the management of financial risk in the parent company and group, see Note 1.6 to the consolidated financial statements.

Responsibility statement from the Board of Directors and Chief Executive Officer

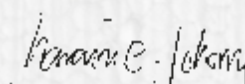
We confirm that, to the best of our knowledge, the consolidated financial statements for the period for 2020 have been prepared in accordance with IFRS and applicable additional disclosure requirements in the Norwegian Accounting Act, and that the financial statement of the parent company for 2020 have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards, and that the accounts give a true and fair view of the group and the company's consolidated assets, liabilities, financial position and results of the operations per 31 December 2020.

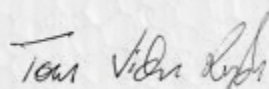
We also confirm to the best of our knowledge, that the Director's report provides a true and fair view of the development and performance of the business and the position of the group and the company including description of key risks and uncertainty factors pertaining to the group going forward.

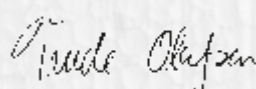
Trondheim, 14 April 2021

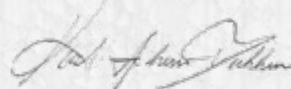

Helge Gåsø
Chair

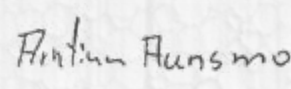

Eva Kristoffersen
Vice Chair


Marianne E. Johnsen


Tom Vidar Rygh


Trude Olafsen


Karl Johan Bakken


Arnfinn Aunsmo


Charles Høstlund
Chief Executive Officer





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To the General Meeting of Norway Royal Salmon ASA

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Norway Royal Salmon ASA, which comprise:

- The financial statements of the parent company Norway Royal Salmon ASA (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Norway Royal Salmon ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knaresvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Alesund



Norway Royal Salmon ASA

1. Measurement and valuation of biological assets

Reference is made to Note 1.4 Summary of important accounting principles, Note 1.5 Important accounting estimates and judgements and Note 5. Biological assets.

The key audit matter	How the matter was addressed in our audit
<p>Norway Royal Salmon ASA measure biological assets at fair value in accordance with IAS 41. As per December 31 2020, the book value of biological assets is TNOK 1 282 006. This constitute 22 % of the Group's total assets.</p> <p>The book value of biological assets consist of biological assets measured at cost of TNOK 1 172 790, and a fair value adjustment of TNOK 109 216. The change in fair value in 2020 was TNOK – 109 052.</p> <p>Biological assets consist of the Group's live fish stock in the operating segment Fish Farming.</p> <p>In accordance with IAS 41, biological assets should be recognized and measured at fair value. Fair value is determined in accordance with IFRS 13. Effective markets for the sale of live fish stock do not exist, and the valuation of biological assets imply an estimation of fair value in a hypothetical market for live fish stock. This estimate is based on a number of assumptions, including:</p> <ul style="list-style-type: none"> • The stock of biological assets • Future prices • Monthly discounting factor • Mortality and quality of the live fish stock • Estimated time of harvest <p>The estimation of fair value of biological assets is complex and requires the exercise of judgement by management.</p> <p>Based on the size of biological assets, measurement of fair value, the exercise of judgement by management both of model and assumptions, and the impact of the fair value adjustment on the net result for the year, we consider the measurement and valuation of biological assets to be a key audit matter.</p>	<p>We have built up an understanding of the control environment and documented the Group's process for accounting for biological assets.</p> <p>We have reconciled the period's movement in the stock of live fish both in numbers and in biomass. For a sample of smolt releases, we controlled the number of fish registered in the biomass system against supporting documentation.</p> <p>We have assessed the accumulated feed factor on a project level with industry statistics. We have furthermore evaluated the Group's routines for the reconciliation of stock of feed, and controlled a selection of feed purchases in the period. We did this to support the reasonability of the period's growth in biomass.</p> <p>We assessed the accuracy of biomass estimates by comparing the actual harvested biomass on projects harvested in 2020 with estimated biomass. We have furthermore compared a sample of fully harvested biomass in 2021 with estimated biomass as per 31.12.2020. We found deviations to be within our expectation.</p> <p>We have performed a mathematical control of the Group's model for measurement and valuation of biological assets at fair value. Our assessment of the assumptions included a comparison of prices used with observable market prices on the estimated time of harvest. We have furthermore assessed the monthly discounting factor used against industry practice. Expected mortality and quality of live fish stock was evaluated against historical data. The estimated time of harvest was reconciled to the Group's budgets. We recalculated the Group's disclosed sensitivities of biological assets for changes in price, discounting factor, biomass, estimated time of harvest and production cost. We found that the model made mathematical calculations as expected and the assumptions used were reasonable.</p> <p>We assessed the Group's notes related to measurement and valuation of biological assets, included in Note 1.4 Summary of important accounting principles, Note 1.5 Important accounting estimates and judgements and Note 5. Biological assets.</p>

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the



Norway Royal Salmon ASA

financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.



Norway Royal Salmon ASA

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 14 April 2021
KPMG AS

Yngve Olsen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

GRI Index

Norway Royal Salmon has based the report for 2020 on standards from the international reporting organisation Global Reporting Initiative, GRI Standards. The report mentions core elements, a selection of disclosures and other information. The GRI index below refers to the topics presented in the report.

GRI	TOPICS AND DISCLOSURES	REFERENCE
Organization profile		
102-1	Name of the organisation	Norway Royal Salmon ASA
102-2	Activities, brands, products and services	Production, processing, trade and distribution of seafood, as well as participation in other companies associated with the seafood industry. Furthermore, the company's purpose is to carry out quality assurance and chain activities for cooperating companies.
102-3	Location of headquarters	Ferjemannsveien 10, 7042 Trondheim, Norway
102-4	Location of operations	Our business, page 24-29, Board' statements page 81
102-5	Ownership and legal form	Norway Royal Salmon ASA is a public limited liability company listed on Oslo Stock Exchange. Further information, annual report 2020
102-6	Markets served	Sales with international focus, page 30-32
102-7	Scale of organisation	Shareholder information, page 42-43, Consolidated financial statements note 2 page 119-120, note 18 page 148-150
102-9	Supply chain	Our business, page 10-43
102-10	Significant changes to the organisation and its supply chain	Important strategic milestones page 12-13, Highlights 2020 page 14-15, Board of Directors report page 81-82
102-11	Precautionary Principle or approach	Committed by name page 48
102-12	External initiatives	Committed by name, Committed to customers page 56
102-13	Membership og associations	The Norwegian Seafood Federation, The Confederation of Norwegian Enterprise (NHO)
Strategy		
102-14	Statement from senior decision-maker	Message from the CEO, page 20-21
102-15	Key impacts, risks and opportunities	Board of Directors report page 81-88
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	Strategy page 22-23, Committed by people page 71-72, Corporate governance page 90-95
Governance		
102-18	Governance structure	Sustainable aquaculture page 48, Corporate governance page 90-95, Organisation page 39-41
102-19	Delegating authority	Sustainable aquaculture page 48, Organisation page 39-41
102-20	Executive-level responsibility for economic, environmental and social topics	Sustainable aquaculture page 48
102-21	Consulting stakeholders on economic, environmental and social topics	Sustainable aquaculture page 48-49
102-22	Composition of the highest governance body and its committees	Corporate governance page 90-95, The Board of Directors page 40-41
102-23	Chair of the highest governance body	Corporate governance page 90-95, The Board of Directors page 40-41, Consolidated financial statements note 27 page 159-160
102-24	Nominating and selecting the highest governance body	Corporate governance page 90-95
102-25	Conflict of interest	Consolidated financial statements note 19 page 148-150, note 22 page 155-156 and note 27 page 159-160
102-26	Role of highest governance body in setting purpose, values and strategy	Corporate governance page 90-95
102-27	Collective knowledge of highest governance body	The Board of Directors page 40-41

GRI	TOPICS AND DISCLOSURES	REFERENCE
Governance		
102-28	Evaluating the highest governance body's performance	Corporate governance page 90-95
102-35	Remuneration policies	Guidelines for remuneration of senior executives page 96-97. Consolidated financial statements note 19 page 148-150
Stakeholder engagement		
102-40	List of stakeholders groups	Sustainable aquaculture page 48-49
102-41	Collective bargaining agreements	Employees in farming operations are part of collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Committed by name page 48-49
Reporting practice		
102-45	Entities included in the consolidated financial statements	Consolidated financial statements note 4 page 122-123
102-46	Defining report content and topic boundaries	Committed by name page 48-49
102-47	List of material topics	Committed by name page 48-53
102-48	Restatements of information	Consolidated Financial Statements note 28 page 160-161
102-49	Changes in reporting	None
102-50	Reporting period	2020
102-51	Date of most recent report	2019
102-52	Reporting cycle	Annually
102-53	Contact point	Ola Loe
102-55	GRI content index	GRI index page 200-203
Management approach		
103-1	Explanation of the material topic and its Boundary	Committed by name page 48-53
103-2	The management approach and its components	Committed by name page 46-77
Economic performance		
201-1	Direct economic value generated and distributed	Consolidated financial statement page 102-108
201-3	Defined benefit plan obligations and other retirement plans	Consolidated financial statements note 20 page 151-153
Anti corruption		
205-3	Confirmed incidents of corruption and actions taken	No reported incident of corruption
Energy		
302-1	Energy consumption within the organisation	Committed by name, Committed to nature, Emissions and energy page 62-63

GRI	TOPICS AND DISCLOSURES	REFERENCE
Emissions		
305-1	Direct (Scope 1) GHG emissions	Committed by name, Committed to nature, Emissions and energy page 63
305-2	Energy indirect (Scope 2) GHG emissions	Committed by name, Committed to nature, Emissions and energy page 63
305-4	GHG emissions intensity	Committed by name, Committed to nature, Emissions and energy page 63
Effluents and waste		
306-3	Significant spills	Sustainable aquaculture, Committed to nature, Emissions of nutrient salts and Prevent escapes page 64
Occupational health and safety		
403-1	Occupational health and safety management system	Committed by name, Committed to people page 71-74
403-2	Hazard identification, risk assessment and incident investigation	Committed by name, Committed to people page 71-74
403-4	Worker participation, consultation and communication on occupational health and safety	Committed by name, Committed to people page 71-74
403-5	Worker training on occupation health and safety	Committed by name, Committed to people page 71-74
403-9	Work-related injuries	Committed by name, Committed to people page 73
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	Boards of Directors report page 90, Committed by name, Committed to people page 74
Customer health and safety		
416-1	Assessment of the health and safety impacts of product and service categories	Committed by name, Committed to customer page 54-59
Customer privacy		
418-1	Substantiated complaints concerning breaches of consumer privacy and losses of customer data	No complaints received

Task Force on Climate-related Financial Disclosure (TCFD) report

Norway Royal Salmon is committed to produce salmon in a sustainable manner. A clean and productive ocean is important to the world's population, and to ensure food safety for all seafood we grow or harvest from the sea. For many years Norway Royal Salmon has worked systematically to reduce the company's environmental impact and is well positioned to manage the challenges ahead.

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board to improve companies' disclosure of climate-related financial risks. The TCFD has presented a framework of recommendations for disclosure of such risks, and the framework is structured in four core elements: governance, strategy, risk management, and metrics and targets. These core elements are supported by recommended disclosures and seven Principles for Effective Disclosure. In this report it is disclosed information on Norway Royal Salmon's climate risk management, climate-related risks and opportunities and the seven Principles for Effective Disclosure are applied.

Governance

Recommended disclosure: Describe the board's oversight of climate-related risks and opportunities.

The Board Chair together with the Board have overarching responsibility for Norway Royal Salmon's administration and for monitoring general management and activities, including climate-related issues as these are integrated into the general management of Norway Royal Salmon. Information on climate-related issues is provided to the Board Chair and Board in the form of monthly reports from the management.

The Board Chair together with the Board has made several climate-related decisions both to mitigate climate risks and to pursue climate opportunities. The Board Chair and Board review and guide climate-related issues on board meetings in relation to Norway Royal Salmon's overall strategy, future business plans and action plans. The Board Chair and Board review the monthly reports containing relevant information on environmental performance indicators.

Recommended disclosure: Describe management's role in assessing and managing climate-related risks and opportunities

The CEO is responsible for the Group's operational management, management of the company's resources, and is the highest responsible for sustainable development and climate-related issues. The CEO is supported by the Management Group which ensures focus on sustainable operations throughout the organisation. Norway Royal Salmon have identified relevant climate-related parameters which are monitored and evaluated on several levels in the Group.

The CEO receives weekly reports with non-financial information on group, company and project level. These reports include information on relevant climate-related issues such as fish feed efficiency, sea temperature and mortality rate in the salmon farming operations. The Monthly, Quarterly and Annual reports ensure broad reporting of Norway Royal Salmon's operations, including climate-related issues, to the CEO.

Strategy

Recommended disclosure: Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term and the impact on the organization's businesses, strategy, and financial planning.

Norway Royal Salmon recognizes the potential impact of the climate-related risks and opportunities and has considered and factored these issues into the strategic and financial planning. We expect the climate impact to be moderate in short term horizon and to become more severe over time. The Group is pursuing the strategy to increase the production capacity and increase the number of sites that are certified by the ASC, both measures are considered as opportunities for the Group. These measures will increase the Group's revenues and are also factored into the financial planning process. Furthermore, investments in low-emission technologies, resilient equipment and materials, and innovations are factored into the strategic and financial planning.

Details regarding risks and opportunities are described in the following pages. We have assessed the time horizons to be when a risks and opportunity is likely to occur, however some may occur both short, medium and long term.

In 2020, our commitment to sustainable production was rewarded through the grant of green financing of MNOK 1 200 from Danske Bank. Given the increased interest from financial institutions in our commitment to sustainable production it is likely that Norway Royal Salmon has access to further financing in the future.

CLIMATE-RELATED RISKS			
Climate-related risks	Potential financial impact	Mitigation strategy	
Transition risks			
Regulatory			
Increased pricing on GHG emissions Tax on fossil fuels is likely to increase and cause increased production costs directly in our operations and indirectly as it will affect suppliers' costs and may increase transportation prices for Norway Royal Salmon. Norway Royal Salmon products are transported by air, train, road and boat and increased carbon taxes may have a financial impact on operating costs and make our products less competitive.	Increased operating costs	The company is working to reduce the reliance on fossil fuels by transition to alternative energy sources as part of the overall strategy, and thereby also reducing the operational costs from fossil fuels and emissions. Currently Norway Royal Salmon is testing a diesel-electric hybrid catamaran, "Edel", which reduces diesel consumption and production costs, and CO ₂ emission by 60 % compared to diesel catamarans. A transition to electrical and hybrid solutions is in progress. Enova, a Norwegian Governmental Organisation, has granted funds for initiatives such as battery packs for feed barge with diesel generators and battery packs combined with electrification. The first hybrid solution was installed on a feed barge in December 2020 and it is planned that most of our sites will have new solutions in the years to come.	
Change in existing national regulations Changes in licence grants due to restrictions and regulations (including climate-related policies) can lead to unpredictable regulations. To continue Norway Royal Salmon's growth and improve the efficiency of production, the company is dependent on getting new sites as well as being able to expand existing sites. The Group depends on predictable terms and permissions for production.	Reduced revenues	Norway Royal Salmon seeks to reduce this risk by continuous dialogue with the various relevant administrative bodies.	
Change in regulation of commodities Changed conditions for management of commodities such as marine raw material and soy, due to new national and international regulations may result in reduced supply of raw materials for feed which may have an impact on prices and operating costs.	Increased operating cost due to higher prices	Norway Royal Salmon is in continuous dialogue with feed suppliers regarding the use of different raw materials. Our feed suppliers are working on adjusting the feed ingredients, to balance the risk of reduced supply and increased price of certain commodities, such as soy, fishmeal or fish oil.	
Technology			
Replacement of existing equipment Due to climate change, standards may have new requirements for equipment used in our operations. This may increase write-offs of equipment and need for new investments may increase.	Increased write-offs	Norway Royal Salmon requires that equipment is certified to withstand the weather and current conditions of the site, and the depreciation period is assessed accordingly. Since the latest certification was introduced, the company has limited breakdown of equipment.	
New investment in low emission technology Increased investments in new technology such as hybrid solutions and electrification for our barges and boats due to transition to lower carbon alternatives.	Increased capital costs and lower operating cost	As mentioned, the company is transitioning its feed barges to hybrid and electrical solutions, and we expect a reduction in both operating costs and emissions. The company will continue to explore new lower carbon alternatives.	
Increased competition due to successful R&D efforts in land-based farming Development of land-based fish-farming in East-Asia and America may be a disadvantage for Norway Royal Salmon if the product is competitive and the production costs are reduced due to R&D efforts. Our products to these markets are mainly transported by air freight and an increase of carbon tax will be a disadvantage in terms of costs compared to locally produced salmon.	Increased costs and reduced revenues	Norway Royal Salmon seeks to reduce this risk by continuous dialogue with the various relevant administrative bodies to achieve competitive terms for development of sea-based farming. NRS seeks to find alternative packaging and transportation methods which can reduce emissions and costs.	

Horizon: Short (0-2 years) Medium (2-10 years) Long (10-20 years)

Climate-related risks	Potential financial impact	Mitigation strategy
Market		
Shift in consumer preferences Shifts in demand for Norway Royal Salmon products are constantly assessed by monitoring the market and especially the market price of salmon. The global demand for certified salmon is a relevant risk for Norway Royal Salmon as consumer preferences to certified fish may increase and we may not be able to serve the demand.	Reduced revenue	Norway Royal Salmon aims to be one of the leading ASC certified salmon farming companies in the world and Norway Royal Salmon's objectives are to meet the growing demand for salmon with sustainable production.
Reputation		
Communication failure on our approach to sustainability If we fail to communicate our dedication to sustainably farmed salmon, there is a risk that investor interest may decrease and a risk that consumer preference towards other proteins may arise.	Reduced revenue, negative effect on share price	Norway Royal Salmon is monitoring how it's perceived in the media and by stakeholders, by engaging in dialogues with relevant partners and communicating its strategy of "Committed to Nature", which includes a strong focus on climate-friendly production through ensuring good fish health, efficient fish feed and waste management. Furthermore, Norway Royal Salmon focuses on ensuring compliance with sustainability certification schemes, such as GLOBAL G.A.P. and the ASC Standard, which are essential to maintain a good reputation as a sustainable salmon producer. Norway Royal Salmon aims to maintain the positive perceptions of the Group by customers and the community, by continuing to focus on innovative solutions for more sustainable salmon production and certifications.
Physical risks		
Acute		
Extreme weather events The increased severity of extreme weather events is a risk for Norway Royal Salmon as there are biological and social risks linked to the salmon farming operations, such as fish illness and employee safety. Furthermore, there may be a risk for damage to production sites and infrastructure with fish escaping and possible downtime due to extreme weather.	Increased operating costs	Acute physical risks, such as extreme weather events with storms, waves and ice, are constantly monitored and evaluated at every operating site of Norway Royal Salmon in order to ensure fish welfare and safety of employees.
Chronic		
Higher temperatures and changed currents Chronic physical risks, such as long-term shifts in the climate patterns with higher sea temperatures and changes in sea currents, are monitored and reported on as it is crucial for the production. There are multiple biological risks linked to higher sea temperatures and changes in sea currents.	Increased operating costs	Norway Royal Salmon monitors algae blooms, fish illness, oxygen levels and fluctuations in sea temperature and sea currents in the farming operations.
Availability of raw materials Climate change and chronic physical changed production conditions can affect the availability of the different commodities used in the fish feed. This could result in increased prices. An increased cost of fish feed is considered a risk for Norway Royal Salmon, as feed costs constitute a considerable proportion the company's total production cost.	Increased fish feed prices and operating cost	To manage this risk Norway Royal Salmon is in continuous dialogue with feed suppliers about the use of different raw materials. Our feed suppliers are working on adjusting the feed ingredients, to balance the risk of reduced supply and increased price of certain commodities, such as soy, fishmeal or fishoil.

CLIMATE-RELATED OPPORTUNITIES			
Climate-related opportunities	Potential financial impact	Realization strategy	
Innovation and expansion of low emission production	Increased revenue	We are currently developing Arctic Offshore Farming. Arctic Offshore Farming has a potential to solve the industry's challenges with area demands as the facility is designed for harsh conditions and locations where there are no fish farms today. In addition, the project can make a positive contribution to the environmental challenges of salmon lice as the cage is submersible to under the «lice belt» in the sea. The implementation of waterborne feeding system will give a significant drop in energy consumption compared to traditional air-spread feeding. In addition, the waterborne feeding will reduce noise and micro-plastics discharge. The ambition is to combine knowledge from the aquaculture industry with offshore expertise to develop the future aquaculture industry and with this ensure future sustainable growth for the Norwegian Aquaculture industry. Arctic Offshore Farming project was granted 5990 MAB (maximum allowed biomass) by the Directorate of Fisheries.	
Demand for proteins with low emission	Increased revenue	Norway Royal Salmon assesses that there is a significant business opportunity in providing new markets worldwide with farmed salmon. Salmon is a valuable protein source and there is a shift in increased demand worldwide for sustainable food products in response to sustainable development and climate change. From a sustainability perspective, salmon farming has low environmental impact and lower carbon footprint than meat-based proteins. This means that salmon, now and in the future, will be a highly sustainable protein for people all around the world. Since the ocean covers more than 70 % of the planet and produces about 2 % of the food, there is an ocean of possibilities to produce food for the population.	
Demand for certified salmon	Increased revenue	As the demand for sustainably produced salmon increases, there is a need to certify more operating sites according to the ASC Standard. Norway Royal Salmon aims to be one of the leading ASC certified salmon farming companies in the world. Norway Royal Salmon's objectives are to meet the growing demand for salmon with sustainable production. The first sites were ASC certified in 2015 and the Group aims to ASC certify all of our active sites within 2022.	
Renewable energy and resilience to increased fossil fuels prices	Reduced operating costs	The Group is working to reduce the reliance on fossil fuels by transition to alternative energy sources as part of the overall strategy, and thereby also reducing the operational costs from fossil fuels and emissions. Currently Norway Royal Salmon is testing a diesel-electric hybrid catamaran, "Edel", which reduces diesel consumption and production costs and CO ₂ emission by 60 % compared to diesel catamarans. A transition to electrical and hybrid solutions is in progress. Enova, a Norwegian Governmental Organisation, has granted funds for initiatives such as battery packs for feed barge with diesel generators and battery packs combined with electrification. The first hybrid solution was installed on a feed barge in December 2020 and there are several more planned in the years to come.	
Increased production	Increased revenue	Water temperature along the coast of Norway may be influenced by climate change. Our production areas in Northern Norway may experience higher sea temperatures which may lead to increased production volumes.	
Resilience to vulnerable raw materials and innovations	Reduced operating costs and increased revenue	We are working with our feed suppliers on the use of different raw materials to balance the risk of supply of certain commodities. Currently Norway Royal Salmon has a project with fish feed containing omega-3 rich algae oil as an alternative ingredient. Algae oil allows large-scale sustainable production with low carbon, water, and land use impact. The fish health is expected to benefit from this; hence mortality may decrease which may reduce the production cost per kilo salmon and increase revenue.	

Horizon: Short (0-2 years) Medium (2-10 years) Long (10-20 years)

Recommended disclosure: Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Norway Royal Salmon is currently working on different pathways to reduce climate emissions and the resilience is yet unknown. However, the Group will assess the resilience in our ongoing work on climate-related risks.

Risk management

Recommended disclosure: Describe the organization's processes for identifying, assessing and managing climate-related risks and how the processes are integrated into the organization's overall risk management.

Norway Royal Salmon applies an integrated approach to identify, assess, and manage climate-related risks related to its operations. Risk management is a key aspect of the management team's duties. The Group has implemented routines and systems for the monitoring of risk factors in all business areas. As climate-risks are part of the multi-disciplinary risk management in Norway Royal Salmon, it is included in the financial reporting procedures, which constitute an integrated part of the Group's corporate governance. Risk assessment, including the climate-related risks identified in our materiality analysis, are therefore integrated in the financial reporting processes. This integrated system ensures that climate-risks are included in the financial reports, the frequency of monitoring of climate-related risks is thereby done on weekly and monthly basis. The process of identifying climate-related risks is based on a bottom-up approach integrated into the internal control system, where each business unit follows the same procedures for disclosure. The system combines individual elements of the company's risk management and is mandatory for all employees to comply with the procedures. The internal control system allows Norway Royal Salmon to identify and assess changes to climate-related risks as soon as they occur.

Norway Royal Salmon considers climate-related risks on a short, medium and long-term horizon.

Metrics and targets

Recommended disclosure: Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Norway Royal Salmon has estimated cost and revenue related to selected climate-related risks and opportunities.

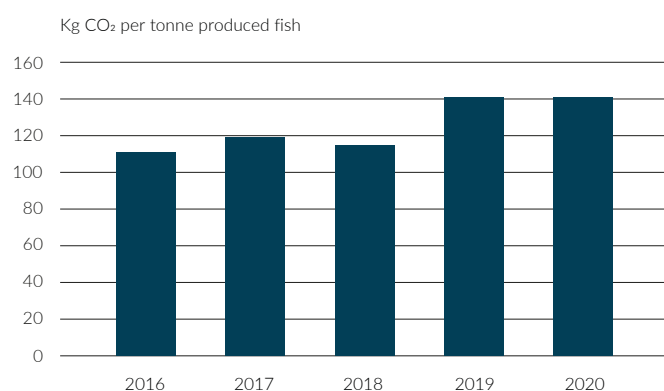
Type of financial impact	Estimated impact figure	Explanation
Regulatory risk		
Increased direct costs due to regulation with pricing of GHG emission	MNOK 3.5	<p>Increased pricing on GHG emissions is part of the Norwegian Government's Climate Change Act to reduce national GHG emissions by 50 % in 2030. The policy includes a consumption tax on fossil fuels and a CO2 tax, which are increased annually to initiate a transition to alternative energy sources. Increased pricing on GHG emissions and higher taxes on fossil fuels, would lead to increased operating costs for Norway Royal Salmon. Fossil fuels are currently used in the marine operations (fish transport and work boats) and in the value chain during the transport of fish feed and products.</p> <p>The current general CO2 tax per litre fuel is NOK 1.58. Norway Royal Salmon used approx. 2,200,000 litres of fuel (petrol and diesel combined) in its direct operations in 2020. The potential financial impact is therefore at least MNOK 3.5 (Calculation: NOK 1,58*2,200,000 litres= MNOK 3.5).</p>
Chronic physical risk		
Increased direct costs due to changes in precipitation patterns and extreme variability in weather patterns	MNOK 10.6	<p>Climate change and changed production conditions can affect the availability of the different commodities used in the fish feed, such as soy which is vulnerable to climate change. A 10 % increase in the price of soy, would cause an increase in the fish feed price with approx. NOK 0.20 per kg feed. Norway Royal Salmon consumed approx. 53 000 tons of fish feed during 2020. Based on these estimates the increase in feed cost may therefore be approx. MNOK 10.6 (calculation: NOK 0.20 *53,000,000 kg = MOK 10.6).</p>

Type of financial impact	Estimated impact figure	Explanation
Acute physical risk		
Increased cost due to damage to production sites caused by extreme weather	MNOK 10-30	<p>The financial impact of damage to sites due to extreme weather is estimated to be relatively low, due to the insurance policies Norway Royal Salmon have for all fish and most of the equipment. However, the cost of repairing damaged sites may range from NOK 1.000.000-3.000.000 per cage affected.</p> <p>Calculation: There are approx.10 cages at each site and therefore the financial impact may range from MNOK 10-30 per site affected.</p> <p>Additional costs due to possible escapes may arise.</p>
Opportunity		
Innovations of low emission production	MNOK 450	Arctic Offshore Farming project was granted 5990 MAB (maximum allowed biomass) by the Directorate of Fisheries. The project is estimated to give 9,000 tons of gutted salmon annually. Given an average price for gutted salmon at approx. NOK 50 per kg, this gives an increased production capacity and increased annual revenue of approx. MNOK 450 (Calculation: 9,000,000 kg*NOK 50 = MNOK 450).
Increased income due to higher demand for low emission proteins	MNOK 1 375	<p>Norway Royal Salmon estimates a future potential gutted volume of 66,500 tonnes. In comparison, in 2020 Norway Royal Salmon and associated companies harvested 39,000 tons of gutted salmon. This expansion is driven by a demand for a sustainably produced protein source.</p> <p>The potential increased production of salmon for new markets would be 27,500 tonnes of gutted salmon (calculation: 66,500-39,000=27,500). Given the average salmon price of NOK 50 per kg, this would give an increased revenue of MNOK 1,375 (Calculation: 27,500,000kg*NOK 50 = MNOK 1,375).</p>
Increased income due to higher demand for certified salmon	MNOK 150	ASC-certified salmon has a higher price which varies over time. Based on experience and our production volumes the potential financial impact might be approx. MNOK 150.

Recommended disclosure: Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

scope 1: 5,915 TCO₂e

scope 2: 59/184 TCO₂e location-based/market-based



Recommended disclosure: Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Norway Royal Salmon has set both an absolute and intensity emission target.

We target a 15 % reduction in scope 1 emissions for farming operations by 2025, compared to the base year 2019.

We have a target to reduce emissions/tonnes produced fish by 20 % for farming operations by 2025, compared to the base year 2019.

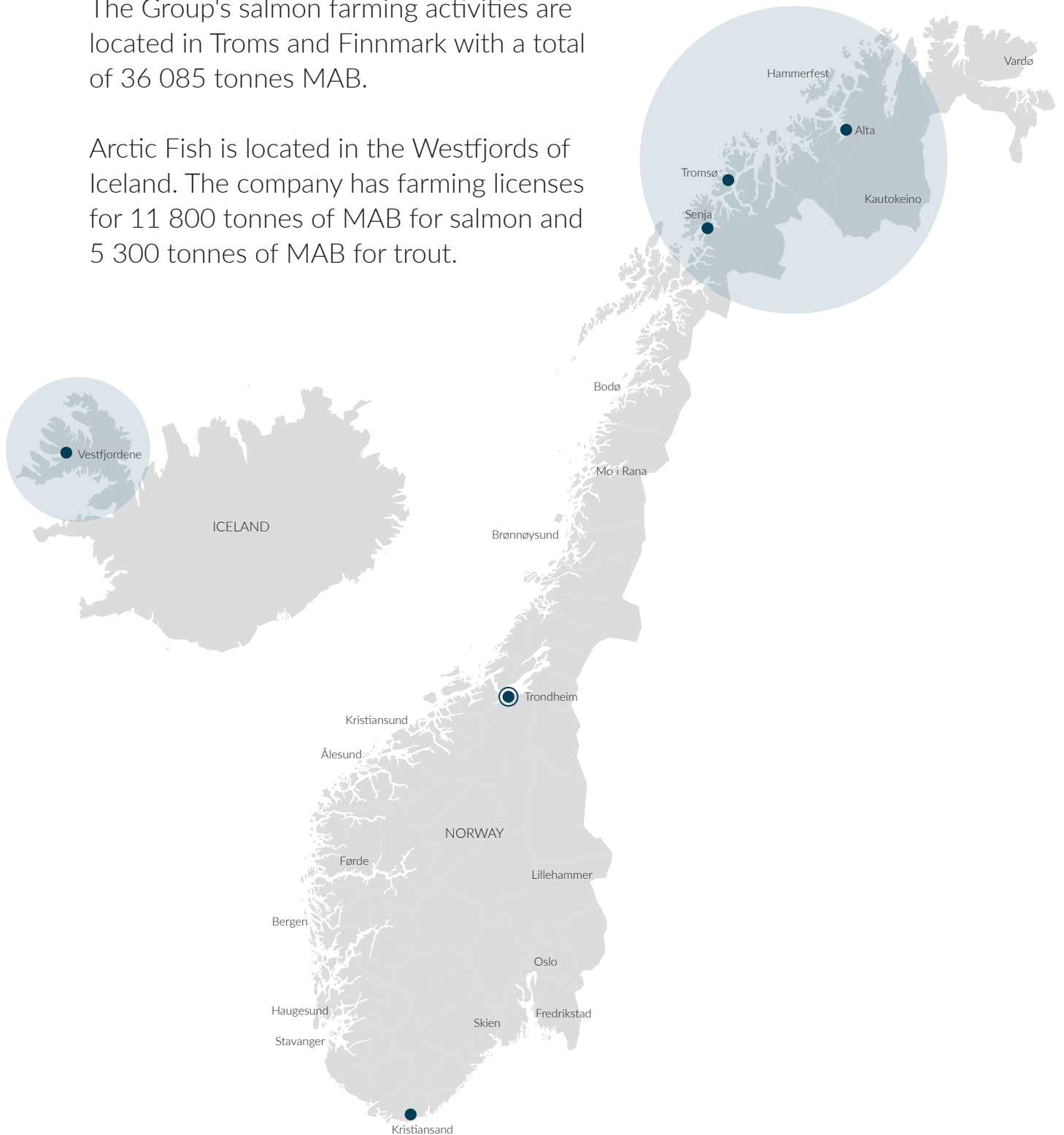
Going forward, we will consider developing science-based targets.





The Group's salmon farming activities are located in Troms and Finnmark with a total of 36 085 tonnes MAB.

Arctic Fish is located in the Westfjords of Iceland. The company has farming licenses for 11 800 tonnes of MAB for salmon and 5 300 tonnes of MAB for trout.



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