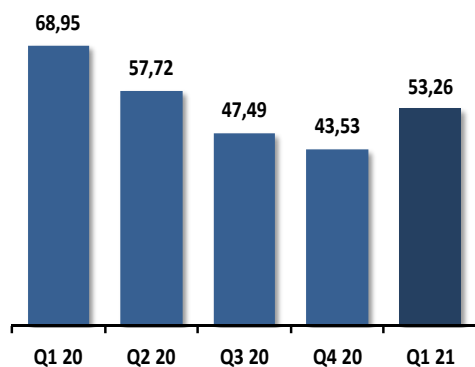


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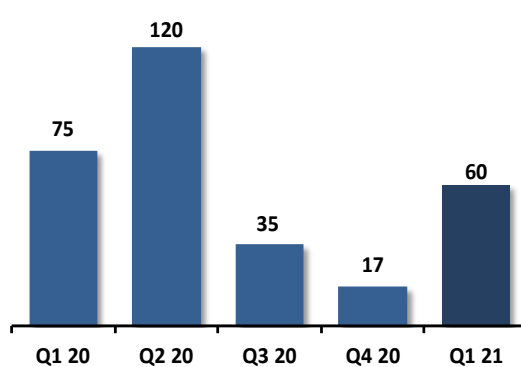
Q1-21



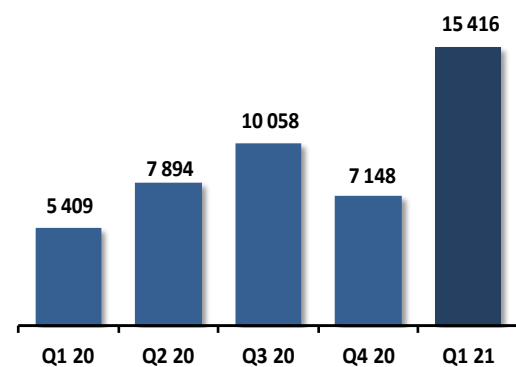
Salmon Price (NASDAQ) (NOK/kg)



Operational EBIT (MNOK)



Harvested volume (HOG)



HIGHLIGHTS Q1 2021

- Arctic Fish is fully consolidated from 1 January 2021
- Operational EBIT of NOK 60 million
 - Farming Norway: Operational EBIT per kg of NOK 6.64
 - Farming Iceland: Operational EBIT per kg of NOK 5.67
- The production cost at Farming Iceland has developed well, but Farming Norway has still too high cost
- Low salmon price in the quarter affected by Covid-19 and high supply growth, but the price increased significantly in March
- Harvested volume 15 416 tonnes, 185 % increase YoY. Farming Norway with organic growth of 115 %
- Allowed to produce diploid salmon on green licenses after an agreement with Ministry of Trade and Industry
- Farming Norway is granted an interregional MAB between all 3 production areas, which increases the potential for better MAB utilization
- Arctic Fish has been awarded new licenses for 6 000 tonnes in MAB

NORWAY ROYAL SALMON - KEY FIGURES (NOK '000)	Q1 2021	Q1 2020	FY 2020
Operating revenues	1 427 797	1 269 914	5 118 867
Operational EBITDA	96 607	98 093	346 999
Operational EBIT	59 938	74 792	246 252
Income from associates	10 684	17 817	-1 985
EBIT	174 647	95 150	107 609
EBT	355 536	55 145	72 970
EPS (NOK) – before fair value adjustments	5,34	0,49	4,27
Net cash flow from operating activities ²⁾	158 060	31 867	384 548
Investments in fixed assets/licenses ²⁾	408 602	255 161	1 511 524
NIBD according to covenant	1 773 948	26 726	1 294 554
Equity ratio	53,0 %	71,5 %	53,8 %
Volume harvested (HOG)	15 416	5 409	30 509
Operational EBIT per kg ¹⁾	6,40	16,53	9,91

¹⁾ Operational EBIT per kg from Farming and Sales (before non-recurring items)¹⁾

FINANCIAL PERFORMANCE

(Figures in brackets = 2020, unless otherwise specified)

For the Q1 2021 reported figures, Arctic Fish Group from Iceland is consolidated from 1 January 2021. For all corresponding figures for 2020, Arctic Fish Group was accounted as an associated company and is not fully consolidated in 2020 figures.

Revenues and results

Norway Royal Salmon posted operating revenues of NOK 1 427.8 million (NOK 1 269.9 million) in the first quarter of 2021, an increase of 12.4 per cent from the corresponding prior-year period. The Group achieved an operational EBIT of NOK 59.9 million (NOK 74.8 million), a decrease of NOK 14.9 million. The decrease in operational EBIT is due to lower salmon prices. A gain on open fixed-price contracts compared to the level of Fish Pool prices of NOK 7.0 million (loss of NOK 7.3 million) was recognised in the quarter. The Group recognised a positive fair value adjustment of NOK 109.6 million (NOK 2.5 million), an increase of NOK 107.1 million compared to the corresponding quarter 2020. The positive fair value adjustment is due to higher forward prices.

Overhead costs for the quarter have increased to NOK 38.8 million due to consolidating of the Arctic Fish Group that includes listing costs from the IPO process. Start-up costs of the Smolt Facility and Arctic Offshore Farming have also increased the overhead costs. The start-up costs will cease when the projects come into operation. During the first quarter non-recurring costs amounted to NOK 17.7 million and is related to culling of small triploid fish in two cages due to winter wounds.

The farming business harvested 15 416 tonnes (5 409 tonnes) gutted weight in the quarter, an increase fuelled by a 115 per cent organic growth from Farming Norway and the first quarter with 100 per cent consolidation of Arctic Fish with 3 793 tonnes gutted weight. Farming and Sales achieved an operational EBIT per kg of NOK 6.40 (NOK 16.53). The decrease in operational EBIT per kg is due to lower salmon prices. Total sold volumes in the first quarter were 25 256 tonnes (17 900 tonnes), an increase of 41 per cent.

Financial items and share of profit from associates

Result from associates totalled NOK 10.7 million (NOK 17.8 million) in the first quarter. NRS' share of fair value adjustments of the biomass after tax amounted to NOK 2.2 million (negative NOK -4.0 million). Associated Norwegian farming companies harvested 1 878 tonnes, 295 tonnes less than in the corresponding period last year. NRS' share of the above figure amounts to 664 tonnes, a decrease of 100 tonnes.

Gain on financial assets for the first quarter in 2021 of NOK 174.8 million is explained by the gain when Arctic Fish was ceased as an associate company and was converted to a subsidiary. See note 10 Business combinations for further details.

Net financial income for the period were NOK 6.1 million (expenses NOK 5.4 million), an increase of NOK 11.5 million. The financial items are positively affected by a gain in foreign currency of NOK 23.4 million due to bank debt in Euro. The increase in the recurring finance expenses are explained of a higher NIBD.

Balance sheet

At the end of the reporting period, total assets amounted to NOK 7 738.8 million, an increase of NOK 1 924.1 million from the prior quarter end. The consolidation of Arctic Fish increases total assets with NOK 2 052.0 million. The change in total assets is attributable to several

factors. Licenses increased with NOK 691.6 million and property, plant and equipment increased with NOK 926.4 million. Fair value adjustments of the biomass increased by NOK 98.3 million, and inventories and biomass at cost increased by NOK 191.2 million, hence the total increase in inventories and biological assets was NOK 289.5 million. The Group's receivables increased by NOK 44.1 million and the bank deposits increased by NOK 349.5 million in the quarter. Non-current financial assets decreased with NOK 377.2 million.

The Group's net interest-bearing debt increased by NOK 542.1 million, from NOK 1 521.6 million at the end of the previous quarter to NOK 2 063.7 million at 31 March 2021. The consolidation of Arctic Fish increases the net interest-bearing debt at the start of the quarter with NOK 544.3 million. Further, the increase is attributable to investments in fixed assets of NOK 304.3 million, paid taxes of NOK 33.9 million, payment of interest of NOK 17.3 million. A positive operational EBITDA of NOK 96.6 million, decreased working capital items of NOK 95.0 million, received payments from the share issue of Arctic Fish of NOK 144.1 million and decrease of net interest-bearing debt due to change in exchange rate of NOK 22.6 million had the opposite effect on the net interest-bearing debt. The Group had an unused credit facility of NOK 1 307.8 million at the end of the quarter, and bank deposits of NOK 388.3 million.

At 31 December, the Group's equity totalled NOK 4 098.3 million, an increase of NOK 967.6 million from the end of the previous quarter. The increase is mainly attributable to the consolidation of Arctic Fish of NOK 644.1 million and a total comprehensive income of NOK 324.9 million. The equity ratio at the end of the quarter is 53.0 per cent.

Statement of cash flow

The Group's operating activities generated a positive cash flow of NOK 158.1 million during the quarter, which represents an increase of NOK 126.2 million compared with the corresponding prior-year quarter. The positive cash flow is attributable to operational EBITDA of NOK 96.6 million and decreased working capital items of NOK 95.0 million. Paid taxes in the quarter of NOK 33.9 million had the opposite effect.

Net cash outflows related to investing activities in the first quarter amounted to NOK 180.2 million (NOK 267.3 million). Investments in fixed assets of NOK 304.4 million had a negative effect on the cash flow. Received payments on loans to others of NOK 45.0 million and net of cash acquired from Arctic Fish on NOK 79.2 million had the opposite impact on the cash flow.

The net cash inflows from financing activities totaled NOK 371.7 million (NOK 141.4 million) in the first quarter. The positive cash inflow is attributable to increased long term debt of NOK 300.0 million, net received payments from the share issue in Arctic Fish of NOK 144.1 million. Decreased overdraft facility by NOK 32.1 million, instalments on loans of NOK 7.7 million, instalments and interests on right to use liabilities of NOK 15.6 million and finance costs of NOK 16.0 million had the opposite impact on the net cash inflow from financing activities.

SEGMENT INFORMATION

The Group is organised into two business areas: Farming and Sales. The performance of the two business areas are monitored with the overall objective of maximising Operational EBIT per kg and margins.

During the first quarter of 2021, NRS increased its ownership in Arctic Fish to 51.28 per cent and achieved control over the company (See note 10. Business combinations for additional details). Consequently, the Farming business is divided into two geographical segments: Farming Norway and Farming Iceland.



Norway Royal Salmon monitors overall value creation from operations based on the salmon's source of origin. Consequently, external reporting focuses on measuring the overall profitability of the harvested volume based on source of origin (Operational EBIT/kg). For this reason, the contribution from the sales operations in Norway is allocated to Farming Norway.

The group owns 53 885 tonnes MAB to produce salmon, divided between 36 085 tonnes MAB for salmon farming in Norway located in Troms and Finnmark and 17 800 tonnes MAB for salmon farming on Iceland located in the Westfjords area. In addition, the group owns 5 300 tonnes MAB for trout farming on Iceland.

FARMING NORWAY

Operational EBIT came in at NOK 77.2 million (NOK 89.4 million), a decrease of NOK 12.2 million compared with the same quarter last year. Operational EBIT (ex. contracts) per kg amounted to NOK 6.04 (NOK 17.88). Gain on fixed-price contracts of NOK 0.60 per kg (loss NOK 1.35) resulted in an operational EBIT per kg of NOK 6.64 (NOK 16.53).

11 623 tonnes (5 409 tonnes) were harvested in the first quarter, an increase of 115 per cent. The achieved price for the Farming operations was NOK 8.05 higher per kg than achieved in the fourth quarter of 2020 and NOK 12.48 lower per kg than in the corresponding period last year. NRS harvested big size fish in the quarter, which had negative impact on the price achievement.

Total production cost per kg for harvested fish was NOK 44.02 which is NOK 0.33 higher than in the fourth quarter of 2020 and NOK 0.07 higher than in the corresponding period last year. The production cost in the first quarter is higher than earlier estimated because of increased harvesting in March from a site of triploid fish with poor performance and costs related to winter wounds. The production cost is expected to be at the same level next quarter and decrease in the third quarter 2021.

The biomass in sea is decreased with 6 355 tonnes (-21.3 per cent) compared to the previous quarter and decreased with 2 248 tonnes (-8.7 per cent) compared to corresponding quarter in 2020. The first quarter is a quarter with low production due to low sea temperatures and Farming Norway's production was somewhat lower than expected in the quarter. The suspicion of the fish disease ISA at the site Korsnes is still under inspection and the Norwegian Food Safety Authority has not yet confirmed ISA at the site.

The estimated harvest volume for 2021 is 40 000 tonnes gutted weight, an increase of 31 per cent from the harvested volume of 2020.

KEY FIGURES (NOK '000)	Q1 2021	Q1 2020	FY 2020
Operating revenues	1 483 822	1 269 887	5 108 577
Operational EBITDA	102 807	112 703	401 814
Operational EBIT	77 201	89 420	302 479
Investment in tangible assets/licenses	371 075	255 161	1 511 524
Volume harvested (tonnes HOG)	11 623	5 409	30 509
Operational EBIT per kg (ex contracts)	6,04	17,88	6,90
Gain (+)/Loss (-) on open fixed price contracts	0,60	-1,35	3,01
Operational EBIT per kg	6,64	16,53	9,91

NRS has two major investment projects in progress, a new smolt facility and Arctic Offshore Farming. The investment in a new smolt facility is strategically important for NRS and the facility is centrally located in relation to the fish farming sites. When the facility is finished in 2021, it will be one of the world's largest and most modern smolt facility within RAS technology. The facility is designed so that it has the potential for further extensions. The smolt facility will contribute to increased biological safety, increased quality and greater smolt, as well as improve the timing of smolt releases into the sea. This will improve the utilization of the Group's MAB and reduce production costs. NRS expects to start up production in the smolt facility during the spring 2021 and to harvest this fish summer 2023.

The investment in Arctic Offshore Farming is a strategically important investment in which NRS develops and builds offshore technology of the future for the aquaculture industry. This technological solution enables aquaculture in significantly more exposed waters and will help increase the utilization of sea areas. Two cages and a feed barge are under construction. The first fish is expected to be released at the site in the summer of 2021. NRS has recognized that implementing the development project is complex, which has resulted in an increase in the estimated total investment cost and delay due to Covid-19.

FARMING ICELAND

(Figures in brackets = 2020. All corresponding figures from 2020 for Farming Iceland are for information purposes. The Arctic Fish Group is consolidated from 1 January 2021.)

Operational EBIT came in at NOK 21.5 million (NOK 14.6 million), an increase of NOK 7.1 million compared with the same quarter last year. Operational EBIT per kg amounted to NOK 5.67 (NOK 16.98).

3 793 tonnes (863 tonnes) were harvested in the first quarter, an increase of 339.5 per cent. The achieved price for the Farming operations was NOK 23.72 lower per kg than achieved in the corresponding period last year. The quality of the fish is very good on Iceland and contributed positively to the price achievement, while big size fish mainly harvested in February had a negative impact.

Total production cost per kg for harvested fish in the first quarter of 2021 was NOK 38.84 which is NOK 3.87 lower than in the fourth quarter of 2020 and NOK 12.42 lower than in the corresponding period last year. The production cost at sea is very good, but the harvesting and wellboat costs are still high. The company has started to work on a project for investing in a new harvesting plant. The production cost is expected to slightly increase in the next quarter due to start-up of harvesting from a new site with smaller fish.

The biomass in sea decreased with 1 928 tonnes (-18.3 per cent) compared to the previous quarter and increased with 2 712 tonnes (+46.2 per cent) compared to corresponding quarter in 2020.

The estimated harvest volume for 2021 is 12 000 tonnes gutted weight, an increase of 61 per cent from the harvested volume of 2020.



KEY FIGURES (NOK '000)	Q1 2021	Q1 2020 *	FY 2020 *
Operating revenues	168 843	58 871	339 374
Operational EBITDA	31 911	23 792	44 913
Operational EBIT	21 521	14 647	4 800
Investment in tangible assets/licenses	37 527	5 300	97 235
Volume harvested (tonnes HOG)	3 793	863	7 443
Operational EBIT per kg	5,67	16,98	0,64

* Figures from 2020 are shown for information purposes and these are not a part of the consolidated figures for 2020.

Arctic Fish is a fish farming company located in Westfjords, Iceland and was listed on Euronext Growth on the Oslo Stock Exchange during February 2021. The company has currently a production cost below the average for Norwegian fish farming companies. Arctic Fish has substantial growth potential and estimates a harvest volume of approximately 24 000 tonnes in 2025.

EVENTS IN OR SUBSEQUENT TO THE QUARTER

Arctic Fish consolidated from 1 January 2021

During the first quarter 2021, NRS has surpassed majority ownership of Arctic Fish. Hence, Arctic Fish was from the 1 January 2021 consolidated into the Norway Royal Salmon Group. See note 10 Business Combination for further information.

License update Arctic Fish - Dyrarfjordur

Arctic Fish received on 7 May 2021 salmon licenses for 10 000 tonnes (MAB) in Dýrafjörður. This is an extension of 6 000 tonnes MAB on an existing 4 000 tonnes (MAB) license. After the extension Arctic Fish has 17 800 tonnes MAB for salmon farming and 5 300 tonnes MAB for trout farming.

NRS divest its 36.1 % stake in Måsøval Fishfarm AS

Norway Royal Salmon announced that an agreement to sell its 36.1 % stake in the associated company Måsøval Fishfarm AS to Måsøval Fiskeoppdrett AS, was entered into on 7 April 2021. Estimated consideration for the shares is NOK 143 million. In addition, NRS will receive NOK 30 million in dividend for 2020. Completion of the transaction is based on the balance sheet as of 31 March 2021 and the terms of sale in the share purchase agreement are met.

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, 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.

NRS and COVID-19

Covid-19 did not impact the production in the quarter. The declined demand in the food service market is partly compensated by retail customers. The salmon price was low in the beginning of the first quarter, increased significantly in March and has been at a satisfying level since. Covid-19 has had a negative impact on the progress of the Arctic Offshore project.

Clarification on the production of triploid salmon

NRS was granted 9 green licences at the end of 2014. Later 9 other licences owned by NRS was converted to green licences, giving NRS a total of 18 green licences. NRS' green licences have several conditions and contribute to develop the aquaculture industry towards a more sustainable production. One of the conditions was to produce sterile fish with triploid salmon. In collaboration with the Institute of Marine Research and other professional institutions, NRS has for many years made a significant effort to develop and improve the production of triploid salmon. One of the experiences with triploid salmon is that it seems to be more exposed to bacterial and viral diseases. As a result, NRS has had a dialogue with the Ministry of Trade and Industry, where the Ministry has come to the conclusion that they adjust the condition of use of sterile fish until there is a decision of the authorities on whether triploid production is good fish welfare or not. Until such a decision is made, the condition to use sterile fish must be met as far as this is permitted by the Norwegian Food Safety Authority. Except for this, diploid fish can be used in the production on the green licenses. The Norwegian Food Safety Authority has concluded that no triploid smolts shall be released in the sea after the spring of 2022, and that all production of triploid salmon in the sea shall be completed by the end of 2023.

In the period up to the end of 2023, NRS will gradually reduce production of triploid salmon and replace this production with diploid salmon. The other conditions for the green licences continue to apply. There is still a strong environmental profile on the green licences, and consideration for fish welfare have made an adjustment necessary until the decision on fish welfare has been made. NRS is satisfied with the decisions of the Ministry of Trade and Industry and the Norwegian Food Safety Authority, and this clarification will give NRS predictability in planning of the future production.

Interregional MAB

The Norwegian Directorate of Fisheries has granted Farming Norway an interregional MAB distributed between all 3 production areas. This increases the potential for better MAB utilisation and higher production.

MARKET CONDITIONS

Despite an increase in exported volume from Norway of 18.9 per cent, the total value of salmon exported from Norway decreased by NOK 0.8 billion compared to the corresponding quarter last year. Exported volume from Norway has never been higher in a first quarter than in Q1 2021. The total value of salmon exported from Norway in the first quarter was NOK 17.5 billion. Thus, the decrease of 4.3 per cent from the first quarter of 2020 was due to lower prices. The spot price (NASDAQ) in the first quarter of 2021 was NOK 53.26 per kg superior quality salmon (delivered Oslo). This is a decrease of 22.8 per cent from the first quarter of 2020 and an increase of 22.4 per cent from the fourth quarter of 2020. The price in NOK was positively affected by a weaker Norwegian currency in the quarter. In EUR, the prices of Norwegian salmon decreased 23.2 per cent to EUR 5.06 per kg from the first quarter of 2020. The export price of NOK 56.78 was higher than the spot price and 19.5 per cent lower than in the same period last year.

The price reduction in the spot market was mainly driven by increased global supply, but Covid-19 restrictions and the shift in demand from food service to retail also continue to affect the markets. Harvested volumes from Norway increased by 16 per cent from the corresponding prior-year period. Harvested volumes from Chile increased by 8 per cent, which resulted in an increase in global harvesting volumes of 14 per cent. For Q2 2021 Kontali Analyse expects a harvesting volume which is 2 per cent lower than in Q2 2020.

Lower salmon prices resulted in an increase of 15 per cent in sold volumes in the quarter compared with the same period last year. This is slightly higher than the increase in global harvest volume and indicate a lower change in frozen inventory compared to the same quarter last year. EU, Japan and Eastern Europe were the markets that grew the most.

Significantly lower salmon prices resulted in an increase in global import volumes to the EU (including UK) of 19 per cent in the quarter compared to the first quarter of 2020, 84 per cent of the volume comes from Norway. Covid-19 continued to cause a significant shift in demand from food service towards the retail segment. This can clearly be seen in the substantial increase in the import volumes of Poland (37 %) and Holland (22 %) in the first quarter. These markets produce processed products for the retail segments. Poland is now by far the largest market for Norwegian salmon. However, markets which traditionally have large food service segments, like Spain (increase of 24 percent) and France (increase of 17 per cent) also had growth in import volumes. In addition to decreased price, this indicate that the adaption to and easing of Covid-19 restrictions contribute positively to these segments.

The global demand for salmon in Asia increased by 6 per cent in the first quarter. Import volumes from Norway increased by 27 per cent. Norway's market share increased to 77 per cent in first quarter. Chile's export to this region decreased with 31 per cent. Import volumes in China increased by 48 per cent in the first quarter compared to the corresponding prior-year period. The increase in import volumes from Norway is due to less supply to these markets from other producers and that the markets had low import volumes in this quarter in 2020 due to the first wave of Covid-19.

Harvest volume (tonnes wfe)	Q1/21	yr/yr	Q2/21 E	yr/yr
Norway	351 800	16 %	319 800	6 %
Chile	202 500	8 %	134 800	-23 %
UK	38 800	21 %	52 500	16 %
Canada	30 700	10 %	33 900	-11 %
Faroe Islands	22 600	31 %	24 700	9 %
Australia	18 200	14 %	18 200	6 %
USA	3 100	-38 %	3 900	-22 %
Iceland	10 200	21 %	10 600	83 %
Others	10 100	67 %	11 500	12 %
	688 000	14 %	609 900	-2 %

Source: Kontali Analyse

Sold volumes (tonnes wfe)	Q1/21	yr/yr	Q2/21 E	yr/yr
EU (incl UK)	292 900	19 %	285 900	7 %
USA	146 600	8 %	126 400	-5 %
Eastern Europe ex. Russia	15 900	73 %	9 700	11 %
Russia	25 600	41 %	22 000	69 %
Asia ex. Japan	60 200	2 %	61 800	-7 %
Japan	18 100	22 %	15 300	-7 %
Others	119 800	9 %	98 800	2 %
	679 100	15 %	619 900	3 %

Source: Kontali Analyse

Q1/2021	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to EU:				
Poland	55 728	37 %	2 489	11 %
France	31 729	17 %	1 605	-8 %
Denmark	25 047	4 %	1 143	-20 %
UK	15 914	-19 %	832	-31 %
Spain	23 761	24 %	1 236	2 %
Holland	22 118	22 %	1 117	-2 %
Others in EU	72 003	16 %	3 669	-5 %
Total Norway to EU	246 300	17 %	12 091	-6 %
Others to EU	46 600	34 %		
EU total	292 900	19 %		

Source: Norwegian Seafood Council

Q1/2021	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to Asia				
South East Asia	14 928	24 %	787	-5 %
Japan	11 290	5 %	629	-12 %
Middle East	11 142	27 %	612	5 %
China (incl. Hong Kong)	11 598	48 %	606	10 %
South-Korea	11 049	40 %	626	10 %
Others in Asia	249	14 %	14,8	-7 %
Total Norway to Asia	60 256	27 %	3 274	0 %
Others to Asia	18 044	-31 %		
Asia Total	78 300	6 %		

Source: Norwegian Seafood Council



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The lower prices in the first quarter led to an increase in the total export of salmon to Eastern Europe. Global import volumes increased by 52 per cent, while import volumes from Norway increased with 57 per cent. Volumes to Russia from other producer nations increased by 50 per cent in the third quarter. Norway had a market share of 28 per cent in Eastern Europe.

Q1/2021	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to Eastern Europe				
Ukraine	6 348	64 %	275	30 %
Turkey	1 789	66 %	82	27 %
Belarus	976	11 %	44	8 %
Kazakhstan	1 898	85 %	90	50 %
Others in Eastern Europe	771	16 %	35	-13 %
Norway to Eastern Europe	11 782	57 %	527	26 %
Other to Eastern Europe	29 718	50 %		
Eastern Europe Total	41 500	52 %		

Source: Norwegian Seafood Council

The demand for salmon in North America increased in the first quarter. In total, import to North America increased by 8 per cent, while volume from Norway increased by 7 per cent.

Q1/2021	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to North America				
USA	19 676	9 %	1 333	-8 %
Canada	705	-28 %	48	-45 %
Total Norway to North Ame	20 381	7 %	1 381	-10 %
Others to North America	126 219	8 %		
North America Total	146 600	8 %		

Source: Norwegian Seafood Council

The NRS' Sales operations experienced an increase in sales volumes of 20 per cent compared with the corresponding prior-year period. 21 463 tonnes (17 900 tonnes) were sold in the first quarter. The NRS' Sales operations had a positive operational EBIT before open fixed price contracts of NOK 4.5 million (negative of NOK 1.7 million), which equates to NOK 0.21 (NOK -0.09) per kg sold volume in the period. 92 per cent of NRS Farming's harvested fish were sold in the spot market in the first quarter, while 8 per cent were sold at fixed prices. The fixed price contracts resulted in a gain of NOK 7.0 million compared to the level of Fish Pool prices. The sales volumes to Western Europe increased with 24 per cent and volumes to Asia increased by 10 per cent in the quarter, export volumes to Eastern Europe decreased with 2 per cent. The volumes sold in Norway increased by 57 per cent in the quarter. In the first quarter, Western Europe accounted for 81 per cent of the export volumes, Asia for 12 per cent and Eastern Europe for 7 per cent. Domestic volume amounts to 18 per cent of the total sold volume.

OUTLOOK

Estimated harvest volume for 2021 is 40 000 tonnes gutted weight for Farming Norway and 12 000 gutted weight for Farming Iceland. A total of 52 000 tonnes gutted weight estimated for 2021 represents an increase of 70 per cent compared with the volume in 2020. For the last three quarters of 2021, 1 560 tonnes are hedged, of which 520 tonnes are hedged in the second quarter of 2021. The production cost for Farming Norway is expected to be at the same level next quarter and decrease in the third quarter 2021 and for Farming Iceland to slightly increase in the next quarter due to start-up of harvesting from a new site.

In the second quarter of 2021 Kontali Analyse expects global harvest volumes to decrease with 2 per cent compared with the second quarter of 2020. For 2021 Kontali Analyse expects a growth in global harvest volume of 2 per cent from 2020, which is a low growth seen in a historical context. The growth in 2021 from Norway is expected to be 8 per cent while Chile is expected to reduce harvest volumes by 15 per cent compared to 2020.

During 2020, the Covid-19 pandemic has spread throughout the world and significantly affected the logistics and market for salmon. This situation creates significant uncertainty both in terms of consequences and duration. Norway Royal Salmon is monitoring the situation closely and will take corrective action when needed. With Norway Royal Salmon's solid financial foundation and highly competent staff, we are well positioned to get through these challenging times. NRS's operational goal of producing sustainable and healthy food is



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especially important in times like these. We will do everything we can to continue the company's production during the pandemic, without compromising health and safety. NRS is prepared for a reduced demand and continued price pressure for salmon in 2021 but anticipates an improved market situation during 2021.

Trondheim, 10 May 2021

Helge Gåsø
Chair

Eva Kristoffersen
Vice chair

Marianne E. Johnsen

Tom Vidar Rygh

Trude Olafsen

Arnfinn Aunsmo

Karl-Johan Bakken

Charles Høstlund
CEO



Consolidated financial statements

CONSOLIDATED INCOME STATEMENT
COMPREHENSIVE INCOME STATEMENT
STATEMENT OF FINANCIAL POSITION
STATEMENT OF EQUITY
STATEMENT OF CASH FLOW

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ALTERNATIVE PERFORMANCE MEASURES



CONSOLIDATED INCOME STATEMENT

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Operating revenues	1 427 797	1 269 914	5 118 867
Cost of goods sold	1 194 383	1 082 624	4 393 881
Salaries	58 335	40 438	166 995
Depreciation	36 669	23 300	100 747
Other operating costs	78 471	48 761	210 992
Operational EBIT	59 938	74 792	246 252
Fair value adjustments	109 592	2 540	-136 657
Production tax	-5 566	0	0
Income from associates	10 684	17 817	-1 985
EBIT	174 647	95 150	107 609
Gain/loss on financial assets	174 758	-34 618	-8 165
Other net financial items	6 130	-5 386	-26 474
Earnings before tax (EBT)	355 536	55 145	72 970
Taxes	-20 616	-15 831	1 717
Net profit/loss	334 920	39 314	74 687
Profit attributable to:			
Parent company shareholders	303 460	38 686	80 113
Minority interests	31 459	627	-5 426
Earnings per share (NOK)	7,07	0,56	1,86
Earnings per share - diluted	7,07	0,56	1,86

COMPREHENSIVE INCOME STATEMENT

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Net profit/loss	334 920	39 314	74 687
Items to be reclassified to profit or loss:			
Translation differences and OCI posts from associated companies	-17 486	38 391	14 436
Cash Flow hedges (net of tax)	7 458	-47 801	15 098
Items not to be reclassified to profit or loss:			
Actuarial gains on defined benefit plans (net of tax)	0	0	4 018
Total comprehensive income	324 892	29 905	108 239
Total comprehensive income attributable to:			
Parent company shareholders	293 433	29 276	113 666
Non-controlling interests	31 459	627	-5 426

STATEMENT OF FINANCIAL POSITION

(NOK '000)	31.03.2021	31.03.2020	31.12.2020
Intangible assets	1 640 259	749 515	948 616
Property, plant and equipment	3 278 181	1 372 056	2 351 759
Non-current financial assets	395 597	806 819	772 759
Non-current assets	5 314 037	2 928 390	4 073 134
Inventory and biological assets	1 675 818	1 316 319	1 386 281
Receivables	360 629	427 163	316 541
Bank deposits	388 279	58 344	38 753
Current assets	2 424 726	1 801 827	1 741 575
TOTAL ASSETS	7 738 763	4 730 217	5 814 710
Share capital	42 923	43 464	42 919
Other equity	3 329 418	3 291 716	3 048 177
Non-controlling interests	725 921	46 577	39 596
Equity	4 098 261	3 381 757	3 130 692
Pensions	23 703	27 638	23 703
Deferred tax	521 093	367 340	365 569
Provisions	544 797	394 978	389 272
Long-term interest-bearing debt	1 949 274	205 884	1 378 514
Short-term interest-bearing debt	502 712	210 341	226 819
Trade payables	492 708	353 475	617 937
Tax payable	0	0	3 752
Other current liabilities	151 011	183 783	67 723
Current liabilities	1 146 431	747 598	916 231
TOTAL EQUITY AND LIABILITIES	7 738 763	4 730 217	5 814 710

STATEMENT OF EQUITY

31.03.2021 (NOK '000)	Equity allocated to parent company shareholders			Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings			
Equity at 01.01.2021	43 572	-653	3 048 177	3 091 095	39 596	3 130 692
Total comprehensive income	0	0	293 433	293 433	31 459	324 892
Transactions with shareholders						
Share based payment	0	0	360	360	0	360
Net purchase and sale of treasury shares	0	3	-1 045	-1 042	0	-1 042
Non-controlling interests at acquisition	0	0	0	0	500 000	500 000
Share issue	0	0	-10 736	-10 736	154 865	144 130
Equity transactions associated companies	0	0	-772	-772	0	-772
Total transactions with shareholders	0	3	-12 193	-12 189	654 865	642 676
Equity at 31.03.2021	43 572	-650	3 329 417	3 372 339	725 921	4 098 261

31.03.2020 (NOK '000)	Equity allocated to parent company shareholders			Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings			
Equity at 01.01.2020	43 572	-141	3 267 659	3 311 091	45 949	3 357 039
Total comprehensive income	0	0	29 276	29 276	627	29 904
Transactions with shareholders						
Share based payment	0	0	933	933	0	933
Net purchase and sale of treasury shares	0	32	-6 422	-6 390	0	-6 390
Other equity transactions in the group	0	0	-64	-64	0	-64
Equity transactions associated companies	0	0	333	333	0	333
Total transactions with shareholders	0	32	-5 220	-5 187	0	-5 186
Equity at 31.03.2020	43 572	-108	3 291 716	3 335 180	46 576	3 381 758

31.12.2020 (NOK '000)	Equity allocated to parent company shareholders			Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings			
Equity at 01.01.2020	43 572	-141	3 267 658	3 311 089	45 949	3 357 038
Total comprehensive income	0	0	113 666	113 666	-5 425	108 240
Transactions with shareholders						
Dividend	0	449	-106 173	-105 724	-927	-106 651
Share based payment	0	0	3 100	3 100	0	3 100
Other equity transactions in the group	0	0	9 234	9 234	0	9 234
Net purchase and sale of treasury shares	0	-962	-239 308	-240 270	0	-240 270
Total transactions with shareholders	0	-513	-333 147	-333 660	-927	-334 587
Equity at 31.12.2020	43 572	-653	3 048 177	3 091 095	39 596	3 130 692

Statement of cash flow

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Operational EBIT	59 938	74 791	246 252
Adjusted for:			
Taxes paid	-33 856	-38 379	-38 379
Depreciation	36 668	23 300	100 747
Share based payment	360	-5 489	3 100
Pension costs with no cash effect	0	0	1 216
Change in inventories/biological assets	238 032	-5 855	-183 548
Change in account receivables and accounts payables	-284 768	-126 797	245 005
Change in other current assets and liabilities	141 686	110 295	10 154
Net cash flow from operating activities	158 060	31 867	384 548
Cash flow from investing activities			
Payments for purchase of fixed assets and licenses (MAB)	-304 360	-208 873	-1 416 544
Proceeds from realisation of current financial assets (TRS)	0	10 651	44 689
Proceeds from investments in non-current financial assets	0	2 643	17 625
Proceeds from sale of non-current financial assets	0	0	2 644
Net of cash acquired from Arctic Fish	79 171	0	0
Change in loans to associates and others	45 000	-71 696	-98 935
Net cash flow from investing activities	-180 189	-267 275	-1 450 521
Cash flow from financing activities			
Receipts from new non-current debt	300 000	0	1 200 000
Non-current debt repayment	-7 723	0	0
Down payments on right to use liabilities	-14 347	-13 459	-53 489
Interest payments for right to use liabilities	-1 274	-2 271	-6 788
Net change in bank overdraft	-32 096	160 236	178 308
Total proceeds from transactions with treasury shares	-1 042	32	-239 308
Share issue	144 130	0	0
Net interest payments	-15 994	-3 102	-20 139
Dividend payment	0	0	-106 173
Net cash flow from financing activities	371 655	141 436	952 411
Net increase in bank deposits	349 526	-93 973	-113 563
Bank deposits as of start of period	38 753	152 317	152 317
Bank deposits as of 31 March 2021	388 279	58 344	38 753

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting principles

These condensed, consolidated interim financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRSs) and such interpretations as are determined by the EU and published by the International Accounting Standards Board, including the interim reporting standard (IAS 34). The interim financial statements do not include all the information required of an annual financial report and must therefore be read in conjunction with the consolidated financial statements for the 2020 financial year.

The condensed consolidated interim financial statements have not been audited. As a result of rounding differences, numbers or percentages may not add up to the total.

The consolidated financial statements for the Group for the year 2020 are available upon request from the company's head office at Ferjemannsveien 10, Trondheim or at www.norwayroyalsalmon.com.

The Group's accounting principles in this interim report are the same as described in the annual financial report for 2020.

NOTE 2: Operating 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 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 and harvesting activities. The farming business in Norway is located in Troms and Finnmark and the farming business on Iceland is located in the Westfjords area. All transactions between the segments are made at arm length prices. Group management reviews monthly reports in connection with the segments. Performance is evaluated based on operating results (EBIT) per segment.

(NOK '000)	Sales		Farming Norway		Farming Iceland		Eliminations / other		TOTAL	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Total sales revenues	1 228 881	1 269 887	577 357	336 159	168 843	0	30 073	27	2 005 153	1 606 073
Internal sales revenues	0	0	577 357	336 159	0	0	0	0	577 357	336 159
External sales revenues	1 228 881	1 269 887	0	0	168 843	0	30 073	27	1 427 797	1 269 914
Operating costs	1 217 422	1 278 900	511 615	237 727	147 322	0	-508 500	-321 504	1 367 859	1 195 123
Operational EBIT	11 460	-9 013	65 742	98 433	21 521	0	-38 784	-14 627	59 938	74 792
Fair value adjustments	11 261	3 860	58 059	-1 320	40 272	0	0	0	109 592	2 540
Production tax	0	0	-4 649	0	-917	0	0	0	-5 566	0
Income from associates	0	0	0	0	0	0	10 684	17 817	10 684	17 817
EBIT	22 721	-5 153	119 152	97 113	60 875	0	-28 100	3 190	174 647	95 150
EBT	24 835	-6 636	112 921	84 967	78 157	0	139 623	-23 187	355 536	55 145
Volume harvested (HOG)			11 623	5 409	3 793				15 416	5 409
Operational EBIT per kg			5,66	18,20	5,67				5,66	18,20
Volume sold	21 463	17 900							21 463	17 900
Operational EBIT per kg	0,53	-0,50							0,53	-0,50
- of which gain on fixed-price contracts per kg.	0,32	-0,41							0,32	-0,41

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass

In accordance with IAS 41, the biomass is recognised at fair value. The fair value is calculated in accordance with IFRS 13. For salmon a present value model is applied to estimate fair value. For roe and smolt, historical cost provides the best estimate for fair value. Adjustments to the fair value of the biomass are presented on a separate line in the income statement. 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. The discount factor for Norway is 5% and for Iceland 2%. 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 price is further adjusted for expected harvest costs (well boat, harvest and packing), transport to Oslo and the governmental production tax. Adjustments for expected size differences and quality differences are also made. The adjustment in relation to the reference price is done at site level.

Book value of inventory:

(NOK '000)	31.03.2021	31.03.2020	31.12.2020
Raw materials	46 868	23 882	36 372
Biological assets freshwater	41 510	0	0
Biological assets fish in sea	1 491 471	1 243 001	1 282 006
Finished goods	95 969	49 437	67 903
Total inventory	1 675 818	1 316 319	1 386 281

Specification of the biological assets fish in sea:

(NOK '000)	31.03.2021	31.03.2020	31.12.2020
Biological assets at cost	1 277 267	1 026 053	1 172 790
Fair value adjustments of the biomass	214 204	216 948	109 216
Book value biological assets fish in sea	1 491 471	1 243 001	1 282 006

Specification of biological assets fish in sea- tonnes

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Opening balance biological assets	29 861	26 033	26 033
Increase due to Arctic Fish consolidation	10 513	0	0
Increase due to fish put in the sea	229	216	1 342
Increase due to production in the period	10 445	6 765	41 309
Reduction due to mortality in the period	-978	-821	-2 843
Reduction due to harvesting in the period	-17 820	-6 439	-35 980
Non-recurring events and other	-159	0	0
Closing balance biological assets fish in sea	32 090	25 754	29 861
Biological assets fish in sea Norway	23 505	25 754	29 861
Biological assets fish in sea Iceland	8 585	0	0

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass, continued

Specification of changes in book value of biological assets fish in sea:

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Opening balance biological assets	1 282 006	1 231 661	1 231 662
Increase due Arctic Fish consolidation	375 975	0	0
Increase due to production in the period	314 116	222 414	1 322 815
Non-recurring events and other at cost	-16 281	0	0
Reduction due to harvesting in the period	-562 677	-209 755	-1 163 419
Fair value adjustments of the biological assets	98 332	-1 320	-109 052
Closing balance biological assets fish in sea	1 491 471	1 243 001	1 282 006
Closing balance biological assets fish in sea Norway	1 131 251	1 243 001	1 282 006
Closing balance biological assets fish in sea Iceland	360 220	0	0

Fair value adj. of biological assets in the consolidated income statement

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Fair value adjustments of the biological assets	237 036	213 866	426 701
Fair value adjustments of the harvested fish	138 704	215 186	535 753
Total fair value adj. of biological assets in the cons. income statement	98 332	-1 320	-109 052

NOTE 3: Biomass cont.

Groups of biological assets fish in sea, status as of 31.03.2021	Number of fish (1000)	Biomass (tonnes)	Costs	Fair value adjustments	Book value
Smaller than 1 kg	4 713	2 764	216 277	10 702	226 978
1-4 kg	7 665	15 447	621 922	113 000	734 922
Larger than 4 kg	3 160	13 879	439 068	90 503	529 571
Biological assets	15 538	32 090	1 277 267	214 204	1 491 471

Groups of biological assets fish in sea, status as of 31.03.2020	Number of fish (1000)	Biomass (tonnes)	Costs	Fair value adjustments	Book value
Smaller than 1 kg	3 878	1 780	151 680	34 182	185 862
1-4 kg	7 874	16 417	649 512	144 395	793 906
Larger than 4 kg	1 551	7 557	224 862	38 371	263 233
Biological assets	13 304	25 754	1 026 054	216 947	1 243 001

Groups of biological assets fish in sea, status as of 31.12.2020	Number of fish (1000)	Biomass (tonnes)	Costs	Fair value adjustments	Book 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

Fish Pool forward prices used in the calculation of the fair value of the biomass

31.03.2021	NOK/kg	31.03.2020	NOK/kg	31.12.20120	NOK/kg
Q2 21	62,20	Q2 20	53,90	Q1 21	50,33
Q3 21	53,08	Q3 20	53,50	Q2 21	58,90
Q4 21	56,32	Q4 20	54,70	Q3 21	53,67
Q1 + Q2 22	62,30	Q1 + Q2 21	64,70	Q4 21	55,83
Q3 + Q4 22	54,17	Q3 + Q4 21	56,70	Q1 + Q2 22	54,62

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: Non-recurring events

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.

Non-recurring event 1)	Q1 2021			Q1 2020		
	Cost	Fair value adjustments	Fair value	Cost	Fair value adjustments	Fair value
Culling of fish due to winter wounds	-16 257	0	-16 257	0	0	0
Destruction of smolt	-1 451	0	-1 451	0	0	0
Biological assets	-17 708	0	-17 708	0	0	0

1) Non-recurring events are not allocated to the segments.

NOTE 5: Fair value adjustments

Fair value adjustments which are a part of the Group's EBIT, is presented on a separate line in order to give a better understanding of the Group's operating profit from goods sold. The item consists of:

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Change in fair value adjustments of the biomass	98 331	-1 320	-109 052
Change in provision for onerous sales contracts	-13 835	3 860	3 860
Change in unrealised gains/losses on financial Fish Pool contracts	25 096	0	-31 466
Total fair value adjustments	109 592	2 540	-136 657

The fair value adjustments has the following effect in the balance sheet:

(NOK '000)	31.03.2021	31.03.2020	31.12.2020
Fair value adjustments biomass (inventory and biological assets)	214 204	216 948	109 216
Provision for onerous sales contracts (other current liabilities)	-13 835	0	0
Fair value of financial Fish Pool contracts (other receivables/other current liabilities)	-6 370	0	-31 466
Net fair value adjustments in the balance sheet	193 999	216 948	77 750

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: Related parties

The Group conducts transactions on normal terms with associates and suppliers who are also Norway Royal Salmon shareholders. This applies to the purchase of harvested fish and smolts. Purchase of smolt and fish are made at market price. The Group purchase harvesting services from one of the Group's associates. Harvesting services are purchased at market terms. Administrative services are also purchased from one of the Group's associated companies. The Group rents a private car parking space from CEO Charles Høstlund.

All services and goods are purchased at arm length prices. The table below shows figures from continued operations. The Board is not aware of any changes or transactions in Q1 21 associated with related parties that in any significant way have an impact on the Group's financial position and profit for the period.

Goods and services purchased:
(NOK '000)

	Q1 2021	Q1 2020	FY 2020
Associates - products purchased	35 830	51 741	475 239
Associates - services purchased	1 829	1 591	25 661
Companies controlled by large shareholder - products purchased	10 168	10 168	618 361
Companies controlled by large shareholder - services purchased	68 326	70 061	46 837
Chief Executive Officer - services purchased	6	-	8
Total goods and services purchased from related parties	116 159	133 562	1 166 105

Share-based incentive schemes

Norway Royal Salmon has a share-based bonus scheme for the Group Management and key personnel and has been approved by the Board. 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. The exercise price will be adjusted for dividends and changes in holdings of treasury shares.

The scheme introduced in 2018 ceased as on 20 March 2020, the scheme from 2019 runs until 20 March 2021. These schemes shall not exceed a year's salary.

The scheme introduced on 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.

	Program introduced in 2019	Program introduced in 2020	All programs
Change in number of options			
At 31 December 2020	366 223	0	366 223
Exercised in the year	-305 847	0	-305 847
Allocated during the year (new program)	0	216 934	216 934
Terminated	-60 376	-14 813	-75 189
Number of options at 31 March 2021	0	202 121	202 121
Exercise price	197,48	197,04	
Number of employees in the program at 31 March 2021	0	31	31

NOTES TO THE FINANCIAL STATEMENTS

NOTE7: Investments in associates

(NOK '000)	Shareholding	Book value 01.01.2021	Share of profit/loss in the period after tax	Other changes	Book value 31.03.2021	Share of volume harvested - tonnes HOG 31.03.2021 ¹⁾
Arctic Fish ehf ²⁾	50,00 %	342 703	0	-342 703	0	0
Wilsgård Fiskeoppdrett AS	37,50 %	168 541	4 176	-772	171 945	230
Måsøval Fishfarm AS ³⁾	36,10 %	44 909	223	0	45 132	146
Hellesund Fiskeoppdrett AS	33,50 %	124 392	7 359	0	131 751	287
Nordnorsk Smolt AS	50,00 %	41 263	-1 074	0	40 190	0
Other		48	0	0	48	0
Total associates Q1 2021		721 856	10 684	-343 475	389 065	664
Total associates Q1 2020		607 885	17 818	36 085	661 787	1 195

¹⁾ The harvested volume comprises NRS' share of the harvested volume of associates

²⁾ During the first quarter 2021, NRS has surpassed majority ownership of Arctic Fish. Hence, Arctic Fish was from the 1 January 2021 consolidated into the Norway Royal Salmon Group. See note 10 Business Combination for further information.

³⁾ Norway Royal Salmon announced that an agreement to sell its 36.1 % stake in the associated company Måsøval Fishfarm AS to Måsøval Fiskeoppdrett AS, who owns the remaining 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.

The Group's associated companies own together nine fish farming licenses in Norway

The consolidated financial statements include the Group's share of results from associates according to the equity method. The equity method is regarded as consolidation method. When associates own shares in Norway Royal Salmon ASA, which are treated as treasury shares in the consolidated financial statements. The fair value of the shares owned by the associates in Norway Royal Salmon ASA has therefore not been recognized in the consolidated financial statements.

Associates that own shares in NRS as at 31 March 2021:

	NRS' shareholding in associate	Number of shares	Fair value 1)	NRS' share of fair value
Hellesund Fiskeoppdrett AS	33,50 %	1 683 406	343 078	114 931
Totalt		1 683 406	343 078	114 931

¹⁾ Fair value is calculated as the closing price of <https://live.euronext.com/en/markets/oslo> on the balance sheet date for the Norway Royal Salmon share multiplied by the number of shares.

NOTE8: Bank covenants and financing

The Group's main borrowing covenants is one requiring an equity ratio of at least 30 per cent, adjusted for IFRS 16 effects, and another requiring that the short-term credit facility shall not exceed 75 per cent of the carrying value of inventory and accounts receivables. At the end of Q1 2021 the Group is in compliance with the terms of its loan agreements. Please refer to a specification shown in the alternative performance measures for the NIBD composition.

Consolidating Arctic Fish as of 1 January increases the credit facilities with MNOK 670. The Arctic Fish Group has independent financing scheme with own covenants.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: Shareholders

Ownership structure – the 20 largest shareholders as at 31.03.2021:

Shareholder	Antall	Eierandel
NTS ASA	7 066 917	16,22 %
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	1 505 828	3,46 %
NYHAMN AS	1 431 516	3,29 %
THE NORTHERN TRUST COMP, LONDON BR	1 431 042	3,28 %
RBC INVESTOR SERVICES TRUST	920 208	2,11 %
BROWN BROTHERS HARRIMAN & CO.	714 884	1,64 %
NORWAY ROYAL SALMON ASA	650 110	1,49 %
BNP PARIBAS SECURITIES SERVICES	450 000	1,03 %
STATE STREET BANK AND TRUST COMP	433 245	0,99 %
STATE STREET BANK AND TRUST COMP	391 135	0,90 %
JPMORGAN CHASE BANK, N.A., LONDON	305 895	0,70 %
JPMORGAN CHASE BANK, N.A., LONDON	305 150	0,70 %
THE BANK OF NEW YORK MELLON	301 314	0,69 %
MP PENSJON PK	290 539	0,67 %
THE BANK OF NEW YORK MELLON	204 788	0,47 %
Total 20 largest shareholders	36 234 229	83,16 %
Total other shareholders	7 337 962	16,84 %
Total no. of shares	43 572 191	100,00 %
NORWAY ROYAL SALMON ASA (Treasury shares)	650 110	1,49 %
Total no. of outstanding shares	42 922 081	



NOTES TO THE FINANCIAL STATEMENTS

Note 10. Business combinations

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 contribution in kind 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.

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 below 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	01.01.2021
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	Book value*	Adjustment to fair value	Fair value
	01.01.2021		01.01.2021
Licences	34 297	651 494	685 791
Property, plant & equipment	559 988		559 988
Other non-current assets	626		626
Biological assets	429 237		429 237
Other current assets	34 528		34 528
Cash & cash equivalents	79 171		79 171
Deferred tax assets/liabilities	-2 506	-130 299	-132 805
Other non-current liabilities	-245 184		-245 184
Current liabilities	-411 352		-411 352
Net identifiable assets and liabilities	478 805	521 195	1 000 000

* Book value 01.01.2021 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 at 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 %.

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 and bank deposits. 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 '000)	31.03.2021	31.03.2020	31.12.2020
Reported long-term interest-bearing debt	1 949 274	205 884	1 200 000
Reported short-term interest-bearing debt	502 712	210 341	227 026
Interest-bearing long-term receivables	0	-75 166	178 307
Reported bank deposits	-388 279	-58 344	-83 753
Total net interest bearing debt	2 063 707	282 714	1 521 580
Lease liabilities (IFRS 16 effects)	-289 759	-255 989	-227 026
NIBD according to bank covenant	1 773 948	26 725	1 294 554

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 '000)	31.03.2021	31.03.2020	31.12.2020
Reported equity	4 098 261	3 381 757	3 130 692
Reported total assets	7 738 763	4 730 217	5 814 710
Equity ratio	53,0 %	71,5 %	53,8 %

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 measure is calculated before unallocated costs and extraordinary events, fair value adjustments, income from associated companies, financial expenses and taxes. The measure is expressed per kg harvested volume.

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Operational EBIT	77 646	74 792	246 252
Unallocated expenses	38 784	14 627	56 227
Non-recurring events (note 4)	-17 708	0	0
Operational EBIT	98 723	89 420	302 479
Harvested volume (tonnes)	15 416	5 409	30 509
Operation EBIT per kg	6,40	16,53	9,91

Alternative performance measures (cont.)

Operational EBIT per kg (Segment)

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 segments. The measure is calculated before extraordinary events, fair value adjustments, income from associated companies, financial expenses and taxes. The measure is expressed per kg harvested volume. The measure is shown both before and after loss on open fixed-price contracts.

Operational EBIT per kg FARMING NORWAY

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Operational EBIT (segment, note 2)	65 742	98 433	215 186
Share of operational EBIT Sales allocated excl. Contracts	4 494	-1 721	-4 631
Operational EBIT excl. Contracts	70 236	96 712	210 555
Loss(-) / Gain(+) on open fixed-price contracts	6 966	-7 292	91 924
Operational EBIT	77 201	89 420	302 479
Harvested volume (tonnes)	11 623	5 409	30 509
Operational EBIT per kg excl. Contracts	6,04	17,88	6,90
Operational EBIT per kg	6,64	16,53	9,91

Operational EBIT per kg FARMING ICELAND

(NOK '000)	Q1 2021
Operational EBIT (segment, note 2)	21 521
Share of operational EBIT Sales	0
Operational EBIT excl. Contracts	21 521
Loss(-) / Gain(+) on open fixed-price contracts	0
Operational EBIT	21 521
Harvested volume	3 793
Operational EBIT per kg excl. Contracts	5,67
Operational EBIT per kg	5,67

Production cost per kg (per segment)

Production cost per kg is defined as a central performance measure for Norway Royal Salmon ASA. The performance measure is used to evaluate the profitability of sold goods per segment. The measure is expressed per kg harvested volume (tonnes HOG)

Production cost per kg FARMING NORWAY

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Production cost (segment, note 2)	511 615	237 727	1 314 182
Harvested volume (tonnes)	11 623	5 409	30 509
Production cost per kg Region North	44,02	43,95	43,08

Production cost per kg FARMING ICELAND

(NOK '000)	Q1 2021
Production cost (segment, note 2)	147 322
Harvested volume (tonnes)	3 793
Production cost per kg Region North	38,84

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 '000)	Q1 2021	Q1 2020	FY 2020
Majority share of net result for the period	303 460	24 525	80 113
Majority share of fair value adjustments of biomass after tax	-65 303	-350	79 876
Fair value of sales contracts and Fish Pool contracts after tax (in its entirety, the majority share)	-8 784	-3 011	23 847
Majority share of fair value-adjusted result for the period	229 374	21 164	183 836
Weighted average number of ordinary shares outstanding	42 919 231	43 435 306	43 076 909
Fair value-adjusted earnings per share	5,34	0,49	4,27