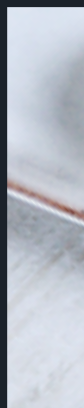




# ANNUAL REPORT 2021





# One Lerøy

Together we create

In our fully integrated value chain – covering more than 60 companies and close to 5,500 employees – we work together to create the world's most efficient and sustainable value chain for seafood.

**Henning Beltestad**  
CEO  
Lerøy Seafood Group

View of Kongsfjord's catch deck during fisheries at Haltenbanken.



**Financial calendar 2022**

Interim report Q1: 13 May 2022

Annual general meeting: 23 May 2022

Interim report H1: 24 August 2022

Interim report Q3: 15 November 2022

Interim report Q4: 21 Februar 2023

## Key figures for Lerøy Seafood Group

All figures in NOK 1,000	2021	2020	2019	2018
LSG stock price last annual trading day	69.00	60.56	58.30	65.94
Dividend paid per share (distribution year)	2.00	1.50	2.00	1.50
Dividend per share for payment following year	2.50	2.00	1.50	2.00
Cash flow from operating activities per share	6.33	3.97	4.80	4.67
Diluted cash flow from operating activities per share	6.33	3.97	4.80	4.67
NIBD	3,297,487	3,520,768	2,641,431	2,546,412
Equity ratio	56.5 %	58.5 %	58.8 %	60.4 %
Harvest volume (GWT)	186,635	170,849	158,178	162,039
Catch volume in tonnes (HOG)	71,521	68,419	62,497	66,255
Operating revenue	23,073,280	19,959,652	20,426,902	19,837,637
<b>Key figures before fair value adjustments related to biological assets</b>				
EBITDA before fair value adjustments	3,777,516	3,108,795	3,746,276	4,228,205
Operating profit (EBIT) before fair value adjustments	2,518,783	1,949,655	2,734,235	3,568,536
Pre-tax profit before fair value adjustments	2,440,339	1,869,301	2,717,911	3,696,982
Operating margin before fair value adjustments	10.9 %	9.8 %	13.4 %	18.0 %
Profit margin before fair value adjustments (pre-tax)	10.6 %	9.4 %	13.3 %	18.6 %
ROCE before fair value adjustments (annualised)	12.4 %	10.5 %	15.5 %	22.3 %
Earnings per share before fair value adjustments	3.08	2.46	3.48	4.90
EBIT/kg before fair value adjustments	13.5	11.4	17.3	22.0
EBIT/kg exclusive Wildcatch, before fair value adjustments	11.4	10.2	15.5	19.6
<b>Fair value adjustments related to biological assets</b>				
Fair value adjustments related to consolidated companies' inventory (before tax)	1,085,304	-826,751	-333,703	754,938
Fair value adjustments related to associates' inventory (after tax)	6,022	-55,666	-18,726	-2,959
<b>Key figures after fair value adjustments related to biological assets</b>				
EBITDA	4,856,421	2,280,492	3,412,573	4,983,143
Operating profit (EBIT)	3,604,087	1,122,903	2,400,532	4,323,474
Pre-tax profit	3,531,665	986,884	2,365,482	4,448,961
Operating margin	15.6 %	5.6 %	11.8 %	21.8 %
Profit margin (pre-tax)	15.3 %	4.9 %	11.6 %	22.4 %
ROCE	17.0 %	5.9 %	12.9 %	25.3 %
Earnings per share	4.42	1.33	3.12	5.77

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# 01

## About the Group

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## History

Lerøy Seafood Group can trace its operations back to the end of the 19th century, when fisherman-farmer Ole Mikkel Lerøy started selling live fish at the fish market in Bergen. The fish was hauled in corfs behind Ole Mikkel Lerøy's rowing boat from the island of Lerøy to the fish market in Bergen, a journey that could take between six and twelve hours, depending on prevailing winds and currents.

Ole Mikkel Lerøy's activities came to include retail sales in Bergen, the sale of live shellfish and a budding export business. In 1939, two of his employees, Hallvard Lerøy Sr. and Elias Fjeldstad, established a wholesaler and seafood export company – Hallvard Lerøy AS. In time, the company invested in a facility where they could receive pelagic fish, in white fish and in fish farming. Poor results and thin capitalisation forced the company to close down or sell these operations in the early 1990s in order to safeguard what was then its core business: wholesale and exports. In 1994, the company carried out a last emergency share issue and started the process of re-establishing a healthy business. At that time, the company's equity was valued at NOK 20 million, prior to an issue worth NOK 5 million.

### New strategy

The potential for growth within fish farming and increasing customer requirements necessitated a radical change in the Group's business concept and strategy. Up to 1997, the Group was a family-owned operation. In 1997, however, a private placing with financial investors was carried out for the first time, aiming to develop the Group in every part of the value chain. This was the start of what was to become a series of major investments within fish farming. In 1999, the company acquired a minority interest in what was then Hydrotech-Gruppen AS. In the summer of 2001, Norskott Havbruk AS was founded with the sole purpose of acquiring Golden Sea Products, now Scottish Sea Farms Ltd., in the Great Britain.



“ Our fully integrated value chain ensures stability, quality and traceability, and even more efficient work on sustainability throughout the organisation.”

– Henning Beltestad, CEO

### Access to capital and expertise

The Group was listed on Oslo Stock Exchange in June 2002, providing access to the capital market for the Group and thereby strategic financial room to manoeuvre. Sufficient access to capital, in addition to expertise, have been critical factors in developing the Group from a wholesaler/seafood exporter to what is now a global and fully integrated seafood corporation. At the turn of the new millennium, large parts of the fish farming industry were seriously undercapitalised and suffering from the impact of a short-term perspective and a lack of risk management. Lerøy was in a good position in August 2003 when we purchased Nye Midnor AS as it was then called – the company that now makes up the main share of Lerøy Midt AS. The Group went on to acquire Lerøy Aurora AS in 2005, the remaining shares in Hydrotech-Gruppen AS in 2006, Lerøy Vest in 2007 via a business combination, and a majority shareholding in Sjøtroll Havbruk AS in 2010. The acquisition and demerger of Villa Organic were conducted in 2013 and 2014. The above-mentioned companies, a number of minor acquisitions, highly skilled local management and organic growth have allowed Lerøy to develop into one of the world's largest producers of Atlantic salmon and trout.

### Investments in processing

The Group has over time made substantial investments within the VAP, Sales & Distribution segment. These investments in VAP have provided more room for manoeuvre in relation to the sale of own-produced salmon and trout,



// Ever since its very foundation, the Group has taken a pioneering role within a number of areas in the Norwegian, and subsequently international, seafood industry."

created a wider product range and opened the door to new markets.

The Group made their ambitions clear in 2002 with the investment in fish-smoking capacity in Sweden (Lerøy Smøgen). They went on in 2005 to invest in a processing facility for whitefish in Bulandet (Bulandet Fiskeindustri) in order to further expand their product range. In 2006, the Group expanded its high-value processing plant for trout and salmon on the island of Osterøy (Lerøy Fossen). The Group's acquisition of 50.1% of the shares in the Dutch seafood company Rode Beheer BV Group took place in 2012. The remaining 49.9% was acquired in 2016. The Group has subsequently gone on to expand capacity at all its existing plants. Lerøy Seafood Center in Urk, the Netherlands (construction start 2017) is a factory built with a focus on a very high level of automation and technological innovations in the production of smoked and freshly packaged products, and is today one of the most modern factories for these types of products in Europe. Unfortunately, the framework conditions for industrial development in Norway have become steadily worse. This has resulted in production increasingly being outsourced from Norway to low-cost countries, but Lerøy has made significant investments along the coast of Norway to counteract this trend. Automation is frequently a key element in these investments. One good example of this is the new state-of-the-art factory on the island of Jøsnøya in Hitra, where production started in 2018.



From the edge of the cage at Lerøy Midt's Reitholmen locality

#### Wild catch and whitefish industry

2017 will go down as one of the most important years in the company's long history. With the acquisition of 100% of the shares in the trawler company Havfisk ASA (now Lerøy Havfisk ASA) and 100% of the shares in Norway Seafoods AS (now Lerøy Norway Seafoods AS) in the autumn of 2016, the Group embarked on a new and exciting journey. In 2017, whitefish was fully integrated into the Group's well-established value chain. Since then, the Group has consecutively invested in both new, modern trawlers and industrial facilities. Lerøy is now a fully integrated company, having achieved control of the entire value chain for a full range of seafood products – from the sea to the consumer.

#### Innovator within seafood

Ever since its very foundation, the Group has taken a pioneering role within a number of areas in the Norwegian, and subsequently international, seafood industry. The main focus has primarily been on developing markets for seafood. The Group has repeatedly been the first to launch on new markets, or to commercialise new species. One of the main goals for the Group is to be an innovator within seafood, and preferably in cooperation with the end customer. This is important not only within product development, but also in other areas such as the development of efficient logistics and distribution. This pioneering spirit is still very much alive in the Group.

#### Reaching new markets

The Group's ambition to increase demand for seafood in the form of new products for new markets has always

been the driving force behind the Group's investments in the VAP, Sales & Distribution segment. This segment not only sells its own production of salmon, trout and whitefish, but also collaborates actively with third parties, ensuring a wide product range for the Group within seafood. In Q2 2021, Lerøy increased its shareholding in the company Seafood Denmark from 33% to 78%. As a result, Lerøy is now one of the largest seafood distributors in Denmark. In the spring of 2022, the new seafood centre will open in Kungälv, just north of Gothenburg in Sweden.

In recent years, the Group has also made significant investments in factory capacity, in order to be at the forefront of the "revolution" within the distribution of fresh seafood. These investments have been made in what are known as "fish-cuts", processing facilities where proximity to the customer is key. The distribution of fresh seafood requires quality throughout the entire organisation, flexibility, continuity in supply and a high level of service. Today, the Group has a number of fish-cut facilities across Europe. Lerøy Spain has achieved an impressive development within ready-to-eat meals and sushi. Over the past five years, the company has built factories in Madrid, Barcelona, Valencia, Alicante and Gran Canaria. In the spring of 2021, the company opened its first factory in Italy, in Porto Viro, south of Venice. The Group currently sells seafood to more than 80 markets worldwide.



## Sustainable seafood producer

Lerøy works continuously on sustainability in every part of the value chain, and we focus on different areas related to:

- Environment and Climate
- Society
- Economy

Our perpetual focus on improvements within these areas continued in 2021.

The Group has carried out a number of projects within environmental sustainability, such as establishing Science-Based Targets for the whole Group in line with the 1.5-degree target, electrification of barges and boats, participation in the Green Shipping Programme and projects related to air transport and fish feed. The Group has also worked on reducing food waste and plastic that cannot be recycled or reused, projects involving fish health and fish welfare, lice, various certification schemes and raw materials for feed. We have continued to work on ensuring we do not contribute to deforestation when producing raw materials for feed, and we invest resources in identifying new alternative raw materials for fish feed.

We have carried out a number of initiatives within social sustainability in 2021. The Group has provided comprehensive leadership training programmes both in Norway and abroad, in addition to our annual employee survey – Great Place to Work. We have implemented a new eLearning platform and started using a new tool for supplier follow-up. We have also conducted economic impact analyses for all our operations in Norway, started a comprehensive project linked to HSE and established various platforms for collaboration with local communities and other stakeholders. We have created an external whistleblowing channel allowing whistleblowers to be anonymous on our website [leroyseafood.com](http://leroyseafood.com).

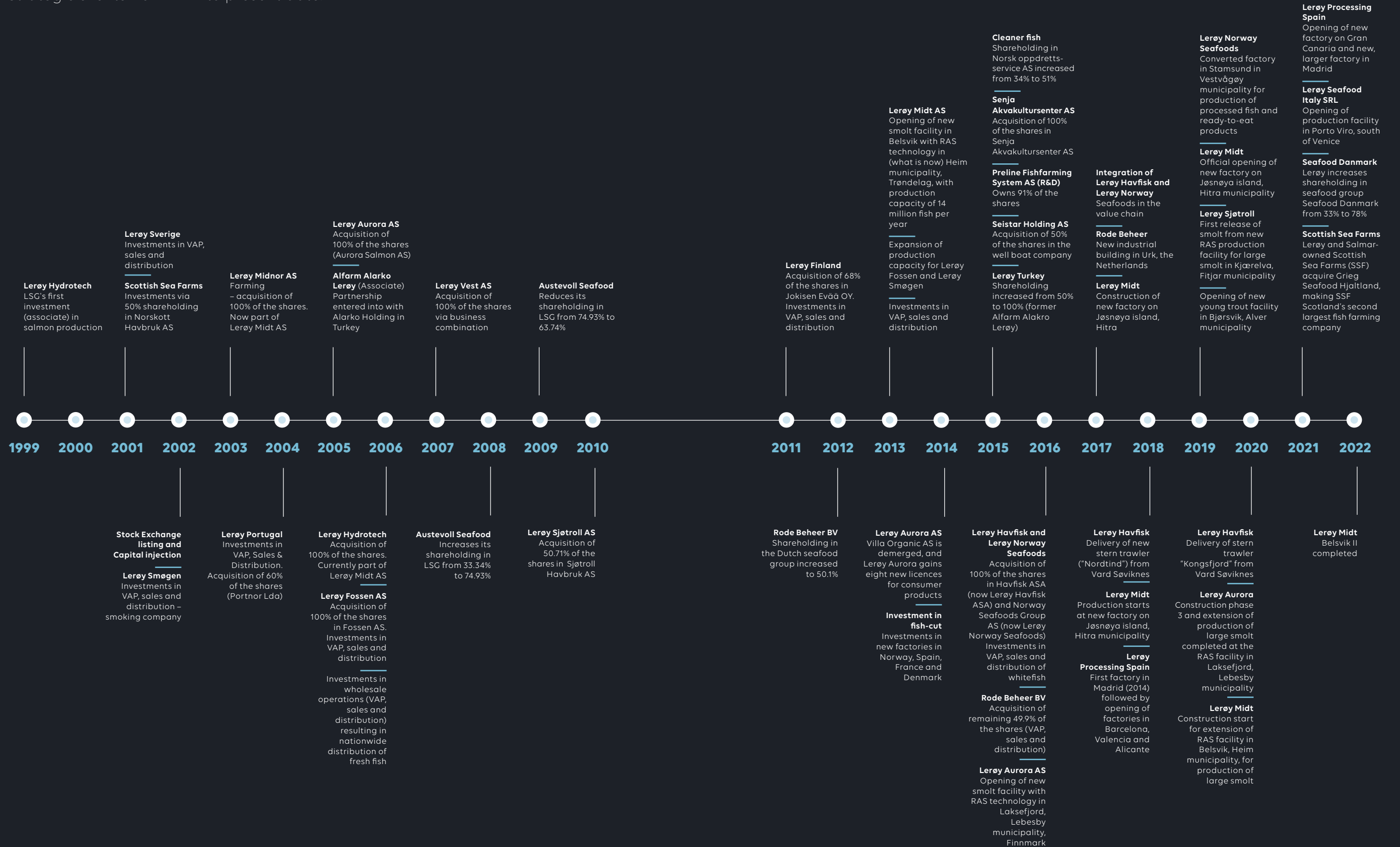
2021 was another difficult pandemic year, but our results have once again shown that the Group's business model is financially sustainable. The strong market position for seafood and the unique expertise in the organisation ensure that we are well-equipped for such challenges. At the start of 2022, Lerøy is uniquely positioned for further sustainable growth and development.

Overview image of Lerøy Kjærelva, a post-smolt facility with recycling technology (RAS) where 99 percent of the water used is recycled.



# Important events

Strategic events from 1999 to present date.

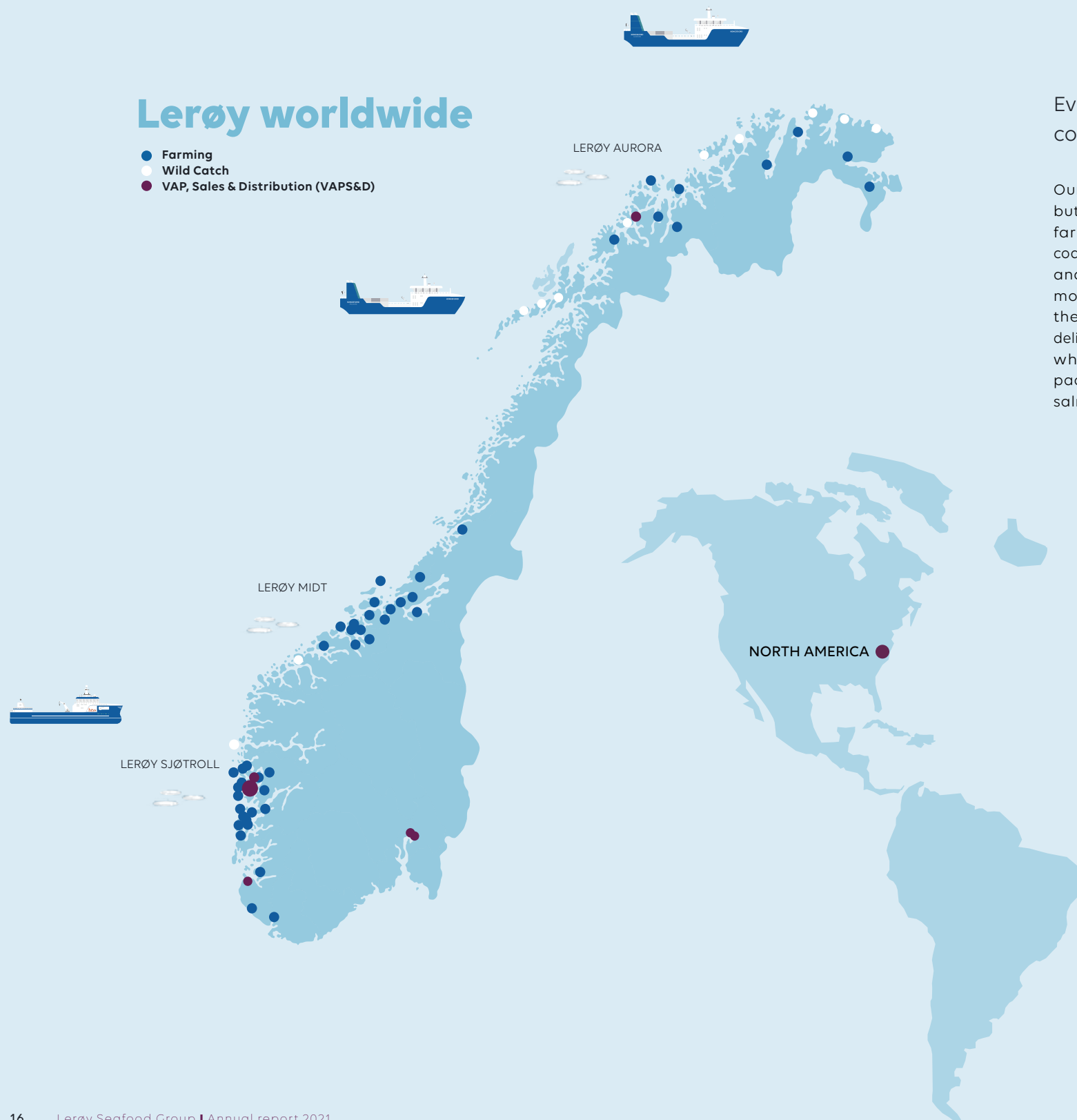




# Local roots, global perspective

## Lerøy worldwide

- Farming
- Wild Catch
- VAP, Sales & Distribution (VAPS&D)



Every day, our 5,500 employees contribute to the supply of Norwegian seafood corresponding to five million meals to more than 80 different markets.

Our main office is located in Bergen, but we have fishing vessels and fish farms in operation along the entire coast of Norway. Lerøy owns 10 trawlers and receives regular deliveries from more than 600 vessels fishing along the coast. These vessels make daily deliveries of whitefish to onshore stations, where the fish is processed and packaged, while well boats transport salmon and trout from our fish farms

in North Norway, Central Norway and West Norway to packeries for processing. In addition to our production and packaging plants in Norway, we have production and distribution in Sweden, Denmark, Finland, France, the Netherlands, Portugal, Spain, Italy and Turkey.

The fisherman-farmer, Ole Mikkel Lerøyen, who would row to the fish market in

Bergen to sell live fish at the end of the 19th century, probably had no concept of what he was starting – a commercial enterprise that 120 years later would be serving the entire world 1.8 billion seafood meals every year.

Today, Lerøy is a world-leading seafood corporation, supplying thousands of different products to shops, restaurants, canteens and hotels worldwide.

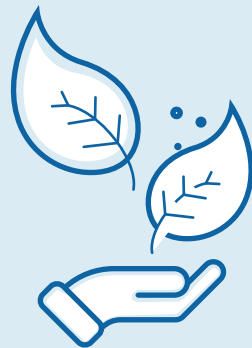






## Vision

We will become the most profitable global supplier of sustainable high-quality seafood



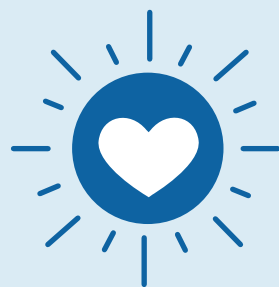
## Environmental vision

Take action today to make a difference tomorrow



## Vision, quality and sustainability

Safe, sustainable, quality seafood



## Values

Honest  
Open  
Responsible  
Creative

# Values for the future

Our employees are the Group's most important resource. Every single day, all year round, our employees supply seafood amounting to five million meals in more than 80 countries. Together, we provide healthy and delicious high-quality seafood to customers and consumers worldwide, allowing us to make forward-looking and sustainable use of the resources in the sea. We are proud of our interaction with all our employees throughout the value chain and with our partners, and we are proud of our contributions to society.

Lerøy is part of a global industry subject to continuous developments and extremely tough competition. We are

grateful to have so many talented and flexible employees who are willing to learn on our team, helping us achieve our vision, reach our goals and reinforce the "One Lerøy" culture moving forward.

Earnings for Lerøy over the past five years have been good from an historic perspective. At the same time, we know there is major room for improvement. As a fully-integrated seafood company, we gain unparalleled opportunities to drive the development of our value chain and product categories, in collaboration with key end customers worldwide. The future development of our company will be determined by our ability to achieve continuous

improvements, increased efficiency, innovation and development of sustainable solutions throughout the value chain. If we are to sustain our competitive strengths in an industry exposed to global competition, we have to work extremely hard to develop our operations, keeping the customer in mind at all times and basing our activities on our values. In 2017, we started the process of developing a system for continuous improvement (the Lerøy Way) tailored to our operations. The Lerøy Way was implemented after a year in which we reported record-high results, and represents our guiding principles for how to improve together as one company – One Lerøy.

## One Lerøy

Unique alone  
stronger together

By standardising and working more closely together as One Lerøy, the Group will be better able to utilise strategies and opportunities across the organisation. This will deliver

more efficient operations across the value chain, increased synergies, improve expertise sharing, increase long-term value creation and create a winning culture.

Together, we shall create the world's most efficient and sustainable value chain for seafood.

### The company's core values

Lerøy Seafood Group's core values are to be honest, open, responsible and creative. These values are based on the Group's vision to become the world's leading and most profitable global supplier of sustainable quality seafood.

It is important to ensure that every employee is familiar with the Group's values and what these imply. We have therefore translated our values into the local language in each country where we have operations, making sure they are easily available for all employees online, on our Intranet and in brochures.

For us, it is important that our values guide all our actions. We therefore launched the Lerøy leadership standard in 2020, based on the Group's values. We also measure the extent to which we live up to our values via an annual employee survey sent to every company in the Group.



# A strong year for a strong Group experiencing strong growth

Lerøy can look back on a year of record-high revenue and a strong and positive development, both on the markets and in terms of our own cultural and organisational development. At Lerøy, we create values from a perpetual perspective. This has impacted the choices we have made and produced the results we can now see.

Two years of the COVID-19 pandemic have had an effect on the working day for every employee at Lerøy. We have seen how the COVID-19 restrictions and general anxiety and fear have affected demand and value chains. After a difficult year in 2020 with a slight fall in revenue, we made a strong comeback in 2021 with a year that produced the highest revenue in the Group's history. This result is obviously strongly linked to the development in the global seafood markets, but these two years have also represented a stress test for the entire organisation, and we have passed with flying colours.

Lerøy's values – open, honest, responsible and creative – shall lay the foundations for everything we do to achieve our goal of creating the world's most efficient and sustainable value chain for seafood. Stable growth is a fundamental driver for Lerøy, but all growth and all development must be viewed from a perpetual perspective and a value chain perspective. Over the past 20 years, we have transformed from a single sales company to close to 70 companies making up a fully integrated value chain, thanks to major investments and gradual developments. Why did we do this? We have made this transformation in order to ensure stability, quality and traceability at every stage of the value chain, and to ensure that our customers experience us as secure, quality-conscious and positive partner. We have also made the transformation so that we can work even more effectively on sustainability throughout the organisation.

Moving ahead, we will mainly be focusing on exploiting our full potential by means of our in-house programme for continuous improvement. This methodology is derived from our own experiences combined with improvement methods from other successful companies: Lerøy Way is based on the most well-established techniques, but adapted to our requirements.

The Group's most important resource for success is its employees. This work has been reinforced in recent years under the slogan "One Lerøy – unique alone, stronger together". We work strategically on our own management development programmes and employee surveys, and these are followed up systematically. We are delighted to see a strong positive development in results from these measures for practically all parameters measured. Lerøy's employees are proud of their jobs and of what we create together. We have a strong culture of pride and camaraderie at Lerøy, providing a fantastic basis for further development and moving towards our joint objectives.

We have invested resources over a number of years in making the industry and Lerøy more attractive to younger candidates seeking a career in the seafood industry. This is vital if we are to ensure the right competencies for the future. We have therefore made conscious efforts to profile Lerøy as an attractive employer both for existing and potential employees, by focusing e.g., on our core values, the economic impact we generate and our importance for local communities where we have

operations. We know that Lerøy has a good reputation and that we are moving in the right direction year by year, which is important for Lerøy's development from a perpetual perspective.

Lerøy has a fantastic starting point for continued growth and development. We supply healthy and delicious products that are produced in a way that means we rank among the world's most sustainable industrial producers of animal protein. We work on developing Lerøy and creating products and jobs in accordance with the three main pillars underlying the concept of sustainability: climate and environmental sustainability, social sustainability and economic sustainability.

We would not be able to achieve our current and future goals without good and demanding customers, skilled and innovative suppliers and, not least, talented and committed employees who are willing to learn. I would like to say a warm thank you to you all. Without your efforts, we would not be where we are today. Together, we shall build the world's most efficient and sustainable value chain for seafood.

// Our employees are the Group's most important resource."



Henning Beltestad  
CEO  
Lerøy Seafood Group



# From sea and fjord to table

Lerøy is actively involved in every stage of the production of salmon and trout, and in catches and processing of whitefish and shellfish. In other words, Lerøy is not only involved in fisheries and farming, but packages and processes the fish in its plants and distributes thousands of different seafood products to shops, restaurants, canteens and hotels – in more than 80 different countries worldwide.

One important element in Lerøy Seafood Group's strategy is to be a fully integrated supplier of the Group's key products, and the business is currently operated via a number of subsidiaries in Norway and abroad.

## The Group reports within three segments

Wild Catch  
Farming  
VAP, Sales & Distribution

### Wild Catch

The Wild Catch segment comprises businesses acquired in 2016, when Lerøy Seafood Group became the sole owner of both Havfisk AS and Norway Seafoods Group AS. These are businesses with substantial operations within the catch and processing of whitefish in Norway. Lerøy Havfisk currently has ten trawlers, while Lerøy Norway Seafoods runs factories in Berlevåg, Båtsfjord, Forsøl, Kjøllefjord, Melbu, Stamsund, Sørvær and Hammerfest.

### Farming

The Farming segment comprises the Group's production of salmon, trout and cleaner fish up to the time of harvest. The Group has three fully integrated value chains for production of salmon and trout, located in North Norway, Central Norway and West Norway. The Group's companies in this segment – Lerøy Aurora (North Norway), Lerøy Midt (Central Norway) and Lerøy Sjøtroll (West Norway) – are major employers along the Norwegian coastline and strive to be visible and active in all the regions in which they operate.

### VAP, Sales & Distribution

Lerøy has a global reach within the VAP, Sales & Distribution segment. The company works with sales, market and product development, distribution and simple processing of the Group's own raw materials, but also a large volume of raw materials from partners and a network of suppliers. Lerøy Seafood Group has wholesalers, factories and fish-cuts in a number of different markets worldwide.

The VAP, Sales & Distribution segment is mainly involved in processing salmon and trout, but also other species. Our facilities are located on the island of Osterøy outside of Bergen, in Smøgen in Sweden, in Denmark, Finland, the Netherlands, Spain, France, Portugal, Italy and Turkey. Sales of the segment's products are increasingly global.

From sea and fjord to table





# Priority tasks

The Group's values – open, honest, responsible and creative – shall underlie all our activities. These lay the foundations for our efforts to achieve our goal to create the world's most efficient and sustainable value chain for seafood, and our vision to be the leading and most profitable global supplier of high-quality, sustainable seafood. The points below summarise the Group's priorities:

### Understand and fulfil customer and market opportunities

Lerøy succeeds when our customers succeed. We shall meet our customers' expectations in terms of delivery, sustainability, quality and costs, and we shall create growth in existing and new markets via forward-looking and innovative solutions. Values are created in value chains, and in businesses in value chains, that form a network and competitive processes for their customers. Lerøy aims to build long-term relationships and alliances with both customers and suppliers. Strategic business development will also play a decisive role in future developments for the Group.

### Increase operational efficiency

The future development of the company will depend on our ability to achieve continuous improvements and increased operational efficiency. Lerøy has developed a system for continuous improvements that is tailored to our organisation – "the Lerøy Way". The Lerøy Way comprises guiding principles and methods, and is our most important tool in improving our operational efficiency and reducing risk. We have an established method, and we shall utilise this to continuously improve our work processes in each entity and across the value chain.

### Reduce the footprint in our own value chain

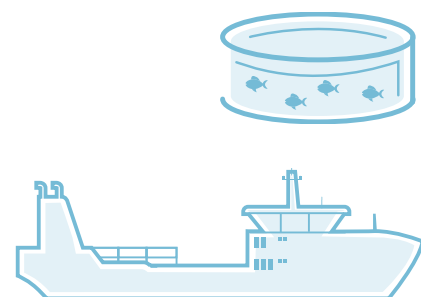
For Lerøy, developments shall be based on a perspective of perpetuality. To achieve this, the Board of Directors, management and employees must maintain a high focus on sustainability. By continuously improving our processes, we shall reduce the footprint from our own value chain. We monitor a number of sustainability variables, and shall continue to monitor these during operations.

### Develop the people at Lerøy

We shall be a leading player in a global industry in which the changes in framework conditions require flexible employees who are dynamic and willing to learn. Our employees are the Group's most important resource. We aim to attract, retain and develop our talented employees by offering formal and informal courses and training, and by encouraging an increase in internal mobility by allowing employees to explore in-house career opportunities. We shall help our managers develop, and be confident that they will be positive role models and live up to the standard of leadership based on the Group's values.

### Create a learning and innovative organisation

Our future growth will depend on our capacity for innovation, development and learning. With a fully integrated value chain for seafood, it will be essential to have a culture based on cooperation, sharing of expertise and trust in every part of the value chain – "One Lerøy". This is ensured by means of positive interaction, information flow more standardized systems and clearly defined expectations and goals. Lerøy aims to facilitate increased competencies and exchange of experience, and shall have a sharp focus on strategic competency management in the Group.



**Henning Beltestad**  
CEO  
Lerøy Seafood Group



**Bjarne Reinert**  
COO Farming  
Lerøy Seafood Group



**Sjur S. Malm**  
CFO  
Lerøy Seafood Group



**Siren Grønhaug**  
CHRO  
Lerøy Seafood Group



**Ivar Wulff**  
COO Sales & Distribution  
Lerøy Seafood Group



To be able to present a strategic assignment to the Group management, who gave it their full attention and listened to everything we had to say, was very inspiring and positive."

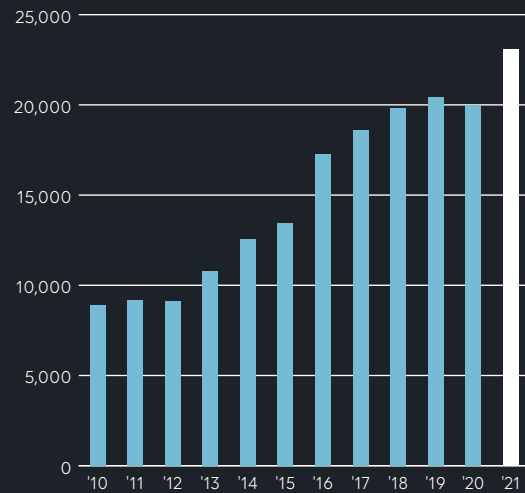
– Håvard Hårstad, Production Manager, consumer products, Lerøy Aurora



# Key figures, finance

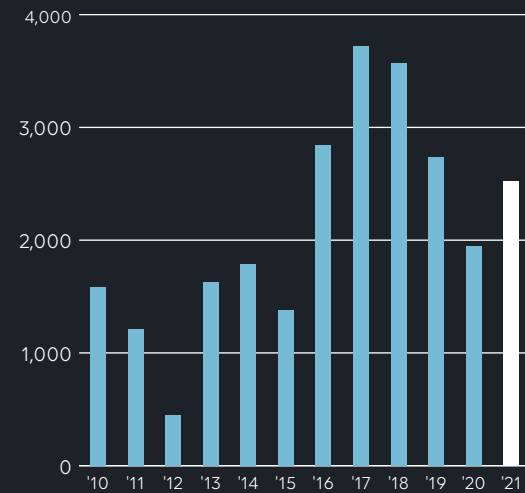
## Profit performance

Figures in NOK millions



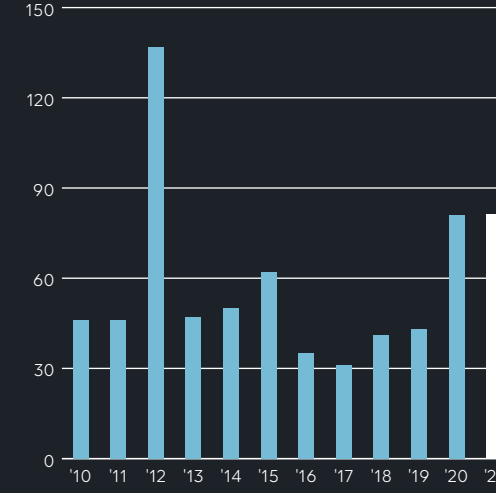
## Development in Group's operating profit LSG Group\*

Figures in NOK millions



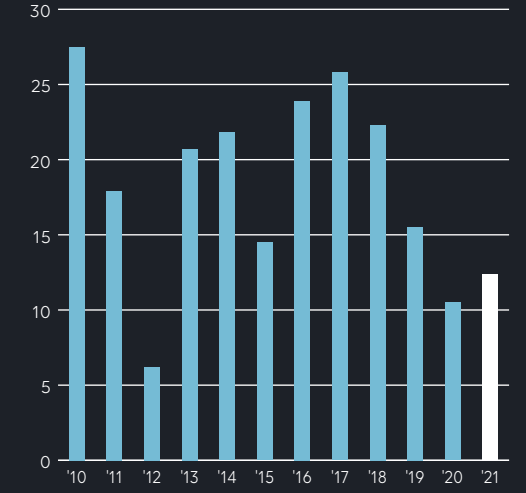
## Recommended dividend in relation to profit/loss\*

Percent



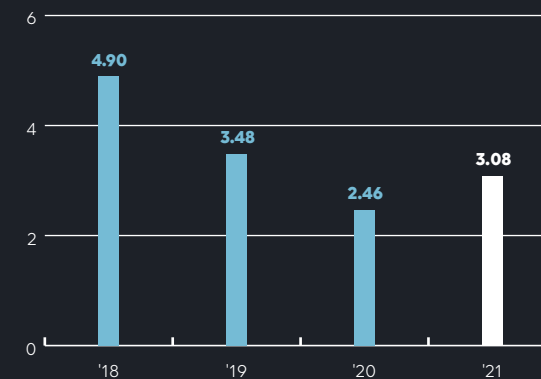
## ROCE\*

Percent



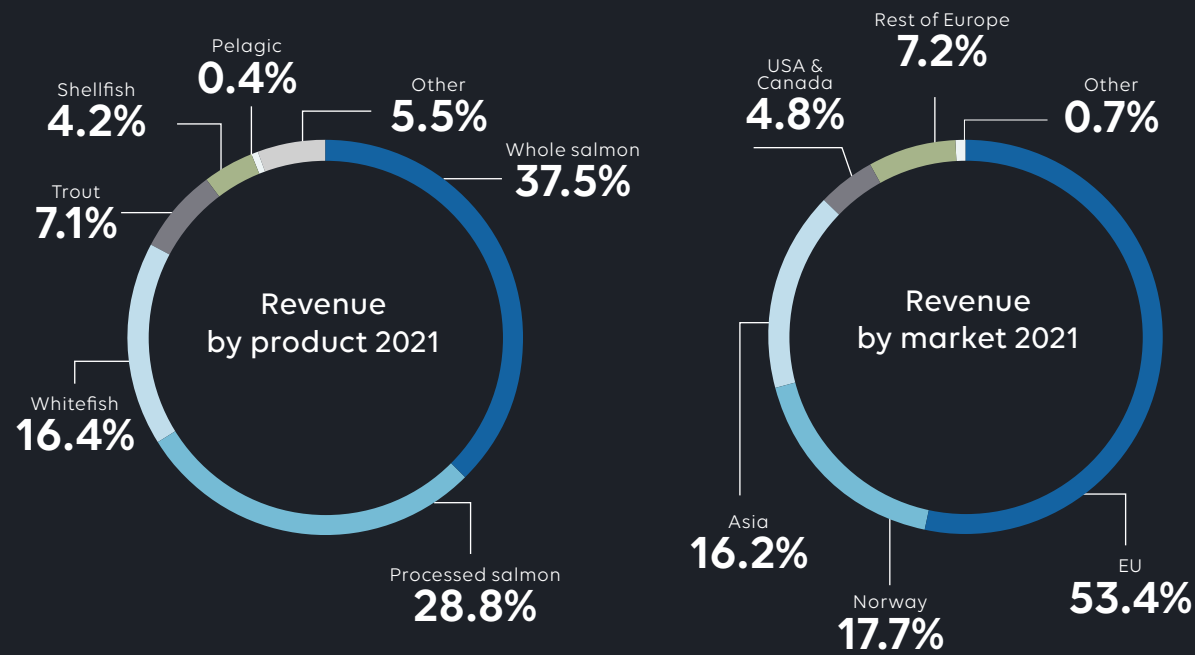
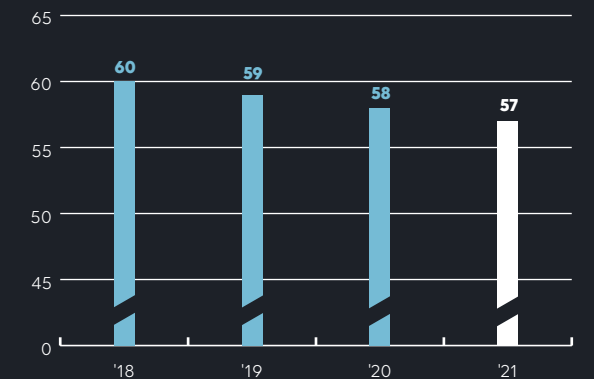
## Earnings per share\*

Figures in NOK

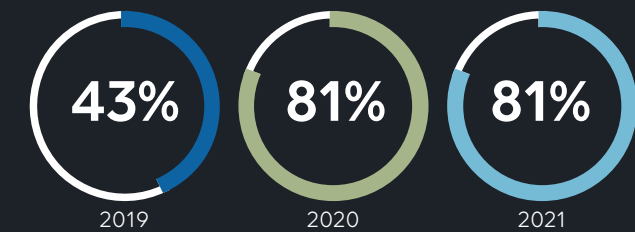


## Financial strength

Percent



## Proposed dividend in relation to profit/loss



\* Before fair value adjustments related to biological assets



# Key figures, society

## Ripple effect for society in 2021 in Norway

Figures in NOK 1,000

**10,396,607\***



\* Affected by prevailing market prices Value creation = Gross production value minus intermediate consumption.

**1,034,087\***



\* Net tax from employees and tax paid in 2020 by Lerøy Seafood Group

**3,116**



**982**

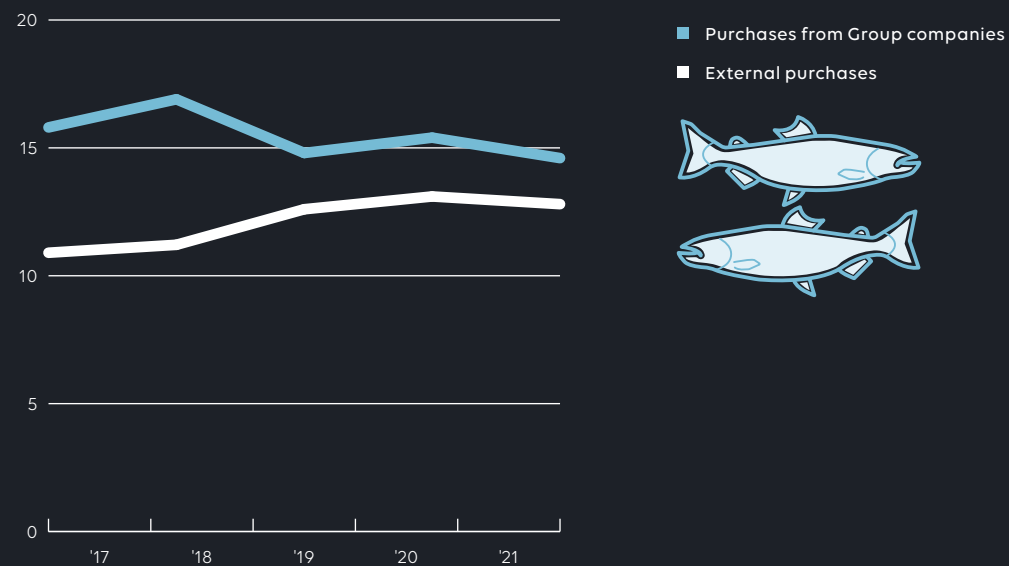


**5,806**

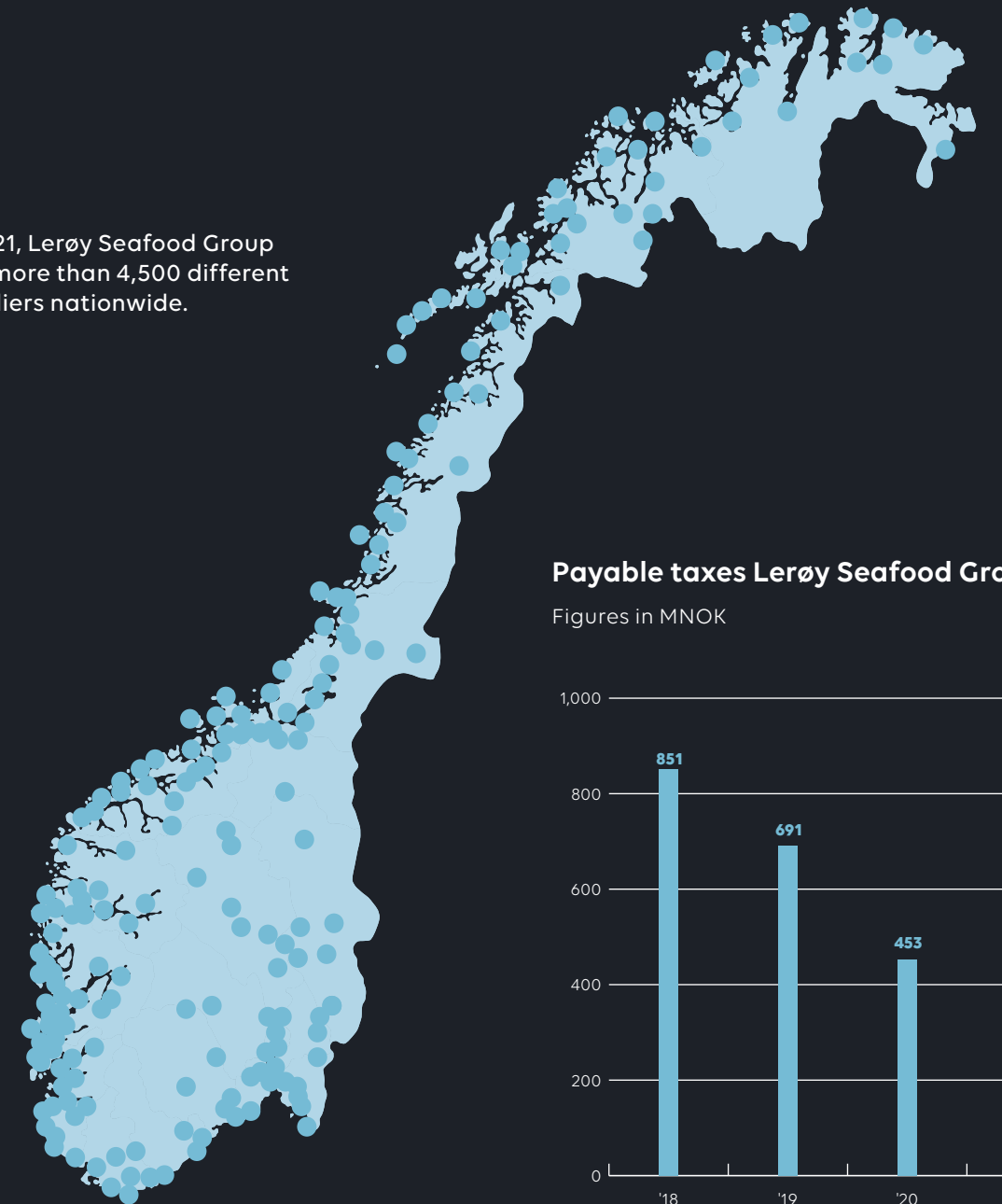


## Purchases made by our Norwegian companies from Norwegian suppliers in 2021 (invoiced in 2021)

Figures in NOK billion

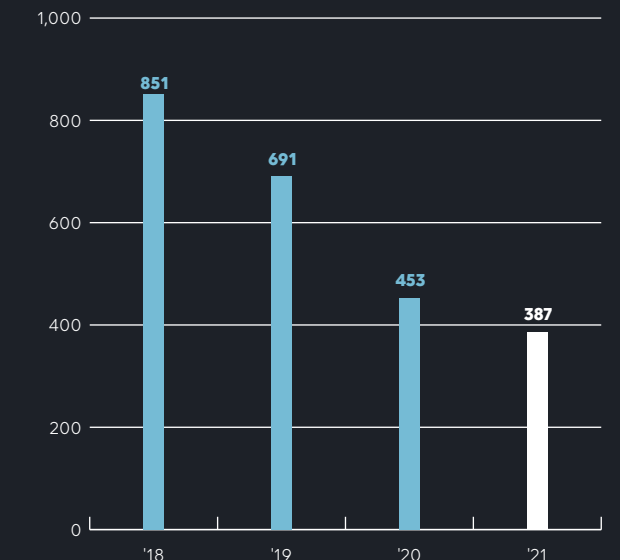


In 2021, Lerøy Seafood Group had more than 4,500 different suppliers nationwide.



## Payable taxes Lerøy Seafood Group

Figures in MNOK



**60**  
municipalities

We had own operations in approx. 60 municipalities in Norway.

**NOK 12.8**  
billion

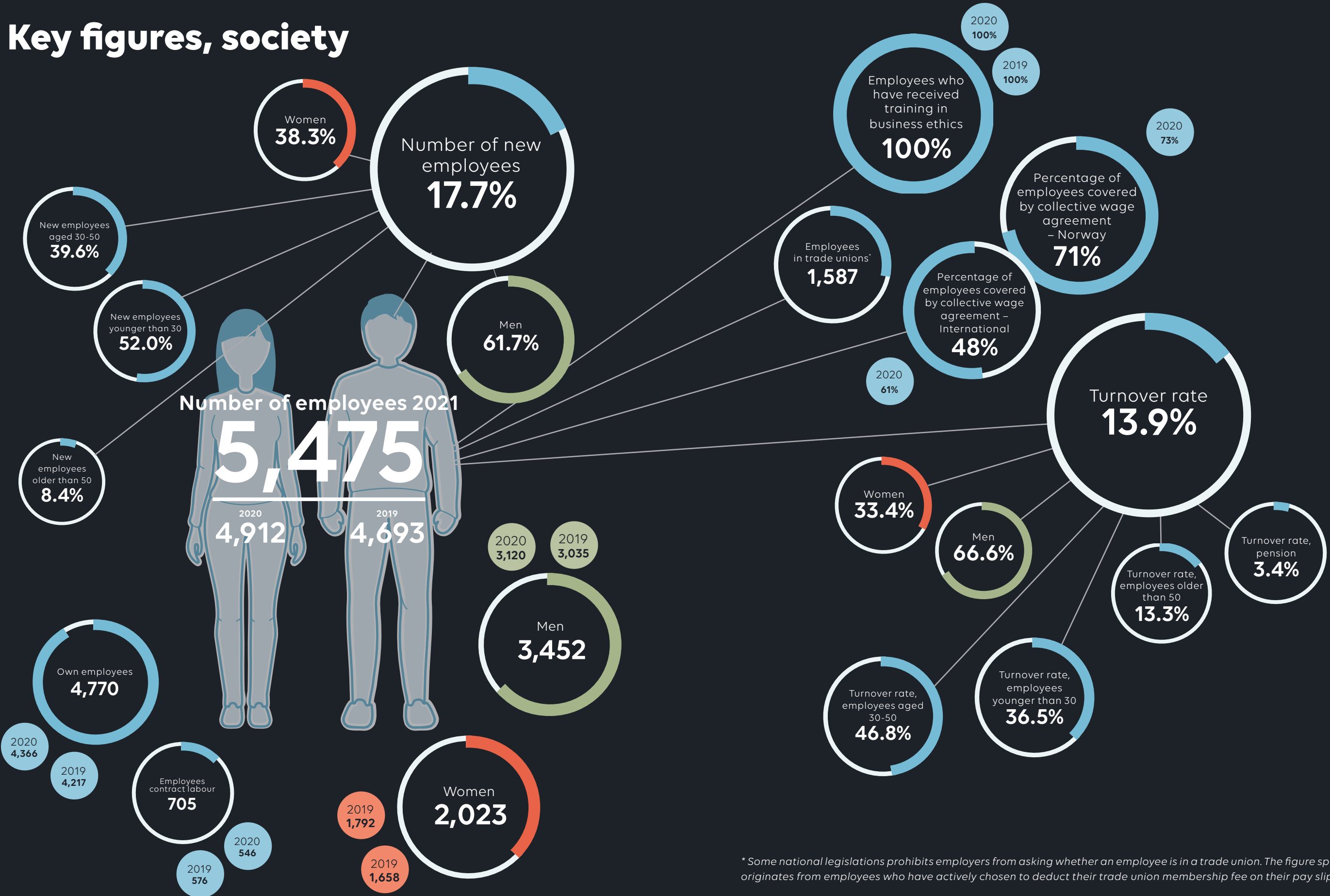
We purchased goods and services worth NOK 12.8 billion excluding internal purchases from more than 280 different Norwegian municipalities.

**NOK 647.5**  
million

Our employees paid tax to different municipalities amounting to NOK 647.5 million.



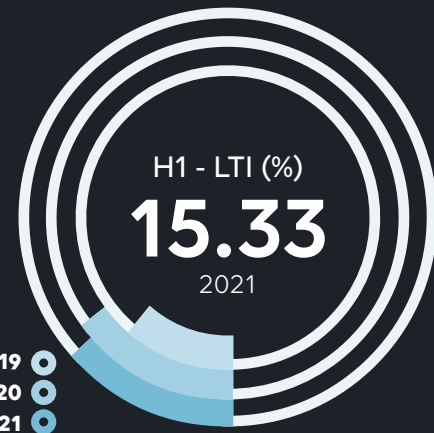
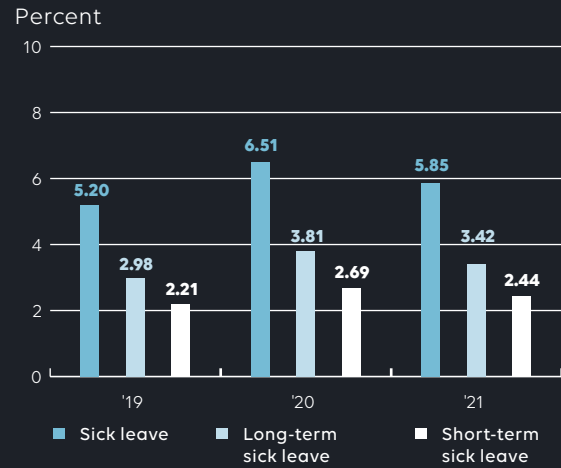
# Key figures, society



\* Some national legislations prohibits employers from asking whether an employee is in a trade union. The figure specified originates from employees who have actively chosen to deduct their trade union membership fee on their pay slip.

# Key figures, society continued

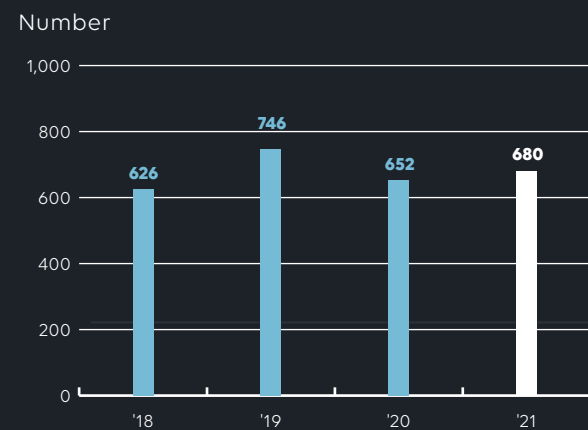
## Sick leave



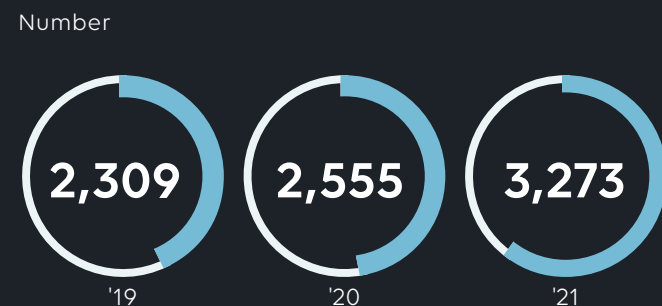
2019 ○  
2020 ○  
2021 ○



## Near-accidents



## Safety observations



## Fatal accidents



\*See page 90 for more information.

# Key figures, environment

## Antibiotics

The use of antibiotics is almost at zero in the Norwegian fish farming industry. Lerøy Seafood Group applies a very restrictive policy when it comes to use of antibiotics, and use is only on exception and to safeguard fish health.

## Antibiotics used in sea, kg active substance

2021: 0.00  
2020: 18.99\*  
2019: 0.00

## Antibiotics used on shore, kg active substance

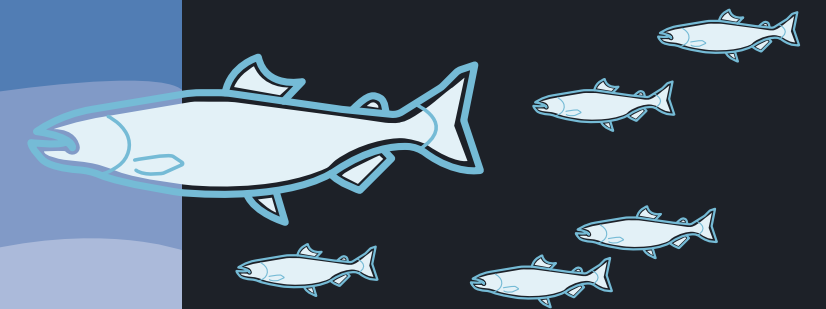
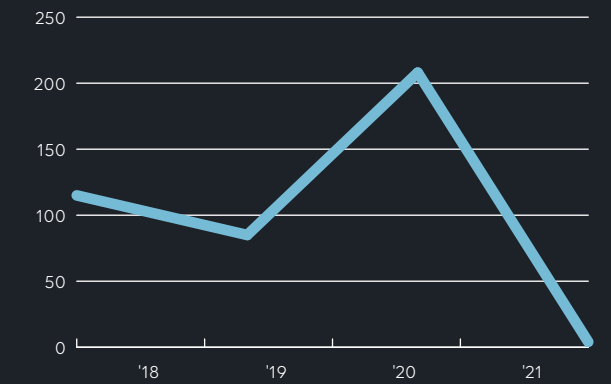
2021: 0.00  
2020: 0.00  
2019: 0.00

\* Antibiotics were used at one locality for fish welfare considerations

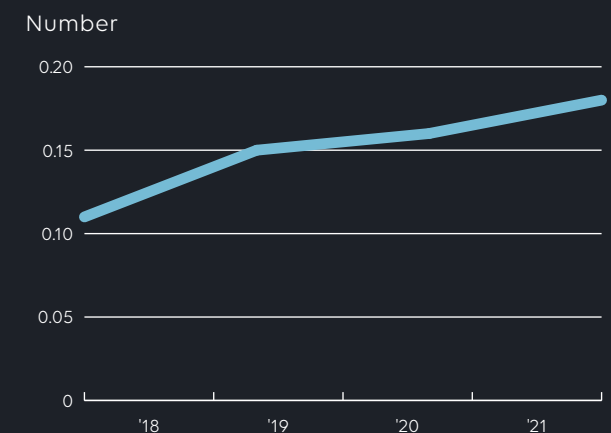
## Escapes of fish

The company once again reported a low figure for accidental release in 2021. The figure was four fish, down from 208 fish in 2020.

## Number of fish escaped per year, salmon and trout



## Average number of fully grown lice per fish



The level of fully grown lice has been relatively stable in recent years.



# Key figures, environment continued

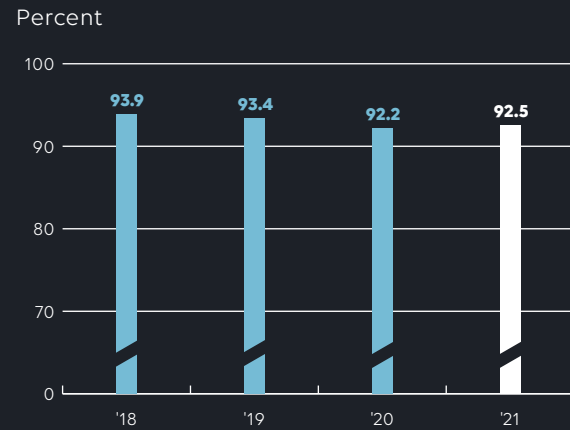


## FFDR salmon

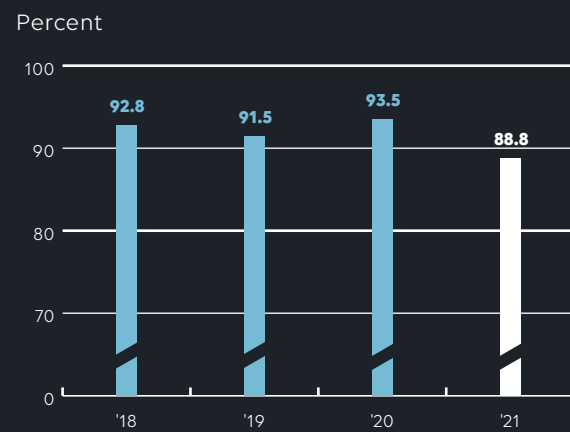
Kilogram of industrial fish per kilo of salmon produced used in the fishmeal and oil in fish feed

	2021	2020	2019
FFDRm	0.45	0.39	0.37
FFDRo	1.65	1.70	2.09

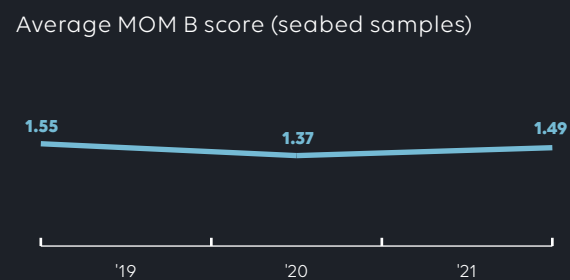
## Survival for salmon and trout in the sea, rolling 12 months



## Survival on land, rolling 12 months



## Locality status



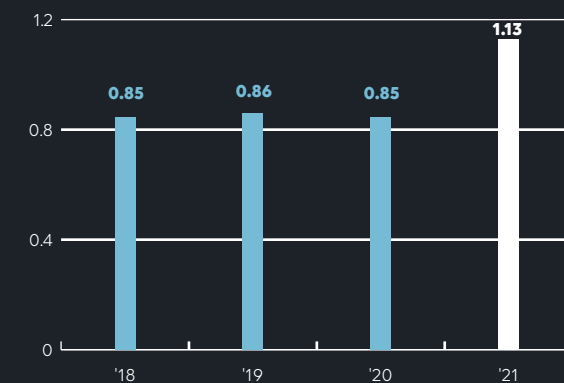
## Climate accounts CO2e 2021

CO2e emissions for fish are in general low. When compared with other types of proteins we eat, fish is one of the proteins with the lowest footprint.

Scope	Farming	Wild Catch	VAP, Sales & Distribution	Lerøy Seafood Group
Scope 1, tonne CO2e	18,706	120,238	2,580	141,524
Scope 2, tonne CO2e	4,470	748	4,363	9,581
Total, tonne CO2e	23,176	120,986	6,943	151,105

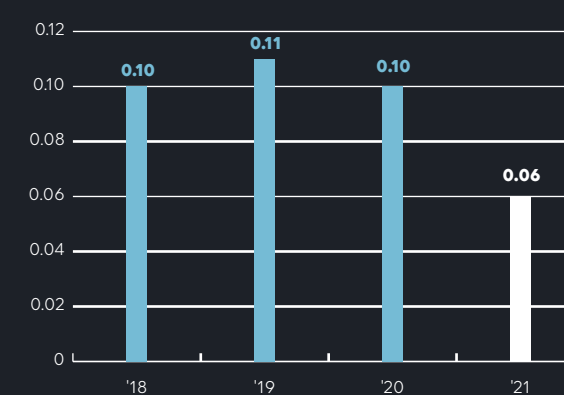
## Wild Catch

Scope 1+2: Tonnes Co2e/tonne headed/gutted fish



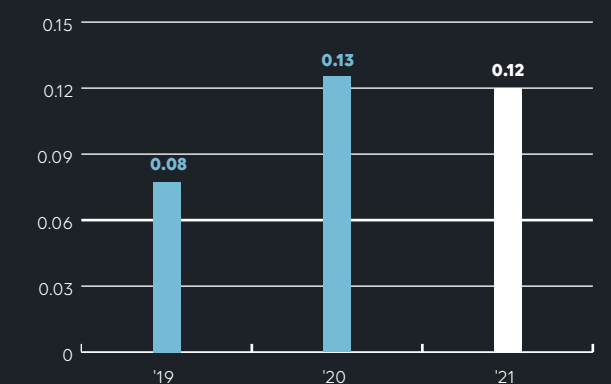
## Farming

Scope 1+2: Tonnes CO2e/tonnes gross growth



## VAP, Sales & Distribution

Scope 1+2: Tonnes CO2e/tonnes products sold







# Corporate governance

- 38-51 Corporate governance report
- 52-53 Presentation of the Board of Directors
- 54-57 Board of Director's statement regarding salary and other remuneration
- 58-65 Board of Director's statement on Lerøy's strategic framework



# Corporate governance report

In this chapter, the Board of Directors of Lerøy Seafood Group will provide a description of Corporate Governance within the Group. The Board of Directors is of the opinion that clear and effective corporate governance is decisive in sustaining and strengthening confidence in the company and contributing to optimal value creation over time in a sustainable manner.

The Group's corporate governance is based on the Norwegian Code of Practice for Corporate Governance (NUES), dated 14 October 2021; see also [www.nues.no](http://www.nues.no). The NUES Code of Practice complies with Norwegian legislation governing limited liability companies, accounting and securities trading, as well as issuer rules for Oslo Stock Exchange in force as of 1 October 2021. In addition, the NUES publishes recommendations and guidelines that in part provide more detailed information and are more extensive than the above acts. This chapter has the same structure as the NUES code, and all items in the Code are included. Any differences are explained.

## 1. Corporate governance report

The Board of Directors of Lerøy Seafood Group attaches importance to having effective corporate governance with a clear division of responsibilities between shareholders, the Board of Directors and the company management. The goal for Lerøy Seafood Group is for all parts of the Group's value chain to operate and achieve growth and development according to the Group's strategy for long-term and sustainable value creation over time for shareholders, employees, customers, suppliers and society at large.

### The company's core values

Lerøy Seafood Group's core values – honest, open, responsible and creative – are based on the Group's vision to be the world's leading and most profitable global supplier of sustainable quality seafood. The Group's core activities comprise a vertically integrated value chain for the production of salmon and

trout; catches of whitefish; processing, purchasing, sales and marketing and distribution of seafood; product development and development of strategic markets. The Group emphasises quality and sustainability in all parts of the value chain, in order to ensure that we are successful in achieving our goal.

## 2. Activities

According to Lerøy Seafood Group's Articles of Association, the company's purpose is as follows: Fisheries, fish farming, processing, sales and distribution within the seafood industry and related industries and operations. Such activities may be performed either directly or via participation in other companies with similar or equivalent objectives, and all activities related thereto. The parent company's Articles of Association reflect the totality of the Group's value chain and core activities. The Group's goals and main strategies are set out in the Group's annual report (go to [www.leroyseafood.com/investor](http://www.leroyseafood.com/investor)), and can be summarised as follows:

The Group's goal is to create the world's most efficient and sustainable value chain for seafood.

The Board of Directors has a clearly defined goal for the company to create value for its shareholders, employees and other stakeholders in a sustainable manner. In this regard, the Board will take into account economic, social and environmental factors. Both short and long-term goals are established together with the corporate management, in addition to strategies that reflect the company's risk profile.

### Materiality assessment

A materiality assessment charts those areas internal and external stakeholders feel are most important for the Group's operations. This assessment plays a key role in prioritising goals and initiatives, and is part of the Group's Annual Report. The Group carried out a materiality assessment in 2016 and this was partly revised in 2021. A new and complete materiality assessment will be performed in 2022.

### Code of conduct and guidelines for corporate social responsibility at Lerøy Seafood Group

The Group is aware of its responsibility regarding ethical conduct, society at large and the environment. In addition to the Group's common values, Lerøy Seafood Group has prepared a Code of Conduct for Group employees, which aims to establish common principles and regulations for all employees within Lerøy Seafood Group, its subsidiaries and partners. The Group's Code of conduct forms the basis for cooperation agreements with suppliers. The Group's Code of conduct reflects the values represented by the Group and guides the employees and partners as to the use of the correct principles for human rights, business conduct, impartiality, conflicts of interest, political activity, entertaining customers, processing information, duty of confidentiality, relationships with colleagues, business partners, corruption, whistle-blowing, bribes etc. Each employee is individually responsible for practising the code of conduct. The Group has prepared an Ethics Test for employees which will help them make the right decisions.

The guidelines shall be revised annually by the Board. They cover guidelines for employees' rights relating to diversity, working conditions and working environment.

Lerøy Seafood Group has a general rule that the Group, along with all business partners, shall comply with legislation in the Group's respective locations, and with the company's own/ Lerøy Seafood Group's quality systems and procedures. The Group has a principal rule that the strictest requirements shall be met. The company's management is responsible for ensuring compliance with the regulations. All employees shall have orderly working conditions, comprising a personal employment contract, correct salary, sufficient training, follow-up throughout employment and the right to organise. The company focuses on equal rights for women and men and has in recent years witnessed an increase in the number of female employees in the Group.

Guidelines support the Group's goal, which is to contribute positively and constructively to human rights, prevention of child labour, labour rights and environmental protection, both within the Group, in relation to suppliers and subcontractors, and in relation to other trading partners. The company's Code of conduct is incorporated into agreements with the Group's suppliers and subcontractors.

The Group has established a system for anonymous whistleblowing via a third-party company, for employees who wish to report censurable conditions.

In the event of nonconformities, measures shall be implemented to improve the situation. A whistleblowing committee has been established and covers the entire Group. The committee processes cases and implements necessary measures. The Group has also facilitated external whistleblowing via the Group's website, where the whistleblower can choose to be anonymous.

As a part of the Group's integrated reporting, the annual report contains a list of focus areas, key performance indicators and goals related to the environment, social and economic sustainability. The Group has developed a sustainability library to describe how the Group works within a number of

areas relating to social and environmental sustainability. The sustainability library is available on the Group's website, [leroyseafood.com](http://leroyseafood.com).

## 3. Equity and dividends

### Dividend policy

The Board of Directors of Lerøy Seafood Group emphasises the importance of the company having a clear and predictable dividend policy adapted to the company's goals, strategy and risk profile. Distributed dividends should develop in line with the company's financial strength, growth and profit performance.

The company's dividend policy implies that, over time, dividends should lie in



Lerøy Seafood Group works at all times to ensure that all employees have equal opportunities and rights, irrespective of gender.

the region of 30% to 40% of profit after tax. However, care must be taken at all times to ensure that the Group has satisfactory financial contingency to be able to conduct any new and profitable investments. The goal is for financial value creation over time to be increasingly in the form of higher share prices rather than in declared dividends. The Board of Directors is of the opinion that the distribution of dividends in previous years reflects the Group's dividend policy.

#### Dividend payment in 2022

The Board of Directors has recommended a dividend of NOK 2.50 per share. The Board's dividend recommendation

reflects the Group's solid statement of financial position, satisfactory financing and positive outlook. A dividend of NOK 2.00 per share was paid in 2021. Payment of the dividend is submitted for adoption at the company's annual general meeting.

#### Equity and financial goals

The Group is financially sound with book equity of NOK 19,323 million as of 31 December 2021. This corresponds to an equity ratio of 56.5%. The number of shares outstanding in the company at 31 December 2021 was 595,773,680. All shares carry the same rights in the company. As of 31 December 2021, the company owned 297,760 treasury shares.

On-going structural changes in the global industry in which the company operates, seen in conjunction with the cyclical nature of the industry, demand that the company at all times must maintain a satisfactory financial contingency. This in turn requires a positive relationship with the company's shareholders and equity markets. The company has always attached great importance to maintaining the confidence of its financial partners and thus also access to necessary loan capital on favourable terms. The financial goals established by the Board and management must be reflected in an established capital adequacy requirement and a required rate of

return. The capital adequacy requirement stipulates that the Group's equity ratio shall be at least 30% over time. The Group's long-term goal for earnings is to maintain an annual return on the Group's average capital employed of 18% before tax.

#### Mandates granted to the Board of Directors

Mandates are granted to the Board of Directors in accordance with the Public Limited Companies Act (Norway), see in particular chapters 9 and 10 of the Act.

#### Mandate for the Board to purchase treasury shares

The Board was authorised for the first time to purchase treasury shares by the annual general meeting on 12 May 2000. The mandate was last renewed at the annual general meeting on 26 May 2021 and authorises the acquisition of up to 50,000,000 shares over a period of 18 months from the date on which the resolution was adopted.

The Board of Directors is of the opinion that the Board should retain its right to purchase treasury shares. Situations may also emerge in the future when the Board of Directors finds that the market price of the company's shares does not reflect the company's underlying intrinsic values, the company has sound equity and liquidity, and the Board of Directors decides that an investment in treasury shares is an attractive prospect. In such a situation, the purchase of treasury shares may help improve return for the company's investors. At the same time, the stock market generally views the purchase

of treasury shares as positive based on the signals this sends regarding the management's confidence in the company's outlook for the future. Moreover, the Board of Directors feels that a holding of treasury shares will provide the Board with more leeway in connection with future growth via future acquisitions, business combinations and establishing new forms of cooperation.

Finally, the purchase of treasury shares may be utilised in connection with the possible establishment of a share savings programme for Group employees.

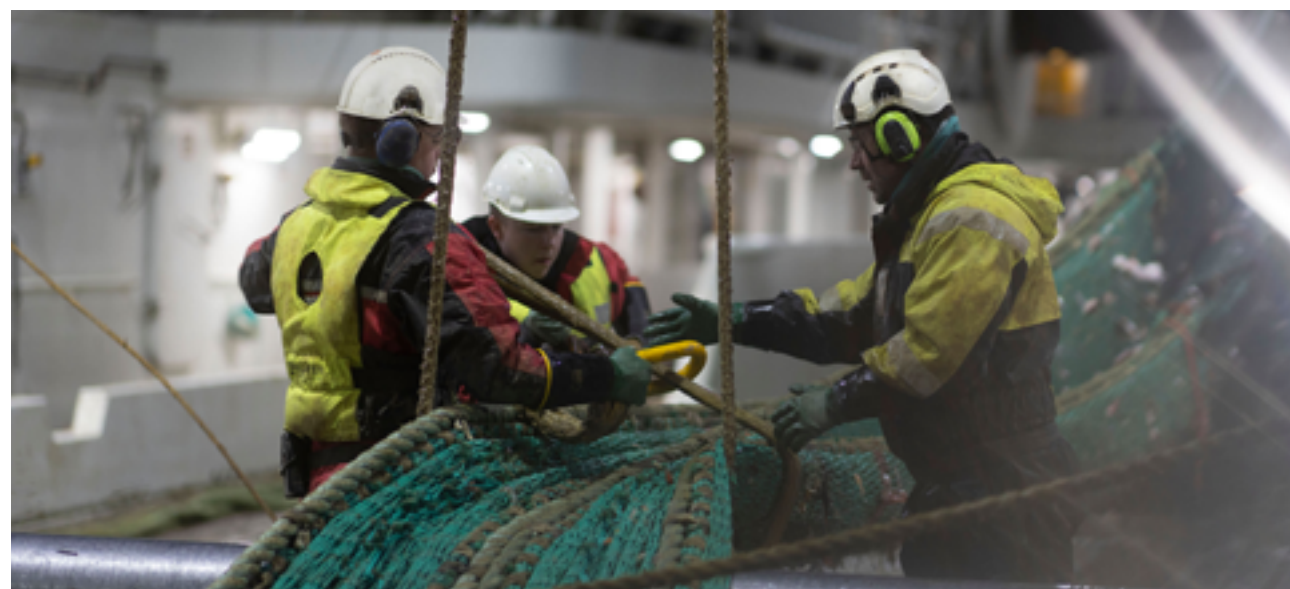
A proposal will therefore be submitted to renew the mandate at the annual general meeting on 23 May 2022.

#### Mandate to increase the share capital by issuing shares for private placings for external investors, employees and individual shareholders in Lerøy Seafood Group

The Board has a mandate to increase the share capital by up to NOK 5,000,000 by issuing up to 50,000,000 shares in Lerøy Seafood Group ASA, each with a face value of NOK 0.10, through one or more private placings with the company's shareholders and/or external investors. This type of mandate was first established by the annual general meeting of 4 May 1999 and subsequently renewed by the annual general meeting on 26 May 2021. The Board of Directors exercised this mandate on 2 June 2016 and carried out a private placement of 5,000,000 new shares at a face value of NOK 1.00 in addition to the sale of 300,000 treasury shares. The Board of

Directors feels it is appropriate to retain this mandate, including authorisation for the Board to deviate from the preference rights of the shareholders. The Group expects to see continued structural changes and internationalisation in its industry. As a result, Lerøy Seafood Group will continuously assess organic growth, possible share-savings programmes for employees, possible acquisition and business combination options and possible alliances that may lay the foundations for future profitable growth, both to capitalise on the value already created and to position the Group for future value creation.

The mandate will allow the company to achieve the requisite financial leeway to rapidly obtain the necessary liquidity and/or settlement shares that the Board feels are necessary to ensure future profitable growth. A proposal will therefore be made to establish a new corresponding mandate at the annual general meeting on 23 May 2022. The Board's mandate is valid for a period exceeding one year and is not limited to specifically defined objectives as recommended by the NUES. This is principally for operational reasons, but also in order to clearly show that the company is growth-oriented and that shares are regarded as potential means of payment. This practice is established to ensure an optimum strategic business development for the company. However, the company has established the practice of having the mandates renewed annually at each annual general meeting.



Lerøy's goal is to operate and further develop all parts of the value chain with a view to long-term value creation for shareholders, employees, customers, suppliers and society in general.



#### 4. Equal treatment of shareholders

The company has only one class of shares, and each share carries one vote at the annual general meeting. Shareholder rights are governed by the Norwegian Public Limited Liability Companies Act. Lerøy Seafood Group's Articles of Association and agreements are all worded to ensure equal treatment of shareholders.

Lerøy Seafood Group ASA has a strict policy of providing correct and open information to shareholders, potential shareholders and other stakeholders.

#### 5. Shares and negotiability

According to the company's Articles of Association, there are no restrictions on the negotiability of Lerøy Seafood Group's shares.

#### 6. Annual general meeting

Lerøy Seafood Group holds its annual general meeting every year before the end of May. Notices of the annual general meeting and organisation of the meeting comply with an established practice followed by Lerøy Seafood Group ASA for many years.

#### Notice of and holding annual general meetings

Lerøy Seafood Group ASA held its annual general meeting in the company's head office at Lanternen, Thormøhlensgate 51 B in Bergen on 26 May 2021. The notice of the meeting with a proposed agenda, meeting slip and proxy form were distributed to all shareholders with a registered address three weeks prior to the date of the general meeting. The notice of the general meeting was formatted in accordance with the requirements of the Public Companies Act in Norway and the regulation relating to general meetings which governs the content and availability of supporting information. Pursuant to the company's Articles of Association, all documents to be discussed at the general meeting were made available on the company's website – leroyseafood.com – three weeks prior to the date of the general meeting.

The supporting information was sufficiently detailed and precise to allow the shareholders to form a view on all matters to be considered at the meeting. Given the uncertainties relating to COVID-19, shareholders were encouraged to use a proxy form and not attend the annual general meeting in person. Shareholders were asked to register for the annual general meeting by 21 May 2021 at 16.00. Prior to distribution of the notice of the general meeting, the Board of Directors and meeting chairperson had performed a quality control of the procedures for registration and voting, and the proxy form for participation and voting on behalf of other shareholders.



“I’ve learnt a lot from the leadership programme and I’ve tried to use this new knowledge directly in my daily management. I try to provide my employees with specific tasks and build a team that is able to grow by sharing knowledge and information”

– Irene Monetta, general manager Lerøy Italy

The Chairman of the Board represented the Board of Directors at the general meeting. In addition, the CEO and other members of the corporate management were present. On agreement with the Chairperson of the nomination committee, the Chairman of the Board presented the committee's recommendation.

Independent chairing of the general meeting is ensured in that the general meeting appoints a chairperson for the meeting and one person to co-sign the minutes of the meeting.

#### Holding annual general meetings

The Norwegian Public Limited Liability Companies Act states that the Board of Directors can choose to hold annual general meetings as a physical or electronic meeting. If the annual general meeting is held electronically, there are several methods whereby shareholders can participate in and vote at the general meeting, without actually being present. The shareholders have the right to take part electronically, unless the Board of Directors find reasonable grounds to deny this. Moreover, the shareholders can vote during a period prior to the annual general meeting, if this is specified in the Articles of Association. In the notice of the general meeting, Lerøy Seafood Group allowed shareholders to vote by proxy at the general meeting. The proxy is designed so as to permit votes to be cast for each individual item discussed, and for candidates up for election. The company has procedures which ensure full control and overview of participation and voting at general meetings. The

company publishes the signed set of minutes immediately after the general meeting has been closed.

No extraordinary general meetings were held in 2021.

The Board of Directors is normally represented at general meetings by the Chairman of the Board, who currently also represents the majority shareholder in Lerøy Seafood Group. Due to the fact that the capacity for other shareholders to physically participate at general meetings is very limited, it has not been deemed necessary for all board members to take part in the general meeting.

#### 7. Nomination committee

Pursuant to Article 5, paragraph 2 of the company's Articles of Association, the company shall have a nomination committee comprising three members elected by the annual general meeting for a period of two years. The company's nomination committee is charged with preparing proposals for the composition of a shareholder-elected board of directors, and with submitting recommendations to the annual general meeting for appointments to the board.

At present, the members of the nomination committee are Helge Møgster (Chairman), Benedicte Schilbred Fasmer and Aksel Linchausen. The company has not established specific guidelines for the Nomination Committee. However, the composition of the Nomination Committee is such that the interests of the shareholders in general are taken into account in that the

majority within the committee is independent of the Board and other executive personnel, and that the company's Articles of Association also specify the framework for the work of the Committee. None of the board members or executive personnel in the company are members of the nomination committee.

The nomination committee makes a recommendation regarding remuneration to the members of the board. The general meeting makes the final decision regarding fees to be paid to the members of the company's board and nomination committee.

Information on the members of the nomination committee is published on leroyseafood.com. In order to ensure the best possible basis for their assessments, the nomination committee will hold individual conversations with the Board members and with the CEO. There is also provision for the nomination committee to have contact with the shareholders when working on the recommendation of candidates and for shareholders to recommend candidates to the committee.

The reasoned recommendation of the nomination committee is included in the supporting documentation for the annual general meeting, which is published within the 21-day deadline for notice of the general meeting.

#### 8. Board of Directors, composition and independence

In its central position between owners and management, the Board of Directors'

function is to safeguard the shareholders' interests in parallel with the company's need for strategic governance, operational control and diversity. The function and focus of the Board will always vary somewhat depending on circumstances within the company and on developments in external framework conditions.

The transformation of the Lerøy Group from a family company to a listed public limited company has been guided by the owners' clear awareness of the type of Board the company needs. Since the early 1990s, the majority of the board members have been independent of the Group's management team, including to protect the Board's ability to challenge management practices. In part because of the Board's composition (size and independence from management and main owners, etc.), it has to date been deemed unnecessary to establish so-called board committees, with the

exception of the statutory requirement for an audit committee.

Pursuant to the Norwegian Public Companies Act, the Chief Executive Officer is not permitted to be a board member. The Norwegian Code of Practice is also very clear in its recommendation that neither the CEO nor other executive personnel in the company should be board members. In Lerøy Seafood Group, neither the CEO nor other executive personnel are members of the Board of Directors.

#### Nomination period and term of office

Both the Chairman of the Board and other board members are elected for a period of two years at a time. The nomination committee submits its recommendation to the general meeting, which appoints the Chairman of the Board and other board members.

The Group structure, with independent

entities in different regions, is supervised through participation by Group management in the administrative bodies of the various companies. The employees contribute to a positive development in operations as members of the board in the subsidiaries. The Board has not elected a Vice Chairman. To date, the Chairman of the Board has always been present. In case of his absence, the Board will make satisfactory arrangements for chairing the meeting.

#### Encouraging the board members to own shares in the company

The majority of board members in Lerøy Seafood Group own shares in the company, either directly or indirectly.

#### 9. The work of the Board of Directors

The Board of Directors has the ultimate responsibility for company management. This involves supervising day-to-day management and activities in general. The board's responsibility for the

management of the company includes responsibility for ensuring that the activities are soundly organised, drawing up plans and budgets for the activities of the company, keeping itself informed of the company's financial position and ensuring that its activities, accounts and asset management are subject to adequate control. The main aim is to ensure continuous follow-up and further development of the company.

For several years, including at its nine meetings in 2021, the Board has maintained a particular focus on the connection between practical operations and strategic business development. The Board works purposefully together with the company management to make the Group the most sustainable,

profitable, fully integrated and international seafood company possible. This work has for a considerable time been carried out in accordance with our public announcements. The Board's work reflects this strategy, and the results are shown through management implementation. Although the strategic development of the company is a continuous process and part of the work of the Board of Directors, there are also dedicated strategy meetings. Strategy meetings were held once again in 2021.

#### Instructions for the Board of Directors and management

A set of instructions has been prepared for the Board of Directors and for the work of the CEO. These instructions

have been prepared and specified in close dialogue with the Board of Directors and the Chairman.

Among other things, the instructions contain guidelines for how the Board of Directors and the daily management shall handle agreements with related parties. The company has prepared guidelines to ensure that board members and executive personnel notify the Board of Directors of any significant interest in an agreement signed by the company. If a company with which a board member has connections performs work for Lerøy Seafood Group's Board of Directors, the question of independence is considered specifically by the Board.

Should transactions with related parties occur, they shall be documented and executed according to the arm's length principle. An independent valuation shall be obtained for significant agreements. Exemptions may be made for agreements that represent part of the company's normal operations, and that are based on normal commercial conditions and principles. Agreements with related parties shall be administered to ensure that it is sufficiently clear that the agreements are properly balanced. This is to make sure that the company is aware of potential conflicts of interest and has carried out due diligence on such agreements, with the aim of preventing assets being transferred from the company to related parties. The Board of Directors will report on such agreements in the Annual Report.

#### Information on the members of the Board of Directors

Members	Elected to the Board	Up for election	Number of board meetings attended in 2021
Helge Singelstad (Chairman)	2009	2022	9/9
Britt Kathrine Drivenes	2008	2023	9/9
Arne Møgster	2009	2022	9/9
Didrik Munch*	2012	2023	9/9
Karoline Møgster	2017	2023	9/9
Siri Lill Mannes*	2018	2022	9/9
Hans Petter Vestre* (employee representative)	1995	2022	9/9

\*) Independent of the company's largest shareholder



Daily control and follow-up of production are vital to success. At Lerøy Norway Seafoods, Båtsfjord.



“ Having a leadership programme in Lerøy where people from different parts of the value chain can meet and understand that we are better able to solve joint problems together is very valuable for us.”

– Hege Torvund Nilsen, Head of Finance, Sales and Distribution, Lerøy Seafood

**Independent consideration of matters of a material character in which the Chairman of the Board, board members or executive personnel are actively involved.**

The Chairman of the Board or other board members shall not process matters that are of significance for their own interests or the personal interests of close associates. Such matters are dealt with by the other board members. The same applies to matters in which the CEO or other executive personnel have a personal interest.

**Board committees  
Audit committee**

Pursuant to section 6-41 (1) of the Norwegian Public Limited Liability Companies Act, companies listed on the Stock Exchange are obliged to establish an audit committee which prepares matters for and advises the Board of Directors. Lerøy Seafood Group's audit committee consists of Britt Kathrine Drivenes and Didrik Munch (chairperson). The audit committee reports to the Chairman of the Board. The audit committee conducts quality assurance of internal control and reporting. It is also responsible for the Board of Directors' dialogue with and monitoring of the external auditor. The auditor reports on his work in writing to the company administration and the Board through the audit committee. The company does not have a so-called remuneration committee.

**Evaluation of the Board's work**

When recruiting board members, the company's owners follow a long-standing strategy of assessing the

company's need for varied competency, continuity, renewal and changes in ownership structure. It will always be in the company's interest to ensure that the composition of the Board varies in line with the demands and expectations made on the Group. The Board's evaluation of its own performance and of Group management must of course be seen in conjunction with the Group's performance. To date, the Board has not issued reports on its evaluation of its own work; this is a conscious priority decision and must be viewed in connection with other announcements in the company's communications to the public. Moreover, external evaluations of the Board's work are probably the most influential and are likely to remain so in the future.

**10. Risk management and internal control**

The Group's activities are varied, depending on each entity's position in the value chain, and consequently require differentiated forms of management and follow-up. Good internal management systems are essential for success, and these must be continuously developed in order to accommodate fluctuating conditions. The Group's regional structure with independent entities, also in respect of short-term reporting, facilitates good control and a powerful focus. Internal control is based on daily and weekly reports that are summarised into monthly reports tailored to the individual company, and at Group level. There is an emphasis on developing uniform reporting procedures and formats in order to ensure correct reporting from

all entities and up to an aggregate level.

As Lerøy Seafood Group is an international seafood corporation with decentralised operations and a significant volume of biological production, the company is exposed to a number of risk factors. The Board of Directors therefore works hard to ensure that the Group implements all measures required to control risk, to limit individual risk and to keep risk as a whole within acceptable constraints. Please refer to the chapter on Risk Management in the Board of Directors' report for information on how the Group manages different risks to which the company is exposed.

**Review by the Board of Directors**

A significant share of the work of the Board of Directors is ensuring that the company management is familiar with and understands the Group's risk areas and that risk is managed by means of appropriate internal control. Frequent evaluations and assessments are conducted of both the management's and Board's understanding of risk and internal control. The audit committee plays an important role in these evaluations and assessments.

**Description of the main elements of risk management and internal control related to financial reports**

Internal control within the Group is based on the recommendation from the "Committee of Sponsoring Organizations of the Treadway Commissions" (COSO), and covers control environment, risk assessment, control activities, information and communication, and monitoring.

The main purpose of the COSO framework is to identify, evaluate and manage the company's risk in an efficient and appropriate manner. The content of these different elements is described in detail below.

**Control environment**

The core of an enterprise is the employees' individual skills, ethical values and competence, in addition to

the environment in which they work.

**Guidelines for reporting**

On behalf of the CFO, the Chief Accountant for the Group provides guidelines to entities within the Group for financial reporting. Similarly, the Head of ESG, on behalf of the CEO, provides guidelines to entities in the Group for reporting on society and environment. These guidelines place

requirements on both the content of and process for reporting.

**Organisation and responsibility**

The Chief Accountant for the Group reports to the CFO and is responsible for areas such as financial reporting, budgets and internal control of financial reporting within the Group. The Head of ESG reports to the CEO and is responsible for areas related to sustainability reporting. The Directors of the reporting entities are responsible for continuous financial monitoring and reporting. The entities all have management groups and functions which are adapted to their organisation and business. The managers of the entities shall ensure implementation of appropriate and efficient internal control and are responsible for compliance with requirements.

The audit committee shall monitor the processes related to financial and sustainability reporting and ensure that the Group's internal control and risk management systems function efficiently. The audit committee shall also ensure that the Group has an independent and efficient external auditor.

The financial statements for all companies in the Group are audited by an external auditor, within the framework established in international standards for auditing and quality control.

**Risk assessment**

Group management, the Chief Accountant for the Group and Head of ESG work with the managers of each reporting entity to identify, assess and



The internal control system and efforts to minimise risk are key throughout the value chain. From the new RAS facility at Lerøy Sjøtroll Kjøerelva.

monitor the risk of errors in the Group's reports.

#### Control activities

Reporting entities are responsible for the implementation of sufficient control actions to prevent errors in the financial reporting.

Processes and control measures have been established to ensure quality assurance of reporting. These measures comprise mandates, division of work, reconciliation/documentation, IT controls, analyses, management reviews and Board representation within subsidiaries.

The Group Chief Accountant and Head of ESG ensure that reporting takes place in accordance with current legislation, accounting standards, established accounting policies and the Board's guidelines.

Reporting by the Group companies and segments is also assessed continuously in conjunction with Group management. Analyses are carried out in relation to previous periods, between different entities and in relation to other companies within the same industry.

#### Review by Group management

Group management has regular meetings to review issues such as the monthly development in key figures/ KPIs and strategic action plan.

#### Reviews by the audit committee, Board and annual general meeting

The audit committee and Board review the Group's reports on a quarterly basis.

During such reviews, the audit committee has discussions with the management and external auditor. At least once a year, the Board holds a meeting with the external auditor, without the presence of the administration.

The Board reviews the interim accounts per quarter and the proposal for the financial statements. The financial statements are adopted by the annual general meeting.

#### Information and communication

The Group strongly emphasises correct and open information to shareholders,

potential shareholders and other stakeholders. For details, ref. Item 13 "Information and communication".

#### Follow-up of reporting entities

Those persons responsible for entities which issue reports shall ensure appropriate and efficient internal control in accordance with requirements, and are responsible for compliance with such requirements.

#### Group level

Group management in cooperation with the persons responsible for reporting review the financial reports

issued by the entities and the Group, and assess any errors, omissions and required improvements.

#### External auditor

The external auditor shall provide the audit committee with a description of the main elements of the audit from the previous financial year, in particular significant weak points identified during internal control related to the process of financial reporting.

#### The Board of Directors

The Board, represented by the audit committee, monitors the reporting process.

#### 11. Remuneration of the Board of Directors

Remuneration of the Board of Directors is not based on results. The Board members elected by the shareholders have no share options. If enterprises that board members are associated with perform work for the company's Board, the question of independence is treated specifically by the Board. Remuneration of the Chairman of the Board and other board members is recommended by the Nomination Committee and adopted by the general meeting. The annual general meeting on 26 May 2021 adopted annual remuneration of the Board of Directors as follows:

- Chairman of the Board  
NOK 400,000
- Other board members  
NOK 250,000

However, no remuneration is paid to the Chairman of the Board in the form

of a director's fee subject to reporting. Lerøy Seafood Group is invoiced for the services of the Chairman, and for consultancy fees related to the role as working Chairman of the Board from the Group's ultimate parent company, Laco AS, where the Chairman of the Board is an employee. The Chairman of the Board's additional tasks are based on his detailed knowledge of both the Group and the industry.

Remuneration for the audit committee for additional work performed is NOK 100,000 per year for the committee chairman and NOK 70,000 per year for other members of the committee.

Annual remuneration of the members of the nomination committee totalled NOK 45,000 per member.

#### 12. Salary and other remuneration of persons in senior positions

This item is referred to in the chapter regarding the Board of Directors' Statement regarding salary and other remuneration of executive personnel. The guidelines regarding salary and other remuneration shall be clear and understandable, and shall contribute to the company's business strategy, long-term interests and financial capacity. The schemes for salary and other remuneration shall help to align the interests of shareholders and executive personnel, and they shall be simple.

The annual general meeting shall, minimum every four years, review and approve the Board's guidelines for stipulating salary and other remuneration of persons in senior positions according

to the provisions in section 6-16 a of the Public Limited Liability Companies Act and related regulations. Furthermore, the annual general meeting shall hold an advisory vote each year on the Board's Statement regarding paid and current remuneration covered by the guidelines prepared according to section 6-16 a of the Public Limited Liability Companies Act, cf. section 6-16 b of the Public Limited Liability Companies Act.

#### 13. Information and communication

Lerøy Seafood Group attaches importance to providing correct and open information to shareholders, potential shareholders and other stakeholders. The company discloses inside information in accordance with section 3-1 of the Securities Trading Act, cf. the EU's Market Abuse Regulation (596/2014) (MAR) Article 17, cf. MAR article 7, and article 2 of the Commission Regulation 2016/1055. Timely, relevant, consistent and current information is the basis upon which all interested parties will assess the value of the company's shares. In addition to disclosing inside information pursuant to MAR, the company will also hold presentations for investors and analysts. Lerøy Seafood Group keeps its shareholders informed via the Board of Directors' report, interim reports and at appropriate presentations. In addition, press releases are sent out regarding important events on the company's markets, or about other relevant circumstances.

Every year, Lerøy Seafood Group publishes the company's financial calendar, showing the dates for presentation of the interim financial statements and the date of



Lerøy has a number of processing units in the end markets. Here, from our factory in Urk, Lerøy Netherland.



the annual general meeting. The date for payment of dividends is decided at the company's annual general meeting.

The company's website – leroyseafood.com – is updated constantly with information distributed to shareholders. No specific guidelines have been compiled for the company's contact with shareholders outside the general meeting. This is due to the fact that the current integrated practice within this area is deemed satisfactory.

#### 14. Take-overs.

Lerøy Seafood Group has no restrictions in its Articles of Association regarding company take-overs. As of 3 June 2002, the shares in Lerøy Seafood Group have been quoted on Oslo Stock Exchange and are freely negotiable within the provisions of Norwegian law. The company has only one class of shares and each share carries one vote at the annual general meeting. If a take-over bid is made for the company, the Board of Directors will make a statement prior to the expiry of the bid. The Board of Director's statement will also include a recommendation as to whether the shareholders should accept the bid or not. The Board of Directors will emphasise equal treatment of the shareholders and no unnecessary disturbance to the company's operations.

#### 15. Auditor

##### Auditing – annual plan

For a number of years, Lerøy Seafood Group has engaged the services of PwC as Group auditor. The company's auditor follows an auditing plan which has been reviewed in advance together with

the audit committee and management. The auditor and audit committee perform an annual audit of the company's internal control, including identified weak points and recommended improvements. The Board is informed of the general nature of the services the administration buys from the auditor.

##### Treatment of the financial statements

The auditor holds meetings with the audit committee and management subsequent to the interim audit and in connection with the company's presentation of interim reports for the fourth quarter. The auditor attends board meetings where the financial statements are to be approved, and also holds a meeting on the subject of the annual report with the Board of Directors, at which the management is not present. During these meetings, the auditor reviews any significant changes in the company's accounting policies, evaluations of significant accounting estimates and all material aspects on which the auditor and management disagree. To date, there has been no such disagreement on any aspects.

##### Auditor – other services

In order to reinforce the Board's work on financial reporting and internal control, the auditor, according to the auditing regulations, shall present an annual supplementary report to the audit committee, in which the auditor declares his/her independence and explains the results of the statutory audit with information on the audit. The auditor shall also provide written information to the audit committee on

any services provided other than the statutory audit. The auditing company utilised is a large company and practises internal rotation, in compliance with the requirement for independence.

Moreover, the auditor is available for questions and comments to the financial statements and other matters at the Board's discretion.

##### Remuneration of the auditor

Invoiced fees from the auditor are presented in a separate note to the financial statements. The company's annual general meeting is also notified of the auditor's remuneration.

Specific guidelines for the management's permission to make use of an auditor for services other than auditing are being prepared. Until these have been completed, the audit committee is continuously informed of the main aspects of the services purchased by the management from the auditor.





# Presentation of the Board of Directors



**Chair of the Board**  
**Helge Singelstad (1963)**

was elected to the Group's Board of Directors at the extraordinary general meeting on 26 November 2009. Helge Singelstad holds a degree in Business Administration from the Norwegian School of Economics (NHH), has a degree in computer engineering, and took a foundation course in law at the University of Bergen. Helge Singelstad has previously held positions as CEO, Vice CEO and CFO of Lerøy Seafood Group ASA. Consequently, he has broad knowledge of the Group and the industry. Helge Singelstad is Chairman of the Board of Austevoll Seafood ASA and Vice Chairman of the Board of DOF ASA. He is the Managing Director of Laco AS. Laco AS is a majority shareholder of Austevoll Seafood ASA. Helge Singelstad owns no shares or options in Lerøy Seafood Group ASA as of 31 December 2020, but as a shareholder in Austevoll Seafood ASA he indirectly owns shares in the Group.



**Board member**  
**Britt Kathrine Drivenes (1963)**

was elected to the Board at the annual general meeting on 20 May 2008. Britt Kathrine Drivenes holds a Bachelor of Business Administration from the Norwegian School of Management (BI) and a Master of Business Administration in Strategic Management from the Norwegian School of Economics (NHH). She is the CFO of Austevoll Seafood ASA and is also a board member in a number of companies. She indirectly owns shares in Lerøy Seafood Group ASA as a shareholder in Austevoll Seafood ASA.



**Board member**  
**Siri Lill Mannes (1970)**

was elected to the Board at the annual general meeting on 23 May 2018. She majored in history with Russian at minor level and a basic course in Russian-Soviet studies. She has also completed the Armed Forces' course in Russian (officer's training school) and studies in political science in Georgia, USA (1-year Rotary scholarship). Siri Lill Mannes has an extensive background from journalism, has worked as a TV host and entrepreneur. She started working for TV2 when the TV channel was founded in 1992. Since 2010, she has been the Director of the communications company SpeakLab AS, where she is also a partner and founder. Siri Lill Mannes owns no shares in the company at 31 December 2020.



**Board member**  
**Karoline Møgster (1980)**

was elected to the Board by the annual general meeting on 23 May 2017. Karoline Møgster has a law degree from the University of Bergen (Candidata juris). She also has a Masters' degree in accounting and auditing (MRR) from the Norwegian School of Economics. She has worked as a lawyer with Advokatfirmaet Thommessen AS and is now employed as a lawyer for the Møgster Group. She is a board member for Laco AS and has experience of board work from DOF ASA and other companies in the DOF Group. Karoline Møgster indirectly owns shares in Lerøy Seafood Group ASA as a shareholder of Laco AS.



**Board member**  
**Hans Petter Vestre (1966)**

was elected to the Board as the employees' representative at the annual general meeting on 24 April 1995. Hans Petter Vestre is a graduate of the Norwegian College of Fishery, University of Tromsø. He was employed by Hallvard Lerøy AS as sales manager in 1992 and is today team leader in Lerøy Seafood AS. Hans Petter Vestre owned 1,200 shares in the company as of 31 December 2020.



**Board member**  
**Didrik Munch (1956)**

was elected to the Board by the annual general meeting on 23 May 2012. Didrik Munch has a degree in law from the University of Bergen and qualified as a police officer at the Norwegian Police University College in Oslo. He has worked in a number of positions within the Norwegian police force (1977-1986). From 1986 to 1997, he worked in finance, primarily in the DnB system. Towards the end of this period, he was part of DnB's corporate management, as Director for the Corporate Customer division. From 1997 to 2008, Didrik Munch was CEO of Bergens Tidende AS. He was the CEO of Schibsted Norge AS (former Media Norge AS) from 2008 to 2018, and is currently self-employed. Didrik Munch has sat on the boards of a number of companies, both as chairman and ordinary member. He is currently Chairman of the Board for Storebrand ASA, Solstrand Fjordhotell Holding AS and NWT Media AS, and a board member for Grieg Maritime Group AS. He owns no shares in the company as of 31 December 2020.



**Board member**  
**Arne Møgster (1975)**

was elected to the Board by the annual general meeting on 26 May 2009. Arne Møgster holds a Bachelor of Business Administration and an MSc in International Shipping. Arne Møgster is the CEO of Austevoll Seafood ASA and board member in a number of companies. As a shareholder in Laco AS, Arne Møgster indirectly owns shares in Lerøy Seafood Group ASA.



# Guidelines for stipulating salaries and other remuneration of persons in senior positions

The Group's development is closely linked to its ability to recruit and retain talented senior executives. The Group's guidelines for stipulating salaries and other remuneration of senior executives are attached.

The company has followed the guidelines for 2021.

Adopted at the annual general meeting of Lerøy Seafood Group ASA on 26 May 2021.

## 1 General

These guidelines have been prepared by the Board of Directors of Lerøy Seafood Group ASA ("the company" or "Lerøy") in accordance with section 6-16 a of the Public Limited Liability Companies Act and regulations governing guidelines and reports on remuneration of persons in senior positions.

Executive salaries are a key instrument in harmonising the Group's interests with those of persons in senior positions. The shareholders therefore have an influence over executive salaries in the company via the disclosure and approval of these guidelines. The main principles for executive salaries are that they shall be appropriate in order to attract and retain skilled managers without the Group being wage leaders in the industry, and without the variable element of salary representing such a large share of the total salary that this may result in unfortunate incentives and short-term perspectives. The company's salary system shall be easy to understand and acceptable.

## 2 Business strategy, long-term interests and financial capacity

Lerøy's values – open, honest, responsible and creative – shall lay the foundations for the Group's daily operations, but also for the perpetual, strategic business development required to achieve the Group's vision of being the leading and most profitable global supplier of sustainable, quality seafood. This long-term focus is also reflected in the company's financial capacity.

Being a leading player in a global industry and safeguarding the company's long-term interests are closely linked to the company's ability to recruit, develop and retain executive personnel. Lerøy's people are the most important resource for the Group. Lerøy shall be a respected and attractive employer in the seafood industry, with the capacity to attract employees with the appropriate competencies, succeeding in building a learning and dynamic organisation where employees are happy, can develop and work together to meet our customers' requirements and future challenges.

## 3 Scope

These guidelines apply to persons in senior positions in Lerøy, as defined in section 6-16 a of the Public Limited Liability Companies Act. For Lerøy, this includes the Group's management group ("executive personnel") and members of the Group's Board of Directors. Remuneration of other employees than executive personnel is not covered by these guidelines.

Lerøy has established a remuneration scheme to stimulate, in general, achievement of goals and at the same time promote good risk management, counteract excessive risks and help prevent conflicts of interest. The Group's long-term interests and financial capacity shall be safeguarded. One general requirement for the remuneration scheme is that it shall be based on equal salaries for male and female employees for equal work or work of equal value. The company's remuneration shall be competitive, but the company shall not be a wage leader in the industry. The company conducts annual reviews of application of the remuneration scheme, and the company's written report is reviewed by independent control functions.

## 4 Detailed information on remuneration that can be paid to or received by persons in senior positions

### 4.1 Remuneration of members of the Board of Directors

Remuneration of the board members is proposed by the company's nomination committee and adopted by the annual general meeting in accordance with section 6-10 of the Public Limited Liability Companies Act. The board members do not have a scheme for allocation of options for the purchase of shares in the company.

The current Chairman of the Board does not receive remuneration in the form of a fee subject to reporting. The company is invoiced for this service and for consultancy fees by the Group's ultimate parent company, Laco AS, where the Chairman of the Board is an employee.

### 4.2 Remuneration of executive personnel

Regarding remuneration of executive personnel, the company mainly focuses on fixed salary as an instrument, and only uses variable remuneration to a limited degree. Executive salary shall be competitive, so that the company

is able to attract and retain the most skilled managers. The fixed remuneration of executive personnel shall include:

#### Base salary

Base salary is established on the basis of the responsibilities, complexity, competencies and length of service for the position. The base salary is normally the main element of executive personnel salaries.

#### Bonus scheme

In principle, bonuses are a form of profit sharing, where members of management are remunerated for their contribution to the company's long-term earnings and development. The purpose of Lerøy's bonus scheme is to stimulate continuous development of Lerøy's value creation, growth and results, as defined in the company strategy.

Bonus payments are assessed and stipulated every year based on a comprehensive evaluation of five components: the executive's value creation, efforts, results, values, and attitudes and conduct, all in relation to the defined goals, tasks and available resources implied in the position.

At the end of the measurement period, a decision is made as to the extent to which the criteria for a bonus payment have been met. This evaluation shall be based on an assessment of the criteria as described above and in the bonus schemes for executive personnel. See also more detailed information in paragraph 4.3.

Bonus payments to persons in senior positions may comprise up to one year's salary.

The company does not have any scheme for repayment of variable remuneration. The Board of Directors has the right to make changes to or terminate the bonus scheme on a yearly basis.

#### Other remuneration

##### Pension schemes

Lerøy Seafood Group ASA has a defined-contribution pension scheme according to the Act relating to mandatory occupational pensions. The base for premium payments is capped at maximum 12 G (G is the national insurance base amount) per year. Executive personnel in the Group are members of the company's collective pension scheme up to retirement age, which is

70, and do not have separate agreements that include early retirement or supplementary pensions. The company may, however, enter into such agreements in the future.

#### Severance pay

In principle, the company does not make use of severance pay apart from salary during the period of notice for the number of months stipulated in the provisions of the Working Environment Act. Severance pay may, however, be a good alternative in some situations for all parties involved. Severance pay can therefore be utilised in extraordinary circumstances, albeit capped at two annual salaries.

#### Other special remuneration

Executive personnel may receive other special remuneration that is normal for comparable positions, such as free telephone, PC at home, free broadband, newspapers, company car/car scheme and parking.

Options and other types of remuneration linked to shares or developments in share prices:

The company does not currently provide any other type of remuneration to persons in senior positions in the form of options or linked to shares in the company or the share price.

#### Share purchase programmes

Lerøy is entitled to assess a share-savings programme for all employees,

where the employees have the right to subscribe to a limited number of shares at a discounted price.

#### 4.3 Stipulation of remuneration and allocation of variable benefits

Remuneration of the Group CEO is determined annually by the Chairman of the Board according to a mandate issued by the Board. Remuneration of the individual members of the corporate management group is determined by the CEO in consultation with the Chairman of the Board. The Board of Directors shall be subsequently informed of the decision.

General schemes for payment of variable benefits, including bonus schemes, are established by the Board of Directors. The Group CEO allocates incentive schemes and other benefits to the Group's executive personnel within the boundaries of the schemes established by the Board.

The company does not have a dedicated remuneration committee.

The Lerøy Seafood Group companies shall comply with the main principles of the Group's executive salary policy and the salary system. The Group aims to coordinate the Group's salary policy and the schemes utilised for variable benefits.

#### 4.4 Terms of employment and salary

The company aims to retain the current scheme for terms of employment and

salary for executive personnel. This is taken into account when preparing guidelines, so that the guidelines largely describe the current terms of employment and salary for executive personnel.

#### 5 Statement regarding salary

For each financial year, the Board shall ensure that a statement regarding salary is prepared that provides an overview of paid and current remuneration covered by these guidelines.

Prior to the Statement regarding salary being discussed by the annual general meeting, the auditor shall check that it contains the information required according to prevailing regulations. The annual general meeting shall hold an advisory vote on the Statement regarding salary. The Statement regarding salary in the subsequent year shall explain how the result of the previous annual general meeting's vote has been taken into consideration.

#### 6 Deviations from the guidelines

In extraordinary circumstances when significant events require executive personnel to make extraordinary efforts, the Board may decide to deviate from these guidelines. Reasonable grounds for such deviation must be stated in relation to the shareholders' shared interest in retaining and incentivising key personnel in extraordinary situations.

Deviations must be assessed by the Board as necessary in the situation in question and for the executive employee

in question. The grounds for any deviations shall be specified in writing and be included in the annual Statement regarding salary presented to the annual general meeting, for an advisory vote in the following year. The Board is not entitled to deviate from the guidelines in relation to remuneration of Board members. If necessary, such deviations shall be proposed and presented to the annual general meeting

for a general vote.

#### 7 Changes to the guidelines

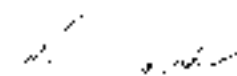
Any significant changes to the guidelines shall be described in new and updated guidelines that are submitted to the annual general meeting for approval. In the event of such changes, the company shall take into account the shareholders' views and votes on the guidelines. The guidelines shall be

presented to the annual general meeting for approval minimum every four years.

#### 8 Disclosure

These guidelines shall be dated on the day they are approved by the annual general meeting, and shall be made available on the company's website along with the results of the vote.

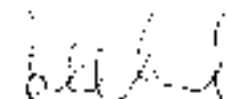
Bergen, 26 May 2021  
The Board of Directors of Lerøy  
Seafood Group ASA



**Arne Møgster**  
Board member



**Britt Kathrine Drivenes**  
Board member



**Didrik Munch**  
Board member



**Karoline Møgster**  
Board member



**Siri Lill Mannes**  
Board member



**Hans Petter Vestre**  
Board member



# Board of Director's statement on Lerøy's strategic framework

## Lerøy's strategic framework

Our values – open, honest, responsible and creative – shall represent the very foundations for our decisions and actions. Lerøy maintains a very strong focus on the customer. We succeed when our customers succeed. Our goal is to help our customers succeed by means of sustainable growth and an integrated, efficient and creative value chain. If we are to achieve this goal, we will need access to human resources and organisation (knowledge) and capital. Our goal over the next three to five years is to create the world's most efficient and sustainable value chain for seafood. The elements in our strategic framework are described in more detail below.

### The ultimate goal: We succeed when our customers succeed

Our vision requires us to continue to develop in order to achieve a position as a preferred supplier of seafood on

a global scale. Our customers aim for growth and new market shares by offering competitive solutions with a view to cost and quality, innovation, security of supply and food safety. We need to understand the wishes of our customers, and our value chain needs to be built upon competitive processes that ensure success for our customers. Feedback from customers is an opportunity for improvement.

### Strategic goals/objectives: An efficient and sustainable value chain

The seafood business has a long history and has developed into a global industry, but remains very fragmented with complex value chains, which at times are not compatible with the requirements made by the Customer number and end consumer on, e.g., food safety, traceability, sustainability, stability and efficiency.

Lerøy has therefore focused on achieving growth by means of securing access

to raw materials that are fully traceable and governable. Lerøy's value chain comprises a large product range and allows for development of activities and products to increase customer satisfaction and willingness to pay, which in turn helps our customers gain new market shares.

Lerøy believes that values are created in value chains and in businesses in value chains that form a network and competitive processes for their customers. Lerøy's goal is to create the world's most efficient and sustainable value chain for seafood. This must be achieved by developing long-term customer relationships and an in-depth understanding of the customer's requirements; continuous improvement of the processes in the Group's own value chain, and development of binding alliances with suppliers.

The table below not only demonstrates

success for customers, but also KPIs for the Group helping to reach the goal of having the world's most efficient and sustainable value chain. The fundamental principles in the method utilised to achieve our goals are working continuously to achieve optimal flow of goods to the customer and optimal flow of information from the customer, by means of continuous improvement. This requires a decentralised organisation that is able to solve problems where and when they emerge, but also a Group that has the capacity to disseminate information from customers back to the value chain, so that all parties are aware of the

challenges to be solved. Problem-solving shall be based on facts.

### Strategic goals/objectives:

#### Sustainable growth

Our customers aim to achieve growth, and our vision is dependent upon growth. Lerøy works hard to ensure that growth for the Group has been and shall remain sustainable. Sustainability is defined according to a holistic perspective that includes economic, environmental and social sustainability. All these areas are essential for the Group's existence and competitiveness.

Without social sustainability, we will

not have the support of society at large and will not have access to the Group's most important resource, people. Environmental sustainability is a prerequisite for the perpetuity perspective upon which the Group's operations are based. Economic sustainability is a premise for access to capital. These requirements and expectations are not new, and Lerøy has focused on these throughout the Group's history, but the requirements made by various stakeholders are increasingly consistent in recent years. This gives rise to an accelerated rate of development, for which Lerøy is well positioned.

## An efficient value chain that engenders innovation will be visible in the form of

### An efficient value chain

- a value chain that is sustainable economically and in terms of climate and the environment
- a value chain that delivers the right quality, traceability and food safety with the right level of service
- a value chain with good base stability for operations and access to raw materials
- flexible solutions

### Innovation

- a value chain that wins market share from competitors
- an organisation made up of creative and inquisitive people who continuously develop the Group
- a value chain perceived by the customers as ahead of the competition in terms of the capacity to develop sustainable solutions that create added value
- a value chain that succeeds in preserving its pioneering spirit and customer focus, two elements on which Lerøy's history is founded

## Sustainable growth

### Economic sustainability

- earnings shall over time generate an annual return on the Group's average capital employed (ROCE) of 18% before tax.
- we shall evaluate the cycles in the Group's markets, understand the most significant risks for the Group and achieve a capital structure that can withstand risk but also allows us to exploit opportunities.

### Climate and environmental sustainability

- ref. status and detailed overview in the ESG section at the end of the report and in our sustainability library at leroyseafood.com.
- the Group works with renewable resources, and all decisions relating to operations and growth targets shall be made from a sustainability perspective, preferably assessed in accordance with the UN's relevant sustainability criteria.

### Social sustainability

- Lerøy shall be a safe place to work and shall maintain a continuous focus on HSE in every part of the organisation.
- Lerøy shall offer orderly working conditions for all employees, and ensure that partners do the same.
- Lerøy shall pay equal salaries for equal work and provide proper training in all parts of the value chain.
- Lerøy's decentralised Group model implies that the Group is local but with a global perspective. The Group's activities shall create ripple effects in the areas where they have operations.

Historically, Lerøy's growth has been sustainable, and will continue to be so. The Group has developed a number of KPIs within the different areas relating to sustainability, and will focus on these moving ahead.

Lerøy has always been a pioneer in the seafood industry in terms of new species and new markets. This pioneering spirit has been and shall remain a key element in the Group's development. Lerøy will continue its organic growth, and growth through acquisition and the developing of alliances and partnerships, and shall continue to play an active role in the consolidation of the seafood industry.

If the Group is to successfully achieve its vision and develop the world's most efficient and sustainable value chain, it requires access to knowledge (human resources, organisation and methods) and capital.

**Prerequisites for fulfilling our goals:**

**Human resources and organisation**

Lerøy's people are the most important resource for the Group. Lerøy shall be a respected and attractive employer, with the capacity to attract employees with the appropriate competencies, succeeding in building an organisation where employees are happy and work together to meet our customers' needs. Lerøy has a clearly defined HR strategy focusing on recruiting, retaining and developing our employees.

Lerøy also focuses on strengthening the role of manager in the Group. Our leadership culture shall feature involvement and cooperation, where

the individual manager is expected to take responsibility for getting the best out of their employees in order to ensure continuous development. The interaction between Lerøy's employees and partners shall help create the most efficient and innovative value chain for seafood. Our competitive strengths depend on our ability to continue to develop the organisation in every part of the value chain.

In order to ensure good interaction throughout the value chain, it is important to create and develop an organisation that is willing both to learn and change. Lerøy's governance model includes substantial local decisionmaking authority. Decentralised governance requires an organisation hungry for new knowledge in its efforts to achieve lasting competitive advantages, but also an organisation that can share best practice across all parts of the value chain.

**Prerequisites for fulfilling our goals:**

**Capital**

The confidence of the capital markets and access to capital have been and remain an essential prerequisite for the Group's existence and growth. The Group's financial strength and financing structure shall be adapted to its operations and framework conditions.

The Group operates in an industry that has historically been highly cyclical, and requires a level of capitalisation and a business model that reflect this. This cyclicity can be challenging, but has afforded and will continue to afford substantial opportunities in the future.

The Group's balance sheet will therefore typically be very strong during good periods, but with a strategy to exploit this for acquisitions in more challenging times.

In relation to acquisitions, it is essential to monitor developments on the seafood markets, including the customers' requirements and expectations in terms of future developments, along with in-depth knowledge of the acquisition object. The Group has achieved growth by means of a number of acquisitions. Moving forward, the Group shall continue to maintain the knowledge required to carry out such acquisitions with an appropriate risk profile and good returns. The Group's long-term goal for earnings is to generate an annual return on the Group's average capital employed (ROCE) of 18% before tax.

**Lerøy's history is a demonstration of the Group's strategy in practice.**

Today, Lerøy Seafood Group ASA is a fully integrated company with control of the entire value chain from roe or catches to the end product delivered to the consumer, and this is essential if we are to achieve Lerøy's vision of being the world's most efficient and sustainable value chain for seafood.

This has not always been the case, but Lerøy has remained very loyal to its strategy. Over the past 20 years, Lerøy has grown from a family-run Norwegian wholesaler/exporter to a fully integrated international seafood supplier. This growth would not have been possible without professionalisation, organisational development and access to venture capital once the company was listed

on the Stock Exchange in June 2002.

The Group has developed a strong base of resources via acquisitions, developing alliances and strong relationships with suppliers. Such access to raw materials, coupled with the development of downstream operations, has allowed the Group to develop customer relationships that are increasingly strategic, thanks to the Group's capacity to meet customer requirements.

This development would not have been viable without access to venture capital, clear evidence that Lerøy holds the confidence of the various actors in the capital markets. This confidence has been and remains an important prerequisite for Lerøy's growth and development. Acquisitions have been a key part of the strategy, and new acquisitions are assessed on a continuous basis. The acquisition of Villa Organic

in 2013 was the last major acquisition within farming. The Group's largest acquisition to date took place in 2016, with the acquisition of Lerøy Havfisk and Lerøy Norway Seafoods. The Group has invested in downstream operations with both start-ups and acquisitions, and currently has substantial processing capacity in locations close to consumers.

**Focus areas**

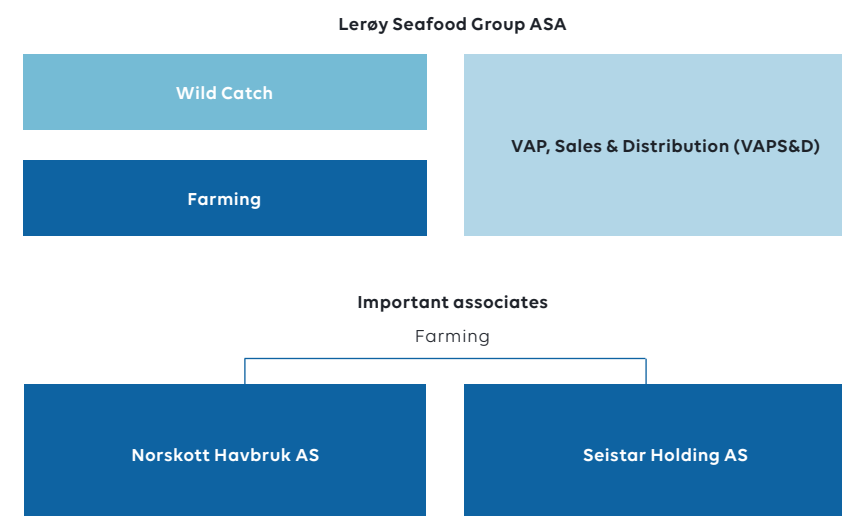
Lerøy works continuously on the development of its own value chain, from raw material to end product. Lerøy reports within three segments.

**Wild Catch Segment – focus on improving value chain efficiency**

The Group's whitefish operations comprise fisheries and onshore facilities that work closely together. For a more detailed description, please refer to the business overview at [leroyseafood.com](http://leroyseafood.com).

The Group's fisheries are currently very efficient. Historically, the Group's fleet has suffered at times from low profitability, but the Group has been able to invest in renewing and developing its fleet in recent years. The new vessels, such as Nordtind (delivered in 2018) and Kongsfjord (delivered in 2020), are effective within traditional fisheries and have increased efficiency for shrimp catches with the use of triple trawls. Kongsfjord represents a further development of the design for Nordtind boats developed for catch management, with fittings to ensure optimal quality and exploitation of the entire fish. The new vessels have improved operating systems, which help to reduce CO2 and NOx emissions. The Group expects to see even more stringent requirements emerging in these areas in the future. The Group is closely monitoring developments in propulsion systems, and joined the Green Shipping Programme as a member in 2021.

For many years now, the Norwegian onshore industry for whitefish has struggled with low profitability. Framework conditions for the onshore industry are challenging, partly driven by the seasonal fluctuations in raw material supply and partly the political framework conditions that make it difficult to allocate large volumes to industrial units, and obstruct specialisation and investments in automation. A comprehensive effort is required to improve profitability in this industry, and the Group's strategy centres around three lines of action.







As a manager with experience from a different industry, I've really enjoyed joining an organisation that is open to new ideas and actively seeks to improve."

– Håkon Stensen, Technical Manager Lerøy Sjøtroll

### What to produce where?

Or in other words; how can we facilitate new, preferably year-round operations with less seasonal fluctuation than in the historical operating model? The objective is to make production less seasonally dependent, introduce more standardised fillet production based on fresh, seasonal raw materials and frozen raw materials outside of the catch seasons. A more stable supply of raw materials to the industrial facilities will help boost productivity and improve the flow of goods to the factories close to the markets.

### Stabilisation, continuous and gradual improvements.

Systematic work to boost operations via continuous and gradual improvements at each facility, and to improve the flow of goods between different facilities in the value chain. Implementation of the Lerøy Way in all factories

### A more efficient value chain for whitefish.

The value chain for whitefish remains very fragmented, and work is under way to link whitefish operations more closely to Lerøy's growing downstream operations. Investments are also being made in replacing machinery and auxiliary systems with new, more modern production technology along with upgrades to buildings to make the Group an even more competitive purchaser of whitefish from the coastal fleet. Investments are being made in upgrading skills and product development.

### Farming Segment – focus on growth and cost reductions per kilogram of salmon and trout produced

The Farming Segment is the Group's fully integrated value chain for the production of salmon and trout in Norway, currently operating in three regions. Go to the Group's website for more information.

The Farming Segment shall contribute towards Lerøy achieving its goal for sustainable growth in volume, and producing sustainable, high-quality salmon and trout in a cost-efficient manner.

The main focus for the Farming segment is to increase operational efficiency, and to stabilise and increase production by focusing on the most important value drivers. These include rate of growth, survival, MTB utilisation, harvest quality, lice control and costs.

The Group has invested heavily in recent years in RAS technology for production of larger smolt. In these facilities, the smolt are kept for a longer period of time on shore in sea water, so that larger and more robust smolt can eventually be released. These investments shall impact the key value drivers, leading to increased production at a lower cost base. The Group's harvest volume in Norway has increased from 158,000 tonnes in 2019 to 187,000 tonnes in 2021. There are a number of factors in this growth but investments in larger smolt and RAS facilities are key.

Notwithstanding development of existing operations, a high rate of return over

time provides incentives for investments in new technology and regions. To date, Lerøy has chosen not to invest in new regions, as these tend to be more costly and the Group has assessed that the return on post-smolt investments is higher. The Group is actively involved in new technology, such as onshore production of salmon and offshore fish farming. The Farming segment shall invest in further development of production technology close to the coast and achieve a position that allows growth towards a future target figure for volume, by boosting knowledge built up around onshore production of salmon and offshore farming.

Main priorities for Farming in 2022 include:

1. Further development of investment in more robust post-smolt production
2. Develop feeding centres and related production technology
3. Strengthen the premises for successful production planning and risk management
4. Develop concepts for production close to coast and offshore farming
5. Develop and implement the Lerøy Way throughout the value chain for farming

### VAP, Sales & Distribution Segment – an efficient value chain driving innovation

As described in detail in the "Business sells most categories of seafood to an increasing number of global markets. Over the past decade, there has been a particular focus on developing a more efficient value chain for distribution of seafood by building a number of distribution centres in a higher number

of central seafood markets. These centres are secured a supply of raw materials via local sourcing and raw materials in the form of fillets produced at the Group's facilities in Norway. Having facilities close to the markets allows the Group to provide a high level of service, extensive interaction and innovation with customers on each specific market. The Group is also gradually building up capacity for sushi and so-called "ready-to-eat meals".

In 2020 and 2021, the markets were substantially impacted by COVID-19 restrictions, which significantly changed how end consumers purchase food. For most of this period, sales channels within the hotel, restaurant and catering market saw a substantial reduction in sales, while grocery sales increased. The Group has benefited greatly from its strong position in key grocery markets in Europe, and the value of having long-term customer relationships was proved once again in 2021. This has supported the strategy for the VAP, Sales & Distribution segment, which is to develop and procure new strategic customers.

In recent years the Group has made a number of decisions relating to sustainability, for example the launch of the "Lerøy Salmon™" certification scheme at the start of 2021. To achieve this certification, the entire value chain has to be audited by a third party. Salmon with this certificate has a higher Omega 3 content than the Norwegian industrial standard, zero use of antibiotics, zero accidental release and full traceability. This is one example of why Lerøy believes that an integrated

value chain is the best way to meet consumers' future requirements.

Group earnings from this part of the business saw a substantial increase in 2021 when compared with 2020. At the start of 2022, Lerøy has unique access to raw materials via its own Farming operations, and from catches and purchases from third parties. Access to raw materials, in combination with the Group's processing plants in Norway and factories worldwide in close proximity to the markets, represent a strong platform for continued commercial development with strategic customers. The Group's investments in this part of the value chain are expected to produce an increase in the level of activity, a more robust business model and improved earnings. In 2022, the Group will take further steps towards its vision of being the most profitable global supplier of high-quality, sustainable seafood.

### Important projects in 2022

Based on value drivers for the Group as a whole and the different segments, strategic action plans have been prepared both at Group and segment level. The following list is not exhaustive, but illustrates a number of important projects that will be executed in 2022:

#### 1. Sales and production planning.

A project that involves studying the potential for further measures to improve the flow of goods and information throughout the value chain.

#### 2. Digital transformation.

A project that addresses how, to an

even greater extent, Lerøy can optimise processes across the value chain and make use of systems to support the flow of goods and information.

#### 3. Cost control for Farming.

The Group and the industry have experienced increased costs and are strengthening their focus on reducing these.

#### 4. Process improvements on land, Farming.

A project aiming to further develop processes and ensure optimal coordination between onshore and offshore processes in Farming.

#### 5. Further development of plan for volume growth.

The Group aims to achieve sustainable volume growth, and is studying opportunities for further growth.

#### 6. Sustainability in daily operations.

A project aiming to ensure follow-up of sustainability variables at every level in the Group.

#### 7. Lerøy Ocean Harvest.

Further development and commercialisation of investments in seaweed.

#### HR strategy

As an employer, Lerøy is responsible for developing and retaining human resources in the organisation, and for attracting and recruiting employees with the appropriate competencies required to solve future challenges. The Group's HR strategy shall support Lerøy's vision and values, and facilitate a learning and dynamic organisation

well-equipped to be the leading and most profitable global supplier of sustainable, high-quality seafood.

Strategic prioritisation within HR involves making choices that help move both people and the organisation in the right direction towards achieving principal, strategic, commercial goals. The HR strategy shall support the ambition of being "One Lerøy" and, on this basis, has five defined strategic focus areas: attractive employer, leadership and leadership development, employee development, organisational

development as well as standardisation and digital tools.

The Group carried out comprehensive leadership development training programmes at different levels in 2021, providing employees from different parts of the Group with the opportunity to meet and become familiar with what it means to be a manager at Lerøy. This was a popular new move within the organisation, and the process will continue in 2022.

**The Lerøy Way**

Over the past five years, the Group has developed a "business system" or set of principles for how to improve together. Lerøy's ultimate goal is satisfied customers. Based on the Group's values, defined fundamental principles and methods relating to people, machinery/ technology and processes, the Lerøy Way is a toolbox used to ensure continuous improvement. The Lerøy Way has now been implemented in a number of the Group's operations, particularly in our factories, where empirical data show that the method works. Implementation will continue in 2022, including in the Group's farming operations.







# 03

## Financial information

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- 216-221 Auditor's report



# Board of Directors' report

## Values

Honest, Open, Responsible and Creative

## Vision

To be the leading and most profitable global supplier of sustainable high-quality seafood

Finnkirka is a rock formation in Kjøllefjord where fishermen in ancient times would bring offerings to ensure a safe sailing.



# Board of Directors' report

## Financial matters

Lerøy Seafood Group currently has a fully vertically integrated value chain within both redfish and whitefish, and is the leading Norwegian seafood company, and thereby one of the world's leading seafood corporations. The Group has a clear ambition to further develop this position in the years to come.

The Group's earnings in 2021 were stronger than in 2020, with improvements in every segment. A good development in demand and higher prices realised, combined with operational improvements, are the key factors behind the increase in earnings. Revenue was up 16% to NOK 23.1 billion in 2021 when compared with 2020. This development is in line with the Group's strategy for growth. The operating profit before biomass adjustments was up from NOK 1,950 million in 2020 to NOK 2,519 million in 2021.

Associates represent substantial value for the Group. Operating profit before fair value adjustment related to biological assets from associates was NOK 115 million in 2021 compared with NOK 161 million in 2020. The Group's net financial items for 2021 were NOK -193 million compared with NOK -241 million in 2020.

Profit before tax and fair value adjustment related to biological assets was NOK 2,440 million in 2021 compared with NOK 1,869 million in 2020. Earnings per share before fair value adjustment related to biological assets were NOK 3.08 per share in 2021, compared with NOK 2.46 per share in 2020. The Board of Directors will recommend to the Annual General Meeting a dividend payment of NOK 2.50 per share in 2022.

The company's dividend policy reflects the strategy that dividends should lie in the region of 30-40% of profit after tax, over time, but ensuring that the Group has satisfactory liquidity to undertake potential new and profitable investments. The Board's dividend recommendation reflects the Group's solid statement of financial position, satisfactory financing and positive outlook.

The return on the Group's capital employed before fair value adjustment related to biological assets in 2021 was 12.4% compared with 10.5% in 2020.

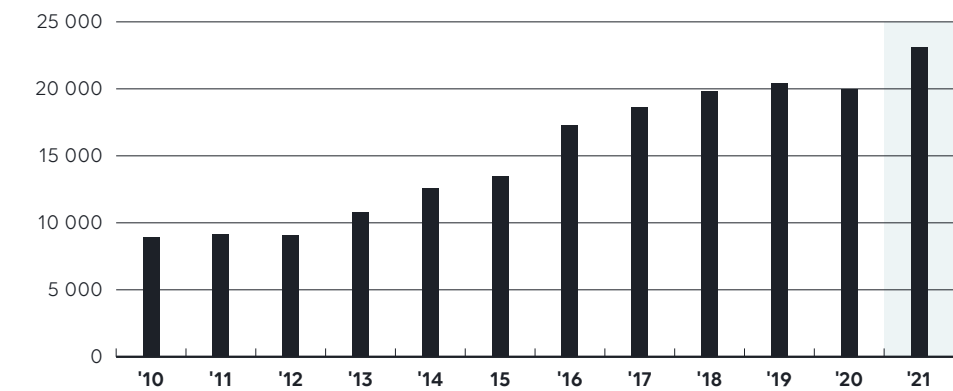
The Group is financially sound with book equity of NOK 19,323 million, equivalent to an equity ratio of 56.5%. Cash flow from operating activities in 2021 totalled NOK 3,740 million, compared with NOK 2,367 million in 2020. Net interest-bearing debt was down from NOK 3,521 million at year-end 2020 to NOK 3,297 million at year-end 2021.

Net cash flow from investing activities for 2021 was negative at NOK 1,440 million, compared with a negative figure of NOK 1,354 million in 2020. In 2021, the Group participated with an amount of NOK 306 million in a share issue in the associate Norskott Havbruk, in connection with Scottish Sea Farms' acquisition of Grieg Seafood Hjaltdland UK Ltd. Moreover, the LSG Group increased its shareholding in Seafood Danmark to 77.6%. Please note that investments in right-of-use assets are not included in the cash flow from investing activities, as these investments, naturally, do not generate any initial cash impact. Total investments in own and leased fixed assets from credit institutions totalled NOK 1,182 million in 2021 compared with NOK 1,833 million in 2020. The largest single investment in 2021 was completion of the post-smolt facility at Lerøy Midt.

In 2021, the Group paid dividends amounting to NOK 1,202 million, of which NOK 1,192 million from the parent company to the shareholders of Lerøy Seafood Group ASA. The corresponding figures for 2020 were NOK 925 million and NOK 893 million respectively. In a rating process in 2021, the Group was classified as "Investment grade", and issued its first bond loan totalling NOK 1.5 billion, divided into three tranches. These mature five, six and ten years after issue respectively.

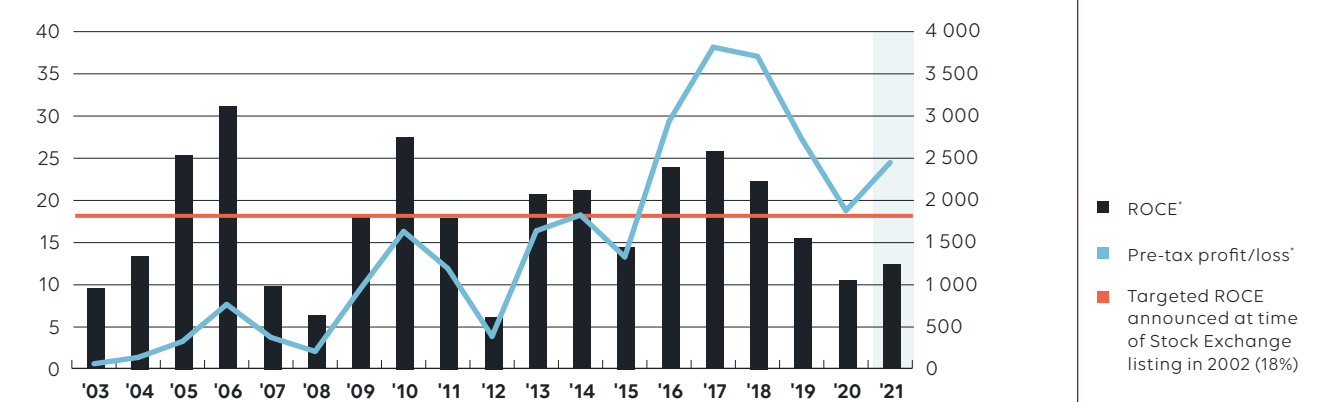
## Revenue performance, Lerøy Seafood Group

(FIGURES IN NOK MILLION)



## Development in return on capital employed and profit/loss before tax and fair value adjustment for fish in the sea

ROCE % (left axis), NOK MILLION (right axis)



\* Before fair value adjustment of biomass

The Group's statement of financial position totals NOK 34,194 million as of 31 December 2021 compared with NOK 30,163 million as of 31 December 2020. Over the past 20 years, the Group has based its growth on several factors, including financial flexibility. The Board of Directors is of the opinion that such financial flexibility is an important factor to enable it to generate further profitable, organic growth, carry out strategic acquisitions, establish alliances and continue the company's dividend policy. The satisfactory financial position supports the Group's ambition to be the leading Norwegian seafood company and one of the world's leading seafood corporations in the future.

The Group compiles its financial reports in accordance with the international financial reporting standards, IFRS.

**The Wild Catch Segment**

The wholly owned subsidiary Lerøy Havfisk carries out the Group's wild catch operations. Lerøy Havfisk has licence rights to harvest just above 10% of the total Norwegian cod quotas in the zone north of 62 degrees latitude, corresponding to around 30% of the total quota allocated to the trawler fleet. Lerøy Havfisk also owns several processing plants, which are mainly leased out to its sister company Lerøy Norway Seafoods (LNWS) on long-term contracts. Lerøy Havfisk's fishing/trawler licences stipulate an operational obligation for these processing plants.

Lerøy Havfisk's catch volume in 2021 was approx. 72,000 tonnes, up from around 68,000 tonnes in 2020. This increase is attributed to higher quotas. In 2021, the authorities made it possible to transfer up to 15% of the cod quota to 2022, measured by vessel. The prices for haddock and saithe have shown a good development, rising significantly towards the end of 2021. Lerøy Havfisk prioritised fisheries of these species as last year came to a close. The company transferred around 5% of its cod quota from 2021 to 2022, amounting to around 1,350 tonnes. The coastal fleet also transferred parts of its quota, which means that the fall in catch volumes for cod in Norway in 2022 will be lower than the quota reduction.

LNWS's primary business is processing wild-caught white fish. The company has use of 12 processing plants and purchasing stations in Norway, five of which are leased from Lerøy Havfisk. Processing whitefish in Norway has been extremely challenging for several years. In 2021, the onshore industry made a loss, but the figures still showed a significant increase on 2020. This is due to operational improvements but also substantially better access to raw materials when compared with 2020.

The Group's focus on improving the competitiveness of the whitefish industry is a long-term project and continues undiminished. All other things equal, however, the price level at the start of

2022 makes conditions more challenging for the onshore industry in the current year. Over time, the Group has implemented organisational changes and made significant investments in facilities, which we believe will deliver sustainable earnings for the onshore industry. For 2021 in total, the segment contributed an operating profit of NOK 340 million, compared with NOK 205 million in 2020.

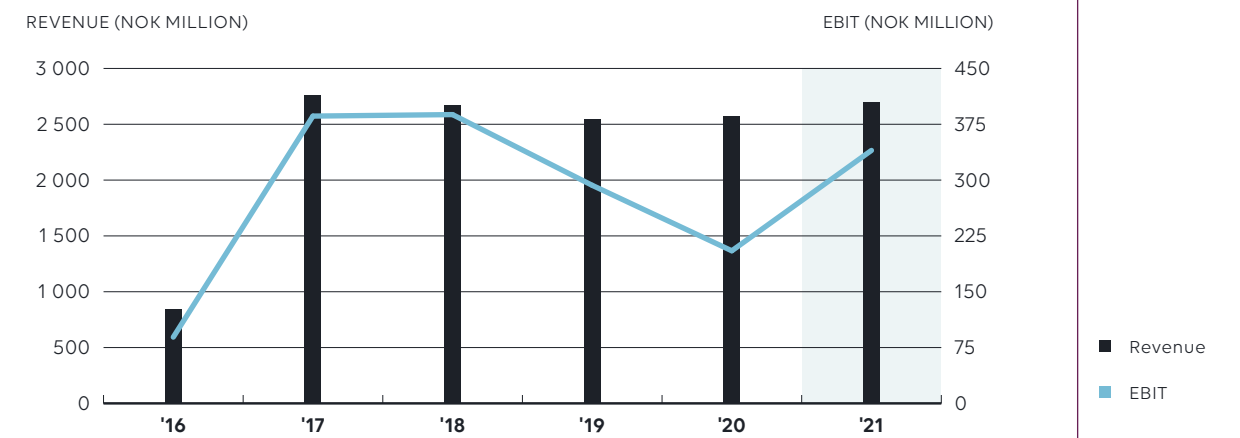
**The Farming segment**

The Farming segment is divided into three regions: North Norway with Lerøy Aurora AS in Troms and Finnmark; Central Norway with Lerøy Midt AS in Nordmøre and Trøndelag; and West Norway with Lerøy Vest AS, Sjøtroll Havbruk AS, Lerøy Sjøtroll Kjærelva AS, Lerøy Årskog AS, Norsk Oppdrettsservice AS and Lerøy Ocean Harvest AS, known collectively as Lerøy Sjøtroll.

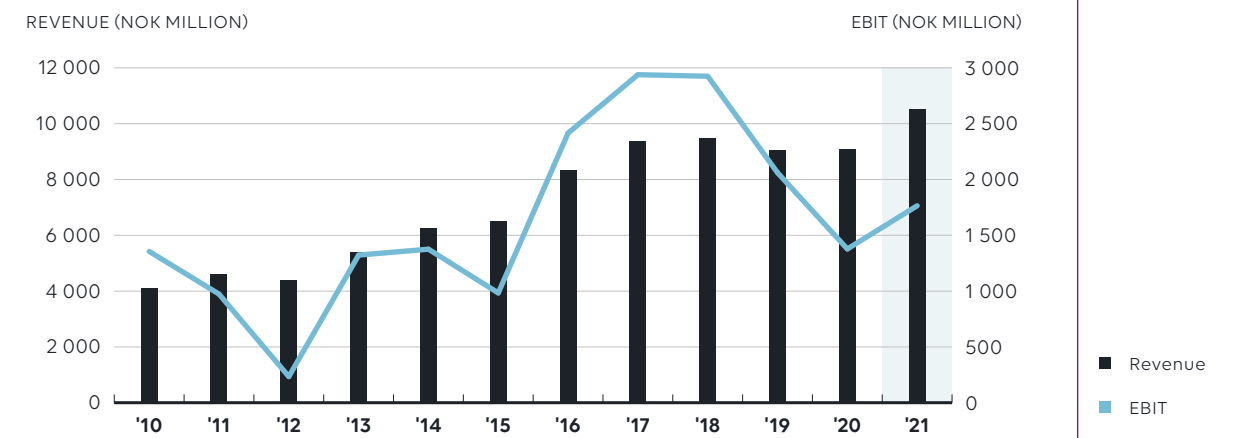
In 2021, Bjarne Reinert was appointed the new COO Farming in Lerøy Seafood Group. He has years of experience in the industry, and formerly worked as head of fish health in Lerøy Seafood Group. He has a Masters' degree in Aquamedicine from the University of Tromsø and an Executive MBA in strategic management from the Norwegian School of Economics (NHH).

In recent years, the Group has made substantial investments in increased smolt capacity and implemented a number of improvement measures. It

**Revenue performance and EBIT Wild Catch**



**Revenue performance and EBIT\* Farming**



\* Before fair value adjustments on biological asset



is therefore very rewarding to report that these have produced a significant increase in harvest volume. The harvest volume in 2021 totalled 187,000 tonnes, up from 171,000 tonnes in 2020 and 158,000 tonnes in 2019. This growth is in line with the Group's plans. The growth in harvest volume, all other things equal, has reduced the Group's costs per kilo harvested. Other cost elements and/or input factors, including higher feed prices, have resulted in increased costs. It is the management and Board's assessment that the Group's relative competitiveness has improved through 2021. Over time, a number of improvement measures have been implemented to increase the Group's production and improve its competitiveness.

Demand for salmon and trout has been severely impacted by restrictions relating to the global COVID-19 pandemic. In 2021, this impact has gradually reduced, and we are once again witnessing record-high demand for salmon and trout. In total, prices realised in 2021 for salmon and trout were up approx. NOK 6 per kilo when compared with 2020. The contract share for salmon for the Group's farming operations was approx. 27%. The harvest volume for Farming comprised 13% trout. Prices realised for trout throughout the year were approx. NOK 4 per kilo lower than for salmon. The negative price difference between salmon and trout is significantly lower than the difference the Group has experienced in the years since 7 August 2014, when

Russia imposed an import ban on Norwegian salmon..

The Farming segment's operating profit before fair value adjustment was NOK 1,768 million in 2021 compared with NOK 1,381 million in 2020. The harvest volume was up 9% and EBIT/kg before biomass adjustments increased from NOK 8.1 in 2020 to NOK 9.5 in 2021.

**VAP, Sales & Distribution Segment**

With a fully integrated and cost-efficient value chain for seafood, including salmon, trout, whitefish and shellfish, Lerøy Seafood Group offers products customised to consumer preferences. Proximity to key markets and knowledge of the customer's needs are therefore of decisive importance if the Group is to develop demand for its main products. Lerøy distributes a wide range of seafood products to more than 80 different markets. In addition, the Group processes and distributes a number of market-specific seafood products in its respective local markets where Lerøy has operations. Lerøy Seafood Group's value chain shall be developed further in order to satisfy and increase the consumers' total demand for seafood.

Since 2020, seafood markets have been negatively impacted by the COVID-19 pandemic. The impact was seen first in markets in Asia, spreading globally through the second and third quarters of 2020. The COVID-19 pandemic has affected demand patterns. A higher

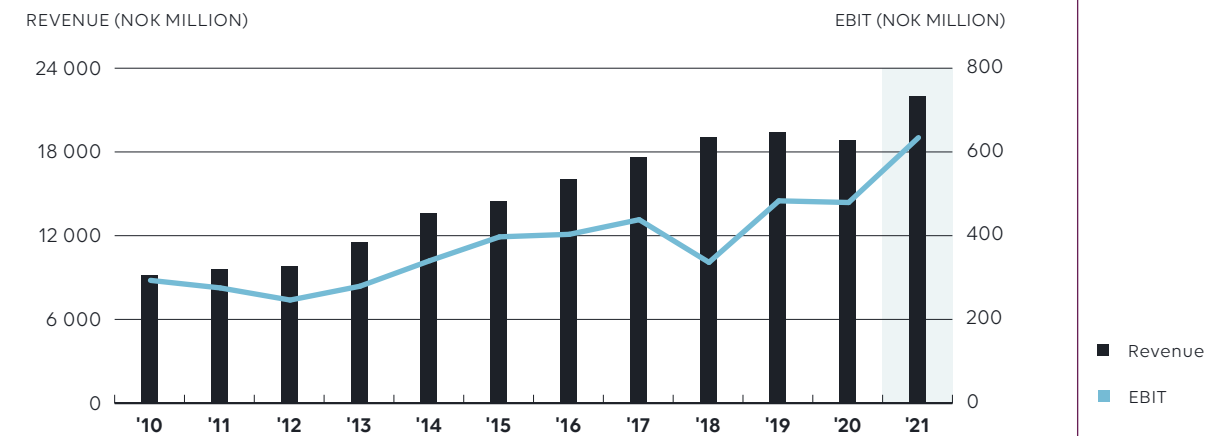
share of the flow of goods has shifted to the retail sector, while the HoReCa segment in many core markets was practically closed down for long spells. The pandemic has also particularly impacted logistics for overseas markets, with reduced cargo capacity resulting in increased costs.

In the second half of 2021, demand for seafood returned to record-high levels, driven in particular by strong demand in the retail sector but also by the gradual positive development in the HoReCa segment as COVID-related restrictions were lifted. The Group can ascertain there is very strong growth in demand for seafood.

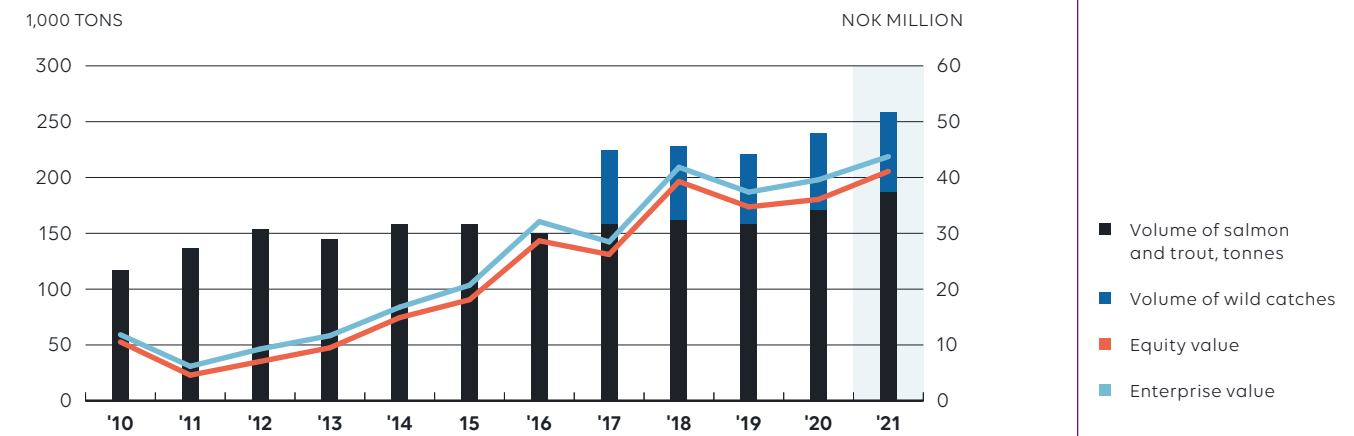
The segment's underlying development is good, but continues to be impacted by start-up costs for the Group's new factories in Spain and Italy. Starting up new factories, to carry out processing close to the end customer, is challenging, but a key element in LSG's long-term strategy.

In 2021, the Group's downstream operations have seen a positive development with a record-high level of activity. Revenue was up from NOK 18,886 million in 2020 to NOK 21,972 million in 2021, while operating profit before biomass adjustments increased from NOK 475 million in 2020 to NOK 630 million in 2021.

**Revenue performance and EBIT VAP, Sales & Distribution**



**Development in volume, equity and enterprise value**



**Associates**

Associates represent substantial values for the Group. The most important associates are Norskott Havbruk AS (50.0%) and Seistar Holding AS (50.0%). Seafood Danmark A/S, formerly an associate, is a consolidated subsidiary with effect from 1 April 2021, after the Group increased its shareholding in the company from 33.3% to 77.6%.

Norskott Havbruk AS owns 100% of the shares in Scottish Sea Farms Ltd. (SSF). SSF is one of the largest aquaculture

companies in the UK. In 2021, Scottish Sea Farms harvested 32,000 tonnes of salmon, up from 24,000 tonnes in 2020. Operating profit before fair value adjustment related to biological assets fell from NOK 308 million in 2020 to NOK 244 million in 2021. The weak result is attributed to biological challenges for the company towards the end of the year. In December 2021, SSF's acquisition of Grieg Seafood Hjaltland UK Ltd. was completed. This acquisition is expected to lay the foundations for substantial synergies to be realised in the years to

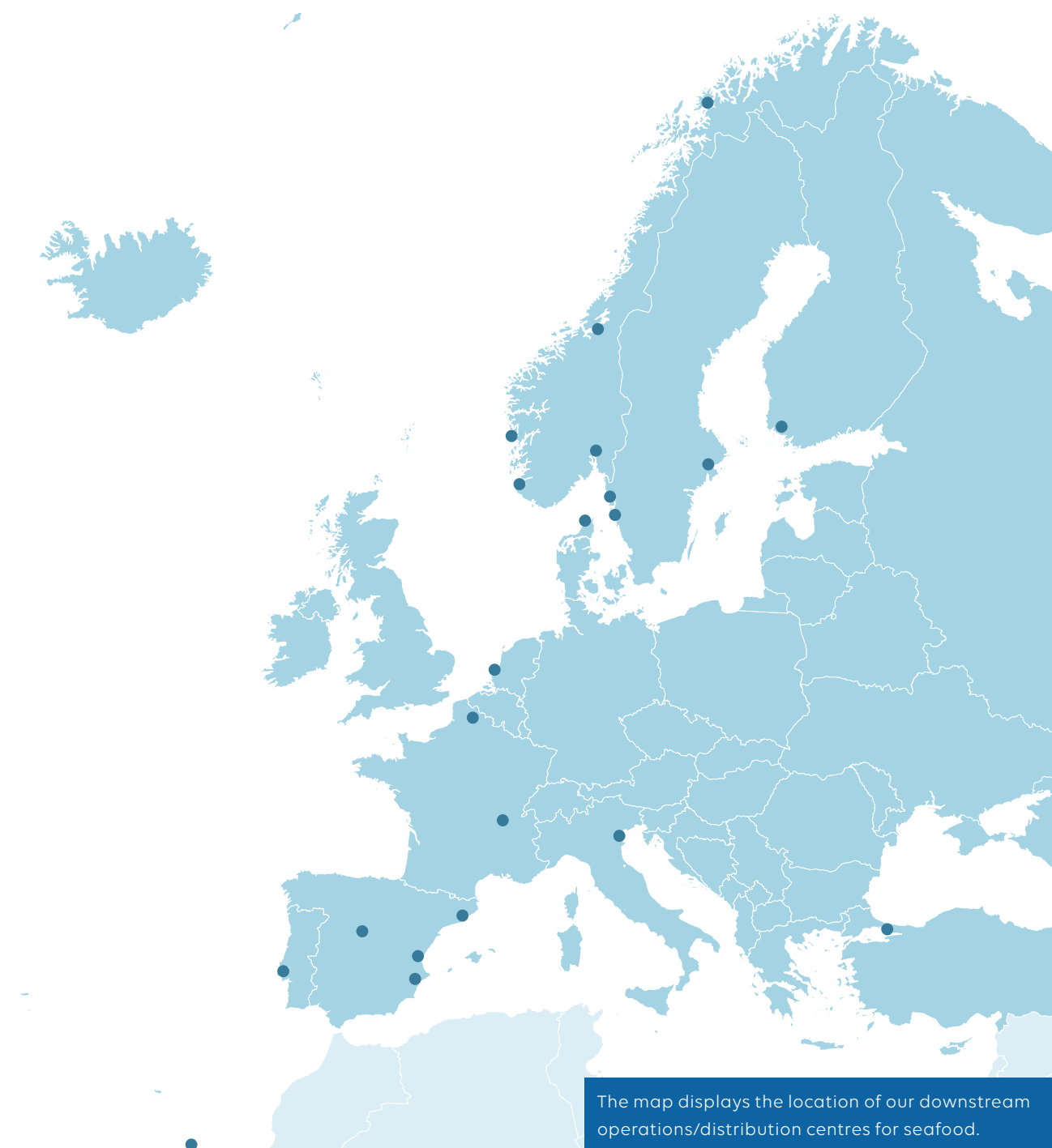
come. SSF plans to increase its harvest volume in 2022 to 46,000 tonnes.

Well boat shipping company Seistar Holding AS is an important supplier of services to both Lerøy and other aquaculture businesses, primarily in the West Norway region. The company reported operating profit of NOK 50 million in 2021, compared with NOK 53 million in 2020. Seistar Holding AS plans to take over one newbuilding in 2021 and another in 2023.

**Development in harvest volume per region**

Region	2016 GWT	2017 GWT	2018 GWT	2019 GWT	2020 GWT	2021 GWT	2022E GWT
Lerøy Aurora AS	30,000	39,200	36,800	32,800	35,000	44,000	≈40,000
Lerøy Midt AS	52,200	64,500	66,500	64,800	67,900	72,600	≈71,000
Lerøy Sjøtroll	68,000	54,000	58,800	60,600	68,000	70,000	≈74,000
<b>Total, Norway</b>	<b>150,200</b>	<b>157,700</b>	<b>162,100</b>	<b>158,200</b>	<b>171,000</b>	<b>186,600</b>	<b>≈185,000</b>
Norskott Havbruk (UK)*	14,000	15,500	13,700	12,900	12,000	16,200	≈ 23,000
<b>Total</b>	<b>164,200</b>	<b>173,200</b>	<b>175,800</b>	<b>171,100</b>	<b>182,900</b>	<b>202,800</b>	<b>≈208,000</b>

\* LSG's share of volume, not consolidated

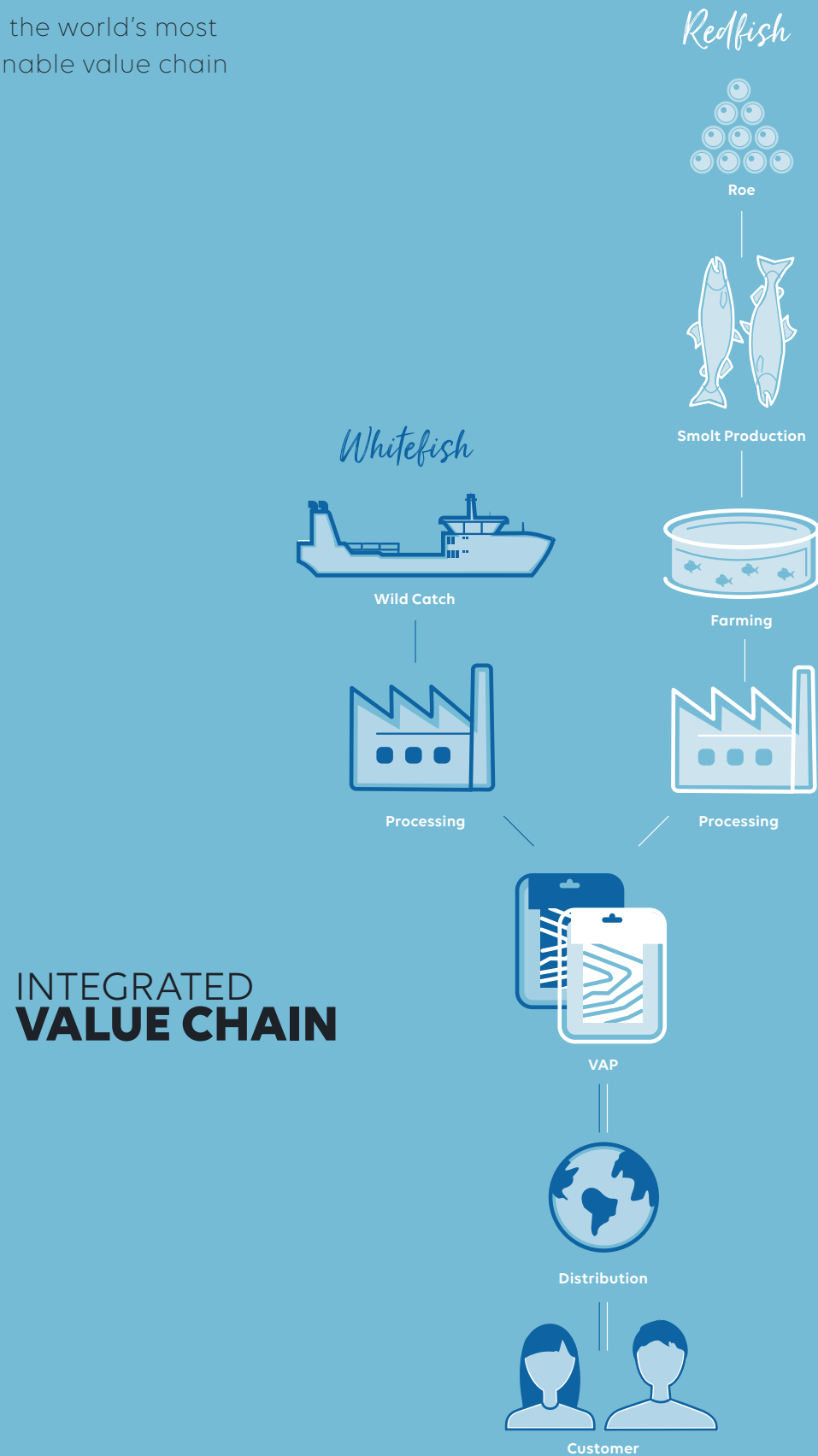


The map displays the location of our downstream operations/distribution centres for seafood.



# Efficient sustainability

We are developing the world's most efficient and sustainable value chain for seafood



We strive to work as sustainably as possible in every part of our value chain. This allows us to guarantee efficiency, quality and food safety at every part of the value chain, so that you can enjoy safe and delicious seafood.



**Risk management**

Good risk management is of decisive importance if the Group is to successfully achieve its vision of being the leading and most profitable global supplier of sustainable, high quality seafood. Our ability to understand risk is crucial, both preventively but also to ensure that we are in a position to create new opportunities and innovative solutions.

Risk management is an integral part of our corporate governance, and is performed at various levels in the Group. A thorough risk analysis comprising descriptions of strategic **(S)**, financial **(F)** and operational **(O)** risk lays the foundations for our strategic efforts.

**Key risk factors**

Below is a list of the most significant risk factors for Lerøy

Risk	Type	Description	Potential consequences	Action to reduce risk
HSE	O	Safety first. The Group shall have safe working conditions for its employees, ensuring that operations can be performed without any risk. This has highest priority.	Higher number of accidents involving injuries and, in the worst case scenario, fatalities	High focus on training, guidance, mentoring and compliance with procedures  Continuous evaluation and analysis of HSE measurements  HSE review as an integral part of continuous operational follow-up  Group HSE Lead  Leadership development
Access to human capital	S+F+O	People are the Group's most important resource	If we are not successful in recruiting, retaining and developing our employees, we will not remain competitive over time	Implementation of the HR strategy to support the processes relating to recruitment, and to retain and develop the Group's employees  Measuring job satisfaction with an annual employee survey, strategic skills management, and facilitating trainee posts and internal mobility.  Execution of comprehensive and customised in-house management programmes
Financial risk	F	The Group relies on access to capital in order to operate	If the Group loses the confidence of investors on financial markets, it will not be able to finance either new or existing operations	The Group's comprehensive set of routines and processes for risk management are key in minimising financial risk  Continuous and compliant reports and information describing the Group's development are essential in sustaining and developing confidence
Interest rate risk	F	The company has debts with floating interest terms	The company is partly financed by loans with floating interest rates, which may result in an increase in interest expenses	Use of different fixed-interest instruments, and loans in different currencies  A strong financial position comprised to allow management of fluctuations in interest rates and market conditions
Credit risk	F+O	A sale is not complete until the customer has made payment	Good control of credit risk is essential for profitability	Good sales routines, including approval of customers and credit routines, play a decisive role in minimising credit risk  Close cooperation with various credit insurance companies and use of various tools to minimise risk related to credit  All new customers undergo credit rating

Risk	Type	Description	Potential consequences	Action to reduce risk
Liquidity risk	F+O	The Group has exposure as part of an industry with a high level of volatility affecting earnings and liquidity. Examples, but not an exhaustive list, are:  Fluctuations in the prices for salmon, trout and whitefish  Fluctuations in production and harvest volumes  Changes in feed prices. Feed costs are impacted by price developments for marine raw materials and agricultural products	Poor or insufficient liquidity	A financial position suited to our operations  High expertise relating to the markets where we have operations  Good systems for risk control
Currency risk	F	The Group is an international corporation and will be affected by currency exchange rate fluctuations	Changes in exchange rates can result in significant changes in the Group's competitiveness and earnings	The Group has clearly defined routines and a long and successful history in managing risk related to currency
Market risk	O	The Group's results are closely linked to developments in the markets for seafood. One key factor here is the prices for Atlantic salmon, trout and cod	Pricing is determined in the balance between supply and demand. Major imbalances here will have a substantial impact on Group earnings  The COVID-19 pandemic is one example of a significant change in demand. The Group's earnings will continue to be affected by developments in both supply and demand in the future  Price reductions will also bring about a reduction in the value of the standing biomass	Active efforts to increase demand for the Group's core products by means of innovative, sustainable and competitive solutions for the end consumer, in close cooperation with strategic customers. This will help increase demand over time.  A specific share of revenue as contract sales
Customer risk	O	The Group's activities rely on customers	At Lerøy, we create value via our customers, and customers are absolutely essential for our value creation	The Group works actively to build long-term, strategic customer relationships in which values for both parties are created over time  The Group has and shall have a wide range of customers in order to minimise risk related to individual customers
Competition and new technology	S+O	The seafood industry is international  This means global competition and a highly dynamic industry	One premise for Lerøy's survival is that we are the most successful business, over time, in solving our customers' problems  Competitive strengths are absolutely essential for the Group	Lerøy takes a structured and consistent approach to delivering the best, most efficient, sustainable and innovative solutions to our customers  Lerøy works actively to implement our "Lerøy Way" business system, to ensure we continue to succeed in finding efficient solutions to our customers' problems  We take a structured approach to technology, staying up-to-date with developments and being ready to make use of new technology when it is available



Risk	Type	Description	Potential consequences	Action to reduce risk
Environmental sustainability	S	For the Group, it is essential that various stakeholders continue in the future to see the Group's operations and solutions as environmentally sustainable	Only those companies that are environmentally, economically and socially sustainable will be able to compete in the future	Understand, measure and create plans and strategies for further improvements to environmental sustainability Form alliances, enter into new R&D partnerships and boost existing ones  Finance green and sustainable innovation projects/research and invest in sustainable and innovative technologies, which are a key element in the transition to a low-emissions society
Trade barriers	O	The seafood industry is international. The Group's operations relating to raw materials mainly take place in Norway, and Norway is a significant exporter of seafood	Trade barriers have been and will remain a considerable risk factor for the industry  Trade barriers have had and are likely in the future to have an impact on demand for and, consequently, pricing of the Group's products	By ensuring sales to a large number of markets, the Group is less reliant on individual markets, thereby reducing risk
Political risk	O	The Group is a significant owner of farming licences in Norway and the UK, and of wild catch quotas in Norway	Changes in framework conditions, including lack of predictability, may inhibit long-term investments and impair competitiveness for the industry and the Group over time	True to the Group's objectives, Lerøy is a major contributor to the communities where we have operations  Providing information on our industry and operations, and a long-term perspective in the Group's investments and decisions, are premises for a mutual understanding of what it takes to succeed in a global and competitive industry
IT security risk	O+S	Vulnerable IT infrastructure, digital dependence and unsatisfactory cyber security combined with complex and unknown problems	Potential threats to the company's finances, reputation, theft of critical business information	Focus on preventive IT security work  Stringent regime for security updates  Continuous monitoring of specific parts of ICT systems  Plans detailing how the company shall take action during and after a cyber attack  Training and information campaigns
Changes in consumer preferences	O	Consumer preferences may change rapidly, causing a reduction in demand for our products – such as a trend towards vegetarianism or veganism	The consumers choose products that are not in our product range, having an impact on our profitability	Predict, identify and accommodate changes in consumer preferences  Adapt products to the consumers' preferences  Innovation: Update and renew the product range  Ensure sustainability and reduce reputation risk related to e.g., fish welfare

Risk	Type	Description	Potential consequences	Action to reduce risk
Food safety, product quality, customer satisfaction	O	The Group sells seafood to consumers. The seafood we sell must be safe for consumers to eat	The Group's sales are reliant on full confidence in food safety. Such confidence is a prerequisite for demand for the Group's products, and thereby profitability  Any decline in food safety or product quality could have negative repercussions and result in lower customer satisfaction. Publications with a negative message may also affect customer satisfaction	The Group has comprehensive processes and routines to ensure and verify food safety and a culture for food safety  By using the Lerøy brand on packaging, the Group communicates a focus on quality and food safety throughout the entire value chain  Frequent tests and quality verification to confirm the required level of product quality  Make demands on the suppliers relating to the quality of raw materials/input factors in our products
Traceability	O	The Group must ensure full traceability for its products in order to ensure reliability, confidence and food safety	Without traceability, the Group will not have control and will be in breach of regulatory requirements	Continue to build upon internal requirements, carry out audits and further develop the Group's electronic traceability systems  Fishtrack (online tracking system) with extended tracking solutions for customers (blockchain etc.)
Certification requirements	S+O	The consumers appreciate products with certificates, and the grocery chains etc. are increasingly demanding certification	Loss of market share if Lerøy is not able to offer certification as requested or will be requested  The customers will choose other products with the correct certification	Take a leading role in terms of existing and new potential certification  Implement stringent requirements for own production and verify this with own certification/requirements (STP 86 Salmo Salar)
Sustainable change	S+O+F	Uncertainties involving a successful strategy for achieving sustainable change to low emissions society	Not possible to achieve necessary cuts in greenhouse gas emissions  The company is not able to satisfy investment requirements  The company does not qualify for the terms and conditions provided by the banks for green loans	Detailed sustainability strategy with specific ambitions, goals and measures  Continuous and comparable sustainability reporting that is relevant to decisions  Strategic investments in innovative and sustainable solutions
Production technology	O	Fish farming takes place in relatively open waters, which provide the best conditions for fish farming in terms of the environment and fish health. This places significant demands on both personnel and equipment in terms of continuous exposure to the elements	Irreparable damage to equipment, representing risk of accidental release of fish  Risk of disease for fish in intensive cultures	Facilities certified according to NS 9415  Good quality smolt, vaccinations, good husbandry and choice of good localities for fish  Focus on fish feed
Limitations for production in open cages	O+S	In general, stronger focus on reduced environmental impact around cages  Canada has introduced a prohibition against open cages in certain areas	Requirement for closed cages will entail significant investments  May make onshore farming more attractive  Restrictions in terms of locations, sill fjords, prohibitions, distance from river mouths etc.	Close dialogue with authorities  Testing and documentation of seabed conditions and other environmental factors around the cages to clearly communicate no/low impact on environment  Technological developments  Create strategy and plan for onshore smolt/post-smolt facilities and/or closed/semi-closed facilities

Risk	Type	Description	Potential consequences	Action to reduce risk
Change in allowable biomass/licence conditions	O	The traffic light scheme may result in reductions to maximum allowable biomass in certain geographical (vulnerable) areas	Reduced biomass will result in lower production and lower profit	<p>High operational focus to ensure compliance with framework conditions laid down by authorities</p> <p>Close dialogue with authorities</p> <p>Testing and documentation of seabed conditions and other environmental factors around the cages to clearly communicate no/low impact on environment</p> <p>Continue strategy for onshore smolt/post-smolt facilities to reduce the period of time the fish are in open cages</p>
Biological risk	O	<p>Disease and lice can entail increased costs for the company</p> <p>Norwegian authorities have set upper limits for the number of lice on each fish</p>	<p>A breach of the limit values for lice could result in sanctions from the authorities</p> <p>If measures are not taken quickly to combat lice and other diseases, expensive treatments may be necessary, with reduced fish welfare and increased costs</p>	<p>Clear and continuously developed lice strategy</p> <p>Internal control system designed to minimise risk</p> <p>Improvements to monitoring (via R&amp;D) in order to detect lice and disease more rapidly</p>
Requirement for low/zero emissions from service boats	O	The Government's climate plan 2021-2030 includes a requirement for low or zero emissions from service boats in the aquaculture industry, and will be introduced stepwise from 2024	Changeover to battery/hydrogen propulsion for service boats	Closely follow developments to allow the changeover from fossil fuels to alternatives with a lower environmental footprint
Natural disasters	O	Extreme weather and other natural hazards can cause damage to materials, biomass and boats	Material, biomass and boats that are not insured may represent significant financial losses for the company	<p>Thorough assessments prior to selection of plant and equipment in order to ensure they are appropriate for our operating environments</p> <p>Good understanding of risks to ensure appropriate insurance</p> <p>Emergency plan to reduce the consequences</p>
More stringent requirements on bottom trawling	O	Some interest groups may be critical to bottom trawling	Bottom trawling can have a negative impact on seabed conditions, which may result in restrictions on use	<p>Clear guidelines for trawling areas</p> <p>Protection of vulnerable areas</p> <p>R&amp;D and skills development</p> <p>Assess use of other fishing equipment</p>
"Ghost fishing" and loss of equipment/plastic in the sea	O	Lerøy fishes with trawls, and the level of loss of fishing equipment with this method is low. Other catch methods than those used by the Group are vulnerable to ghost fishing. This is when lost fishing equipment continues to catch fish after it has been lost in the sea. We work actively with our suppliers to avoid loss of equipment	Can damage biodiversity and impair the company's reputation	<p>The Group's fisheries are carried out by a fleet of trawlers, where loss of equipment is a minimal risk. If any equipment is lost, active steps are taken to locate and recover it</p> <p>Good routines and processes to prevent loss of fishing gear</p>
New regulations, compliance with legislation and regulations	O	<p>Breach of legislation and regulations, including code of conduct</p> <p>Implementation of new regulations</p>	Sanctions, penalties, negative impact on the company and earnings	<p>Continuous training, information campaigns</p> <p>Close contact with legislative bodies</p> <p>Monitoring, control and audit</p>



Daniel Lauritzen, owner and captain of "Tinder", was named "Fisher of the Year 2021". He is an all-year and exclusive supplier to Lerøy Norway Seafoods' factory in Kjøllefjord.



**Structural conditions**

The Group aims to create lasting value through its activities. For this reason, stringent requirements are imposed on risk management and the ability to plan for the long term in the development of sustainable strategic business processes.

Through organic growth and a series of acquisitions carried out since the Stock Exchange listing on 3 June 2002, the Group is now one of the world's largest producers of Atlantic salmon and trout. The acquisitions of Havfisk ASA and Norway Seafoods AS in 2016 made the Group the largest supplier of whitefish in Norway and a major global supplier. In recent years, the Group has also developed and consolidated its position as a central actor in the distribution of seafood in Norway and other major international markets. The Group plays an active role in developing the value chain for seafood, with an increasingly large global reach. The Group's goal is to create the world's most efficient and sustainable value chain for seafood. Dialogue with various authorities based on trust, collaboration with suppliers and strategic customers, and a focus on efficiency in our own value chain will allow us to create solutions that are competitive financially and in terms of the environment/climate and, not least, are innovative for the end customer.

Lerøy Seafood Group's investments in the Norwegian whitefish sector are based on an industrial, perpetual

perspective. The industrial facilities are based on, and reliant on, raw materials both from the Group's own trawlers and purchases from the coastal fleet. The symbiosis between the onshore industry and the coastal fleet is strong and represents a high level of mutual dependency. Appropriate framework conditions, including predictability, are absolutely decisive to allow us to successfully assume our responsibilities as an industrial organisation. The whitefish sector is subject to seasonal fluctuations and is highly capital-intensive. We firmly believe that we will only be able to build a sustainable industry and create/retain attractive jobs if we have appropriate framework conditions, investment capacity, product development and access to the global market.

Our collaboration with public bodies was positive throughout the difficult situation we experienced in 2020 and 2021, with a major focus on identifying good solutions. We hope this collaboration can develop further, aiding us in creating new jobs and value in the decades to come. We are keen to engage in dialogue, and assume that any future adjustments to framework conditions will be based on knowledge and insight, so as not to weaken the industrial basis of operations for our industry.

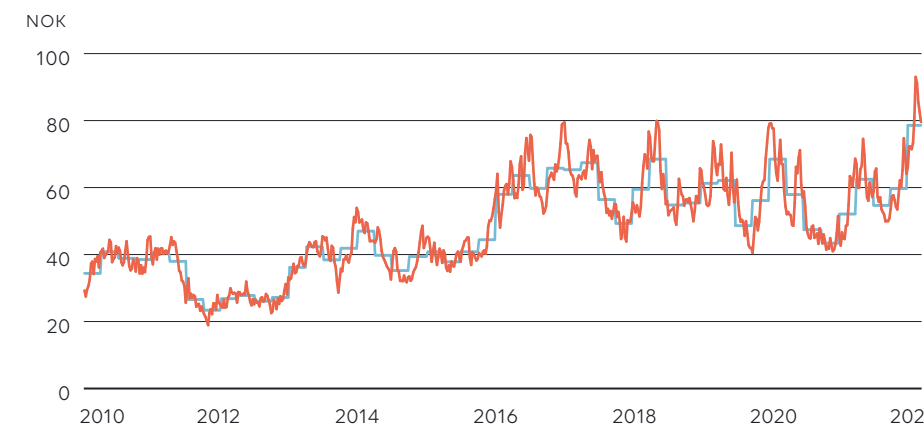
In recent years, the Group has made major investments in facilities for smolt production, in order to ensure the Group's

global competitiveness in a long-term perspective. These investments demonstrate not only the capital requirements, but also the level of knowledge demanded by advanced food production. To succeed, the Group requires in-house expertise as well as capital, market access and globally competitive framework conditions.

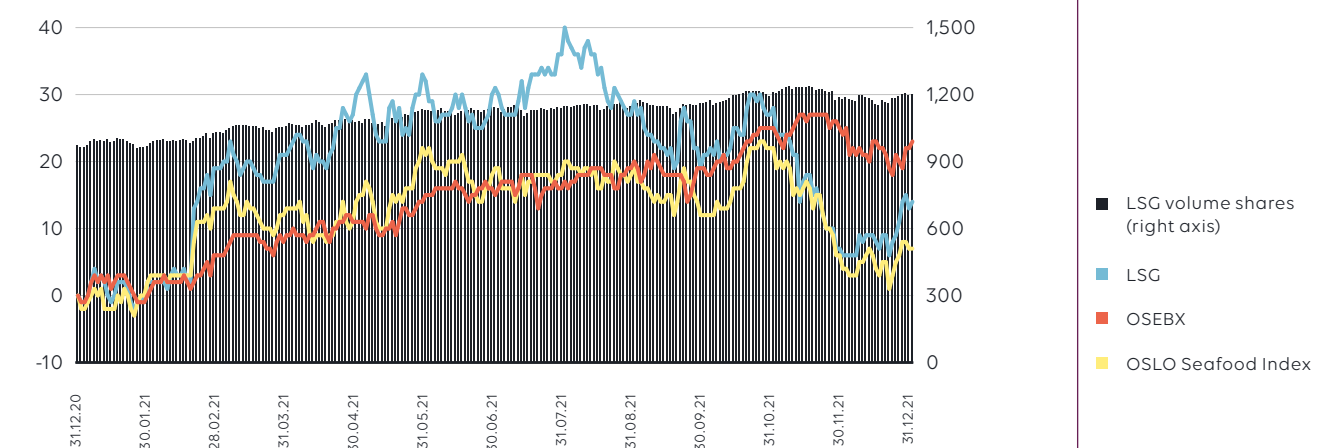
The Board of Directors believes that the Group's many years of investing in vertical integration, building alliances, developing high-quality products and new markets, quality-assuring its value chain and building its brand will help it to continue to create value going forward. The Group will continue its work to deliver sustainable value creation via strategic business development, operational efficiency improvements, management training and ongoing employee development. This work will generate growth and, based on customer preferences, ensure continuity of supply, quality and cost efficiency, with scope for increased profitability. Improving operational efficiency at all stages of the value chain is an ongoing process aimed at further strengthening the Group's financial and environmental competitiveness both nationally and internationally.

The Group's financial position is very strong, and it is important for the Board that the Group, through its operations, retains the confidence of participants in the various capital markets. This confidence was affirmed, and reinforced,

**Price developments per quarter, week 1 2008 to week 11 -2021, fresh Atlantic salmon FCA Oslo (Superior quality)**



**Lerøy Seafood Group vs. Oslo Seafood Index and OSEBX in 2021**



by the company's recent credit rating and issue of bond loans last year. The strong statement of financial position and current earnings support the Group's clear ambition to remain a leading participant in value-creating structural changes in the seafood industry, both nationally and globally. Lerøy Seafood Group will continue to selectively consider possible opportunities for investments, business combinations and alliances that could strengthen the basis for further profitable growth and sustainable value creation. This applies to investment opportunities both upstream and downstream. The Group shall continue to follow its strategy for growth in the years to come. The most recent evidence of this was the integration of Seafood Danmark into the Group and Norskott Havbruk's acquisition of farming operations on Shetland. This strategy requires the Group to continuously develop and improve its performance in all segments throughout the value chain.

Being listed on the Stock Exchange affords the company a marketplace for its shares, good future access to venture capital as well as the opportunity to use the company's shares as a means of payment in future acquisitions or business combinations.

**Shareholder information**

At 31 December 2021, Lerøy Seafood Group ASA had 19,056 shareholders, compared with 15,227 at 31 December 2020.

The company had 595,773,680 shares outstanding at 31 December 2021. All shares carry the same rights in the company. Austevoll Seafood ASA is the company's largest shareholder and owns 313,942,810 shares. This corresponds to a shareholding of 52.7%. In total, the company's 20 largest shareholders owned 75.8% of the shares in the company at 31 December 2021. Lerøy Seafood Group ASA owns a total of 297,760 (0.05%) treasury shares.

The market price for shares at the start of the year was NOK 60.60 and had increased to NOK 69.00 by the end of the year.

The company's annual general meeting, held on 26 May 2021, approved a dividend payment of NOK 2.0 per share. LSG's shares were quoted exclusive of dividend on 27 May 2021, and a total dividend payment of NOK 1,191 million was made to the company's shareholders on 4 June 2021.

The Board of Directors will recommend a dividend payment of NOK 2.5 per share in the first half of the year to the company's annual general meeting in May 2022. The company's dividend policy requires that dividends should lie in the region of 30–40% of profit after tax, over time, and that the Group has satisfactory liquidity to undertake potential new and profitable investments. The Board's dividend recommendation reflects the Group's solid statement of financial position, satisfactory financing

and positive outlook.

Insurance policies have been taken out for the members of the Board of Directors and senior executives to cover their personal liability for compensation for economic loss in connection with exercising their duties (Directors' and management liability). The insurance policies have been subscribed at market terms with a highly rated international insurance company.

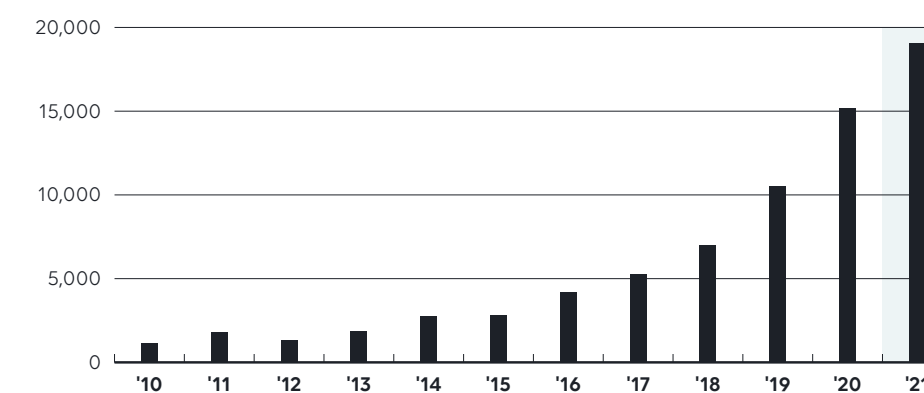
**Employees**

The parent company Lerøy Seafood Group ASA has its head office in Bergen, Norway. In 2021, the Group had 5,475 employees, of which 3,452 were men and 2,023 women. Of these, 1,901 are outside Norway. In 2021, the ratio of female employees was 36.9%, slightly up from 2020.

The Group has always emphasised the importance of individual skills, performance and responsibility in its recruitment policy and salary systems. The company has at all times aimed to ensure equal opportunities and rights for all employees, and to prevent discrimination based on gender, national origin, ethnicity, skin colour, language, religion or personal philosophy. One of the company's goals is to provide a workplace where there is no discrimination arising from disability. For employees or work applicants with disabilities, the company will arrange for individually adapted workplaces and work tasks where possible.

**Number of shareholders**

(FIGURES IN 1,000)





The company is a player in a global industry and the company's working environment changes continuously. This requires flexible employees who are dynamic and willing to adapt and learn.

2021 was another particularly difficult year, with restrictions relating to the COVID-19 pandemic requiring major changes to the normal working day for the Group's employees. Its position in the food supply chain means that Lerøy Seafood Group is defined as part of a critical sector in Norway. The Group has been able to keep its value chain open throughout the pandemic, thanks to professional systems, and the hard work of the employees and their willingness to embrace change.

Special situations require extraordinary measures, and are a test of an organisation's capacities. The Board of Directors would like to take this opportunity to praise all the employees for their efforts, creativity and adaptability in both 2020 and 2021. The past two years have been difficult for everyone involved.

#### Health, safety and the environment

The Group maintains a strong focus on procedures and compliance with these, and on measures to protect all employees. This is a perpetual process moving us forwards to our vision of zero injuries. In February 2021 the unthinkable happened, when one of our employees died in an occupational accident at Lerøy Norway Seafood's factory in

Stamsund. Subsequently, Lerøy's focus has been on supporting the employee's family, cooperating with the investigation and implementing routines to minimise the risk of similar accidents in the future to the greatest degree possible. Total sick leave registered in the Group in 2021 was 5.85 %, down from 6.51 % in 2020. Sick leave comprises 3.42 % long-term sick leave and 2.44 % short-term sick leave. The Board is pleased to observe that the Group, together with the employee representatives, works actively and systematically to reduce sick leave. The organisations in the individual subsidiaries are continuously being developed to ensure that they can deal with new challenges and changes in framework conditions. The working environment and cooperative atmosphere are good.

The Group issues reports in accordance with its statutory obligations in terms of operations and reporting. Please refer appendix of gender balance in this report and the comment provided in the Group's sustainability library published on [leroyseafood.com](http://leroyseafood.com). In addition, please refer to the sustainability library for information on the Group's routines within Health, Safety and the Environment.

#### External environment and climate

The process of developing an efficient value chain for seafood all the way to the consumer has afforded Lerøy close interaction with end customers. This interaction has always been important,

but – given the increased focus on sustainability in most areas – the Group finds that this interaction is more important than ever before.

Developments in recent years represent a clear shift on many markets with general requirements on environmental and climate-related sustainability having become even more important in what products the consumer decides to buy. This is a development for which the Group established a strong position early on. Lerøy's vertically integrated value chain affords a unique opportunity to highlight this kind of sustainability as a global competitive advantage. Increased consumer focus on sustainability represents a significant opportunity for Lerøy, the seafood industry and Norway as a whole. Food production from Norwegian aquaculture is globally competitive in terms of the environment and climate, and is therefore part of the 'solution' to finding ways to feed the growing worldwide population in the future. In this context, both businesses and political authorities bear a huge responsibility to exploit such opportunities. Achieving this requires common sense and knowledge to prevail in the years to come and, not least, correct information to be communicated to consumers.

The Group's operations are based on resources produced in freshwater and in the sea. Significant climate change along the Norwegian coastline and in the Northern Atlantic could potentially

affect the Group's operations and earnings. The Group's marine fish farms are located in areas where temperatures and currents could change. However, as long as the Gulf Stream remains the same, it is likely that the Norwegian coast will remain highly suitable for seafood production in the coming decades. In relation to the Group's whitefish catches, a change in sea temperatures could result in changes in catch volumes for the species on which Lerøy Havfisk has based its operations.

Focusing on the environment and climate will be particularly important moving forwards, and Lerøy will strive to cut greenhouse gas emissions by taking responsibility for its own emissions throughout the value chain. Lerøy has therefore established ambitious science-based climate targets. The Group aims to reduce its greenhouse gas emissions by 46% by 2030, measured against the 2019 baseline. Lerøy has taken the necessary measures to meet increased requirements on reporting of greenhouse gas emissions in the years to come, and is also actively involved in ensuring that our customers are able to achieve their goals in this area. If the world is to succeed in its goal to reduce greenhouse gas emissions, we have to rely on one another and have a global mindset. For more climate-related information, please see our TCFD report on [leroyseafood.com](http://leroyseafood.com).

CO2 taxation will have an impact on all types of food production in the years

to come. The Group has installed battery and hybrid propulsion on its most recent trawler. However, the technology required for fossil-free propulsion systems for large vessels has not yet reached a sufficient stage of development to represent an alternative. The Group is closely monitoring developments and participating in various collaboration projects in this area.

With its production of Atlantic salmon and trout, the Group is a food producer that is globally competitive in terms of economics, the environment and climate – something very rare. It is therefore extremely rewarding to have this confirmed by sources other than the UN's criteria for sustainability. The Group once again received confirmation via the international sustainability survey, the Collier FAIRR Protein Producer Index.

All food production has a carbon footprint. The Group's production is sustainable from an environmental and climate perspective, and is therefore also globally competitive, an important factor to keep in mind in our eagerness to continuously improve. The Group does not plan to rest on the laurels of the industry's strong position, but aims to take active measures to reduce the "footprint" of the Group's activities.

The Group's operations are closely linked to natural conditions in Norwegian and international fresh and salt waters. The Group's operations rely on access to clean fresh and sea waters. The

footprint for our localities is closely monitored with continuous evaluations, known as MOM investigations. The Board and management are of the opinion that operations in 2021 were climate and environmentally sustainable and were conducted with a competitive footprint. This is supported, not only by the Group's comprehensive sustainability reporting, available in the Group's sustainability library on [leroyseafood.com](http://leroyseafood.com), but also by several national and international reports on fish farming and fisheries. The Group operates from a perspective of perpetuity, invests in minimising its impact on the external environment, and works continuously to encourage both management and employees to maintain sound attitudes towards the environment.

#### Investigations by competition authorities.

On 20 February 2019, the EU competition authorities ("the EU Commission") started an investigation into suspected anticompetitive practices in the salmon market. Lerøy Seafood Group ASA is one of the companies named in the case. The US Department of Justice (DOJ) opened an investigation into the Norwegian salmon industry in November 2019. In connection with this, Lerøy Seafood USA, Inc., a second-tier subsidiary of Lerøy Seafood Group ASA, was subpoenaed by the DOJ to provide information. It is unclear precisely what form the named authorities believe any collusion may have taken, when it may have occurred and what negative consequences it

may have had. Lerøy Seafood Group ASA is providing the authorities with every assistance in the cases. Procedures in this type of case normally continue for several years, and it is as yet too early to say whether the case may lead to sanctions or other negative consequences for the companies involved.

In the wake of the EU Commission's ongoing investigations, several Norwegian-owned aquaculture companies, including companies in the Lerøy Seafood Group, have been sued by customers in the USA and Canada. A number of in part competing class actions have been lodged, some of which have been consolidated for litigation purposes. The Group believes these claims to be groundless and has not made any provisions in the financial statements relating to these processes.

**Result and allocations, Lerøy Seafood Group ASA**

The company and the Group's financial statements are submitted on assumption of going concern. In 2021, Lerøy Seafood Group ASA reported an annual profit after tax of NOK 1,425 million, against NOK 569 million in 2020. The Board will propose the following allocation of the 2021 annual profit (MNOK):

- A figure of NOK 2.50 per share to be allocated for dividend payment, totalling NOK 1,489 million.
- From other equity: NOK 65 million
- Total allocations: NOK 1,425 million

The Group's parent company has a strong financial position with a book equity ratio of 74.1%. The parent company has access to satisfactory financing and liquidity, conforming to the Group's strategy and operating plans.

**Market and outlook**

Lerøy's management and Board of Directors are of the opinion that the development in demand for seafood gives grounds for a continued optimistic outlook for the Group's activities and value creation.

The Group's production of redfish takes place mainly in Norway. Norwegian and global salmon and trout production are experiencing relatively modest growth, which – combined with a weaker Norwegian krone – has resulted in very high prices. This provides an incentive to start production of salmon in new areas and using new, alternative technologies. These incentives have been in place for a few years now but, for many reasons, Norwegian sea-based production has maintained its global dominance. The harvest volume from onshore production of salmon remains insignificant on the end markets. The market share for Norwegian Atlantic salmon may, in the long term, be affected by production of salmon and trout in new regions and locations. By means of business development, investments and a clear operational focus on competitiveness, the Group shall ensure that its value chain continues to stand strong in the face of competition, including in the long term. As well as

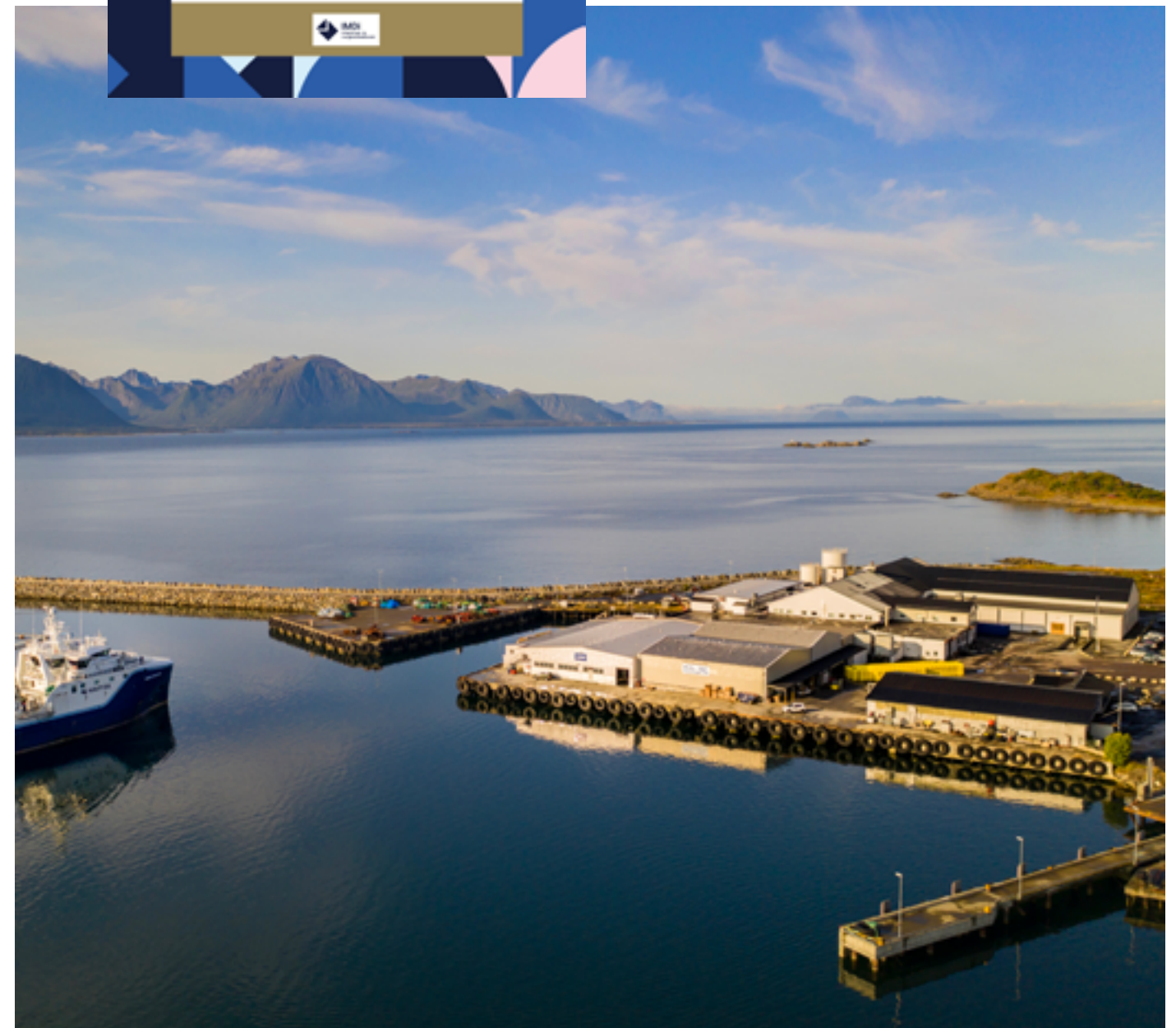
developing existing farming operations, the Group is accumulating knowledge and/or expertise within both onshore and offshore salmon production.

In recent years, Lerøy has made significant investments in several parts of the value chain, including expanding facilities for post-smolt capacity in all the Group's regions. The final stage of the development is in Lerøy Midt. The first post-smolt will be released to the facility at Lerøy Midt in the first quarter of 2022, and is expected to generate growth in Lerøy Midt's harvest volumes from 2023. The investments were made to raise the quality of the company's smolt, increase production by means of better licence utilisation and reduce costs. These investments in the Group's post-smolt production have been an important driver for the growth in the Group's harvest volume in Norway, which has increased from 158,000 tonnes in 2019 to 187,000 tonnes in 2021. At the same time, the new smolt facilities enable significant changes in our operations that we believe will provide room for improvements in the years ahead.

In common with the industry at large, the Group's costs per kilo of salmon and trout produced have increased significantly over the past 10 years. There are several reasons for this, but the global cost inflation the world is currently experiencing will not make things any easier. In these circumstances, operational efficiency is more important than ever, which is why it has top priority



**The factory in Melbu** is proof that diversity is a strength. Of the 120 or so employees, close to 70% have an immigrant background. In November 2021, Lerøy Norway Seafoods Melbu received the national diversity award from the Directorate of Integration and Diversity. The jury's assessment was that LNWS Melbu's work on diversity could become a lodestar and source of inspiration for others. Quote from the jury's assessment: "They work strategically on diversity, and more than half of their employees in managerial positions have immigrant backgrounds. That's impressive."





in the work under way within the Group's farming operations.

For its consolidated operations, Lerøy Seafood Group currently estimates a harvest volume of around 185,000 tonnes in 2022. The Group's share from associates is forecast to be 23,000 tonnes. This includes the volume from Scottish Sea Farms Ltd's new acquisition, Grieg Seafood Hjaltland UK Ltd. LSG's total harvest volume in 2022 is estimated at approx. 208,000 tonnes, compared with 203,000 tonnes in 2021.

The Group has made significant

investments in catching and processing whitefish in recent years. Two vessels have been added to the fleet: Nordtind in 2018 and Kongsfjord in early 2020. Further improvements to fish quality were priority design criteria for Kongsfjord.

Consumers are making ever-increasing demands and expectations on quality. High quality and competitiveness are essential for winning consumers' favour. The Group's target of significantly reducing greenhouse gas emissions makes new demands of technology within the fleet. The Group closely monitors developments, and naturally

is very much aware of the challenges inherent in the transition from fossil fuels to more sustainable solutions, both in relation to timing and technology.

Developments in the Whitefish segment in 2021 have been positive. The development in demand gradually led to higher sales prices at the same time as we successfully implemented a number of operational improvements in the onshore industry. Prices for relevant whitefish species were significantly higher at the start of 2022 than a year ago. This is a positive development overall but, in the short term, represents a challenging situation for the onshore industry. A substantial increase in raw material prices takes time to recoup in the market. This factor will negatively impact earnings in the onshore industry for much of 2022. Efforts and investments to make the factories less seasonally dependent continue. Together with structured and meticulous improvement initiatives in each unit, we believe that this process will generate results.

The quotas for cod and haddock will be slightly lower in 2022. Work to finalise statistics and transfers from 2021 means that quotas have not yet been set for individual vessels. A reduction in cod quotas of around 20% is expected for the trawler fleet compared with 2021. The reduction for haddock is around 23%, while no change is expected in the quota for saithe fished in the zone north of 62 degrees latitude. As well as the quota changes, Lerøy Havfisk's catch volumes

will be impacted by the transfer of approx. 1,350 tonnes of the 2021 cod quota to 2022. The fact that the coastal fleet, too, transferred quota from 2021 to 2022 is also positive for the onshore industry.

Lerøy works continuously to develop a more efficient and more sustainable value chain for seafood. This not only provides cost-efficient solutions, but also quality, availability, a high level of service, traceability, and competitive climate-related and environmental solutions. Investments in recent years, including in a new industrial facility for Lerøy Midt, a new factory in Stamsund and new factories in Spain, the Netherlands and Italy, will make a positive contribution in the years to come. The management and Board of Directors are confident that Lerøy has a good starting point for continued

profitable growth and development of Group operations. The Board of Directors believes that the developments seen in the VAP S&D segment throughout 2021 bear witness to promising trends. A higher level of activity results in higher capacity exploitation and, in turn, improved operating margins. The Group has a clear ambition for earnings in this segment to continue to increase through 2022 and in the years to come, despite the above-mentioned challenges.

Norskott Havbruk AS' acquisition of Grieg Seafood Hjaltland UK Ltd., via Scottish Sea Farms, was completed in December 2021. The company operates on Shetland, a region that SSF knows very well and, although it will take time, SSF is expected to realise significant synergies by integrating the two companies.

The Group's products are healthy and delicious. Production is sustainable from a financial, climate and environmental perspective. The management and Board of Directors continue to expect good underlying growth in demand in the years ahead. At the same time, the Group is experiencing rising prices for key input factors, which will impact cost developments in 2022. Nonetheless, the Board of Directors is confident that the Group is well positioned for the years to come. Currently, the Board of Directors expects earnings for full-year 2022 to be an improvement on 2021.

The Board of Directors and Group management would like to thank all the Group's employees for their valuable work in 2021.



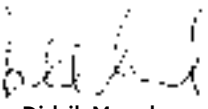
We are witnessing an increase in the percentage of women in all our segments, from apprentices to senior positions. Lerøy aims to continue to inspire women to recognise the variety of career opportunities in the seafood industry.

Bergen, 22 April 2022  
The Board of Directors of Lerøy  
Seafood Group ASA

  
**Helge Singelstad**  
Chair of the Board

  
**Arne Møgster**  
Board member

  
**Britt Kathrine Drivenes**  
Board member

  
**Didrik Munch**  
Board member

  
**Karoline Møgster**  
Board member

  
**Siri Lill Mannes**  
Board member

  
**Hans Petter Vestre**  
Board member

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## Key Figures

All figures in NOK 1,000

	2021	2020
LSG stock price last annual trading day	69.00	60.56
Dividend paid per share (distribution year)	2.00	1.50
Dividend per share for payment following year	2.50	2.00
Cash flow from operating activities per share	6.33	3.97
Diluted cash flow from operating activities per share	6.33	3.97
NIBD	3,297,487	3,520,768
Equity ratio	56.5 %	58.5 %
Harvest volume (GWT)	186,635	170,849
Catch volume in tonnes (HOG)	71,521	68,419
Operating revenue	23,073,280	19,959,652
<b>Key figures before fair value adjustments related to biological assets</b>		
EBITDA before fair value adjustments	3,777,516	3,108,795
Operating profit (EBIT) before fair value adjustments	2,518,783	1,949,655
Pre-tax profit before fair value adjustments	2,440,339	1,869,301
Operating margin before fair value adjustments	10.9 %	9.8 %
Profit margin before fair value adjustments (pre-tax)	10.6 %	9.4 %
ROCE before fair value adjustments (annualised)	12.4 %	10.5 %
Earnings per share before fair value adjustments	3.08	2.46
EBIT/kg before fair value adjustments	13.5	11.4
EBIT/kg exclusive Wildcatch, before fair value adjustments	11.4	10.2
<b>Fair value adjustments related to biological assets</b>		
Fair value adjustments related to consolidated companies' inventory (before tax)	1,085,304	-826,751
Fair value adjustments related to associates' inventory (after tax)	6,022	-55,666
<b>Key figures after fair value adjustments related to biological assets</b>		
EBITDA	4,856,421	2,280,492
Operating profit (EBIT)	3,604,087	1,122,903
Pre-tax profit	3,531,665	986,884
Operating margin	15.6 %	5.6 %
Profit margin (pre-tax)	15.3 %	4.9 %
ROCE	17.0 %	5.9 %
Earnings per share	4.42	1.33



## Income statement

All figures in NOK 1,000 (period 01.01 - 31.12)

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2021	2020
<b>Operating revenue and expenses</b>			
Operating revenue	5/25	23,073,280	19,959,652
Other gains and losses	5	62,814	6,569
Cost of materials	25	12,836,975	11,344,160
Change in stock of biological assets at cost, raw materials and finished products	12	-94,868	-237,156
Salaries and other personnel costs	16/22	3,473,829	3,072,129
Other operating expenses	22	3,142,642	2,678,293
<b>EBITDA before fair value adjustments related to biological assets</b>		<b>3,777,516</b>	<b>3,108,795</b>
Depreciations on intangibles	7	32,914	31,921
Depreciation on right of use assets	8	505,694	458,202
Depreciation on fixed assets	9	713,726	667,466
Impairment loss	7	6,400	1,551
<b>Operating profit before fair value adjustments related to biological assets</b>		<b>2,518,783</b>	<b>1,949,655</b>
Fair value adjustments related to biological assets	11	1,085,304	-826,751
<b>Operating profit (EBIT)</b>		<b>3,604,087</b>	<b>1,122,903</b>
<b>Associates and net financial items</b>			
Income from associates	5/10	121,502	105,359
Net financial items	23	-193,924	-241,378
<b>Profit before tax</b>		<b>3,531,665</b>	<b>986,884</b>
Taxation	17	-750,569	-196,674
<b>ANNUAL PROFIT</b>		<b>2,781,096</b>	<b>790,209</b>
Of which controlling interests		2,632,371	794,335
Of which non-controlling interests		148,725	-4,126
<b>Earnings per share</b>	<b>19</b>	<b>4.42</b>	<b>1.33</b>
Diluted earnings per share	19	4.42	1.33

## Statement of comprehensive income

All figures in NOK 1,000 (period 01.01 - 31.12)

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2021	2020
<b>Profit for the year</b>		<b>2,781,096</b>	<b>790,209</b>
Estimate differences pension plans (including associates)	10/16	8	
Conversion differences that are reclassified to profit and loss in the period	24	-7,215	-5
<b>Items that will not be reclassified to the income statement</b>		<b>-7,207</b>	<b>-5</b>
Translation differences related to subsidiaries	24	-60,425	35,088
Translation differences from associates	10/24	7,591	9,583
Change in value of financial instruments (cash flow hedges)	14	62,758	-34,429
Change in value from associates	10	-894	-4,947
<b>Items that may subsequently be reclassified to the income statement</b>		<b>9,030</b>	<b>5,295</b>
<b>Other comprehensive income for the year</b>		<b>1,823</b>	<b>5,290</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2,782,919</b>	<b>795,500</b>
Of which controlling interests		2,633,771	799,625
Of which non-controlling interests		149,148	-4,126

The items included in comprehensive income are after tax

Notes 1-27 are an integral part of the consolidated financial statements

## Statement of financial position

All figures in NOK 1,000

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2021	2020
<b>Non-current assets</b>			
Deferred tax asset	17	40,847	18,110
Intangibles	7	8,553,522	8,307,280
Right-of-use assets	8/15	2,660,643	2,429,037
Fixed assets	9/15	7,297,480	6,797,080
Shares in associates	5/10/15	1,348,072	1,055,463
Other investments	10/14	20,974	15,917
Non-current receivables	13	88,027	79,287
<b>Total non-current assets</b>		<b>20,009,565</b>	<b>18,702,174</b>
<b>Current assets</b>			
Biological assets	11/15	5,955,092	4,913,512
Other inventories	12/15	1,256,689	1,094,571
Trade receivables	13/14/15	2,174,193	1,867,505
Other current receivables	13/14/15	595,023	618,928
Cash and cash equivalents	14/15	4,203,146	2,966,409
<b>Total current assets</b>		<b>14,184,143</b>	<b>11,460,925</b>
<b>TOTAL ASSETS</b>		<b>34,193,708</b>	<b>30,163,099</b>

Notes 1-27 are an integral part of the consolidated financial statements

All figures in NOK 1,000

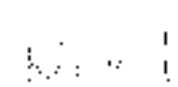
LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2021	2020
<b>Equity</b>			
Share capital	21	59,577	59,577
Treasury shares	21	-30	-30
Share premium reserve		4,778,346	4,778,346
<b>Total paid-in capital</b>		<b>4,837,893</b>	<b>4,837,893</b>
<b>Retained earnings</b>		<b>13,359,032</b>	<b>11,919,158</b>
Non-controlling interests		1,126,177	875,718
<b>Total equity</b>		<b>19,323,103</b>	<b>17,632,769</b>
<b>Long-term liabilities</b>			
Pension liabilities	16	3,393	2,670
Deferred tax	17	2,575,120	2,320,370
Lease liabilities to credit institutions	8/15	989,773	1,041,812
Lease liabilities to others	8/15	1,091,062	858,164
Bond loans	15	1,492,431	0
Loans from credit institutions	15	3,835,289	3,992,432
Other long-term loans	15	889	1,246
Other long-term liabilities	14/15	6,225	34,176
<b>Total long-term liabilities</b>		<b>9,994,183</b>	<b>8,250,871</b>
<b>Short-term liabilities</b>			
Short-term part of long term loans and leases	15	835,369	837,138
Overdrafts and other short term loans	15	582,390	815,120
Trade payables	14	1,690,434	1,194,471
Public duties payable		364,468	252,629
Tax payable	17	519,662	349,562
Other short-term liabilities	14/15/18	884,100	830,540
<b>Total short-term liabilities</b>		<b>4,876,422</b>	<b>4,279,459</b>
<b>Total liabilities</b>		<b>14,870,605</b>	<b>12,530,330</b>
<b>SUM EQUITY AND LIABILITIES</b>		<b>34,193,708</b>	<b>30,163,099</b>

Notes 1-27 are an integral part of the consolidated financial statements

Bergen, 22 April 2022  
Board of Directors of Lerøy Seafood Group ASA
  
 Helge Singelstad  
 Chairman

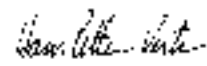
  
 Karoline Møgster  
 Board member

  
 Arne Møgster  
 Board member

  
 Didrik Munch  
 Board member

  
 Britt Kathrine Drivenes  
 Board member

  
 Siri Lill Mannes  
 Board member

  
 Hans Petter Vestre  
 Employees representative

  
 Henning Beltestad  
 CEO  
 Lerøy Seafood Group ASA



## Statement of changes in equity

All figures in NOK 1,000

LERØY SEAFOOD GROUP CONSOLIDATED	Share capital	Treasury shares	Share premium reserve	Currency translation differences	Cash flow hedges reserve	Other retained earnings	Non-controlling interests*	Total equity
<b>Equity 01.01.20</b>	<b>59,577</b>	<b>-30</b>	<b>4,778,346</b>	<b>95,526</b>	<b>-19,031</b>	<b>11,936,244</b>	<b>912,673</b>	<b>17,763,305</b>
Annual profit 2020						794,335	-4,126	790,209
Comprehensive income for the year				44,666	-34,380	-4,995		5,290
<b>Total profit/loss 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,666</b>	<b>-34,380</b>	<b>789,340</b>	<b>-4,126</b>	<b>795,500</b>
<b>Transactions with shareholders</b>								
Dividend payments						-893,661	-31,118	-924,779
Dividend paid on treasury shares						447		447
Redemption of non-controlling interests						7	-1,711	-1,704
Estimation deviation previous year				98	-98	1	-1	
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>98</b>	<b>-98</b>	<b>-893,206</b>	<b>-32,830</b>	<b>-926,036</b>
<b>Equity 31.12.20</b>	<b>59,577</b>	<b>-30</b>	<b>4,778,346</b>	<b>140,290</b>	<b>-53,509</b>	<b>11,832,378</b>	<b>875,718</b>	<b>17,632,769</b>
Annual profit 2021						2,632,371	148,725	2,781,096
Comprehensive income for the year				-60,049	62,835	-1,386	423	1,823
<b>Total profit/loss 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-60,049</b>	<b>62,835</b>	<b>2,630,986</b>	<b>149,148</b>	<b>2,782,919</b>
<b>Transactions with shareholders</b>								
Dividend payments						-1,191,547	-11,527	-1,203,074
Dividend paid on treasury shares						596		596
Business combinations							118,903	118,903
Redemption of non-controlling interests						-2,945	-6,065	-9,010
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,193,897</b>	<b>101,312</b>	<b>-1,092,585</b>
<b>Equity 31.12.21</b>	<b>59,577</b>	<b>-30</b>	<b>4,778,346</b>	<b>80,240</b>	<b>9,326</b>	<b>13,269,466</b>	<b>1,126,177</b>	<b>19,323,103</b>

\* Non-controlling interests. Other components of equity are allocated to Lerøy Seafood Group's shareholders.

**Treasury shares**

Seafood Group ASA owns 297,760 treasury shares of a total number of 595,773,680 shares. The ratio of treasury shares is 0.05%. The purchase price paid for treasury shares is split into two different categories, where the nominal value of

treasury shares is included in paid-in capital (NOK -30 thousand), and the purchase price exceeding nominal value of treasury shares (NOK -2,389 thousand) is included in retained earnings. The average purchase price for treasury shares is NOK 8.12 per share.

## Statement of cash flows

All figures in NOK 1,000 (period 01.01 - 31.12)

LERØY SEAFOOD GROUP CONSOLIDATED	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Profit before tax		3,531,665	986,884
Taxes paid during the period		-386,574	-452,693
Other gains and losses		-62,814	-6,570
Depreciation		1,252,334	1,157,590
Impairment loss	7	6,400	1,551
Profit impact associates	10	-121,502	-105,358
Change in fair value adjustments related to biological assets	11	-1,085,271	826,751
Change in inventories/biological assets	11/23	84,547	-255,243
Change in trade receivables	13	-76,211	376,843
Change in trade payables		387,875	-359,600
Change in net pension liabilities	16	723	-20
Net financial items classified as financing activities	23	193,924	241,378
Change in other accruals		15,277	-44,661
<b>Net cash flow from operating activities</b>		<b>3,740,374</b>	<b>2,366,851</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets	9	43,477	10,892
Payments for acquisitions of fixed assets	9	-1,015,054	-1,194,622
Proceeds from sale of right of use assets	8		1,260
Payments for acquisitions of intangible assets	7	-3,460	-182,787
Proceeds from sale of shares in associates and other businesses	10	127	
Payments for acquisitions of shares in associates and other businesses	10	-308,528	-27,086
Dividend payments received from associates	10	13,514	28,752
Payments for acquisition of Group companies and redemption of minorities	6	-206,354	-1,516
Cash and cash equivalents from business combinations	6	3,829	
Interest payments received	23	31,400	25,550
Proceeds/payments on other loans (short and long-term)		735	-14,656
<b>Net cash flow from investing activities</b>		<b>-1,440,315</b>	<b>-1,354,214</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Movement in short-term interest-bearing debt	15	-359,069	229,994
Proceeds from establishing new long-term debt	15	2,171,814	1,657,920
Downpayments of long-term debt	15	-1,435,656	-1,786,414
Interest paid and other financial expenses	23	-237,933	-254,450
Dividends paid (net, after dividend on treasury shares)	20	-1,202,478	-924,332
<b>Net cash flow from financing activities</b>		<b>-1,063,322</b>	<b>-1,077,281</b>
<b>Net cash flow in the accounting period</b>		<b>1,236,738</b>	<b>-64,643</b>
Cash and cash equivalents at start of period		2,966,409	3,031,052
<b>Cash and cash equivalents at end of period</b>		<b>4,203,146</b>	<b>2,966,409</b>
<b>This consists of:</b>			
Bank deposits, etc.		4,203,146	2,966,409
Of which restricted funds		136,662	157,865
<b>In addition the Group has the following cash capacity</b>			
Unutilised overdraft/drawdown facilities (short-term only)		3,581,100	3,459,502

# NOTE 1

## Accounting policies

All figures in NOK 1,000

This section presents consolidated accounting policies and notes for Lerøy Seafood Group ASA. Accounting policies and notes for Lerøy Seafood Group ASA (parent company) are presented separately after the notes to the consolidated financial statements. This separation is necessary in that the Group submits financial statements in accordance with IFRS (International Financial Reporting Standards), while the parent company's financial statements are drawn up in accordance with NGAAP (Norwegian Generally Accepted Accounting Principles).

Lerøy Seafood Group ASA is registered in Norway and is listed on the Oslo Stock Exchange. The company's consolidated financial statements for the financial year 2021 include the company and its subsidiaries (collectively referred to as "the Group") and the Group's share in associates. Lerøy Seafood Group ASA is a subsidiary of Austevoll Seafood ASA (52.69%), which in turn is owned (55.55%) by Laco AS. Laco AS is the ultimate mother company.

The financial statements were submitted by the Board of Directors on 22 April 2022.

### (A) Declaration confirming that the financial statements have been drawn up in accordance with IFRS

The consolidated financial statements are submitted in accordance with international standards for financial reporting (IFRS) and interpretations established by the International Accounting Standards Board (IASB) and adopted by the EU.

### (B) Basis for preparing the financial statements

The financial statements are presented in NOK and figures are rounded off to the nearest thousand. They are prepared on the basis of the historical cost principle, with the exception of the following assets and liabilities which are carried in the balance sheet at fair value: Biological assets, onerous contracts, Fish Pool contracts, other shares, forward contracts and interest rate swaps.

Preparation of financial statements in accordance with IFRS demands that the administration makes assessments, estimates and assumptions that influence the application of accounting policies and the book values of assets and liabilities, revenue and costs. Estimates and their associated assumptions are based on historical experience and other factors seen as reasonable under the circumstances. These calculations form the basis for measurement of carrying amounts for assets and liabilities that are not readily

apparent from other sources. The actual result may deviate from these estimates.

Estimates and underlying assumptions are under constant review. Changes in the accounting-related estimates are recognised in the periods in which they occur, provided they apply only to that period. If changes also apply to future periods, the effect is distributed over current and future periods.

Assessments that are made by the administration when applying the IFRS standards and that have a significant effect on the financial statements and estimates with a considerable risk of significant adjustments in the next financial year, are described in note about significant accounting estimates and assessments.

The accounting policies discussed below have been consistently applied for all periods presented in the consolidated financial statements.

The consolidated financial statements are drawn up in accordance with IFRS, while the financial statements for the Norwegian subsidiaries are prepared according to Norwegian Generally Accepted Accounting Principles (NGAAP). Accounts for the foreign subsidiaries are prepared according to accepted accounting policies in the respective countries. The financial accounts from subsidiaries are changed whenever necessary to ensure consistency with policies applied in the Group (IFRS).

The consolidated financial statements are submitted on assumption of going concern.

### (C) Principles of consolidation

#### Subsidiaries

Subsidiaries are all units where the Group has control of the unit's financial and operational strategy, normally through ownership of more than half of all equity with voting rights. Subsidiaries are consolidated from the moment control is achieved and are excluded from consolidation when such control ceases. Transactions, intercompany accounts and unrealised gains or losses between the Group companies are eliminated.

The acquisition method is applied to acquisition of businesses. The consideration paid is measured at fair value of transferred assets, liabilities assumed, and equity instruments issued. The consideration also includes the fair value of all assets

or liabilities pursuant to the agreement regarding contingent consideration. Identifiable assets, debt and contingent liabilities are recognised at fair value on the date of acquisition. The part of the cost price that cannot be allocated to identified assets or liabilities represents goodwill. In the case of a business combination achieved in stages, the Group's shareholding from former acquisitions will be remeasured at fair value on the control date. Any change in value is recognised on the accounting line for other gains and losses.

For each business combination after 2009, the group has measured components of non controlling interests in the acquiree at fair value at the acquisition date. This implies that goodwill is recognised also on non-controlling interests proportionate share of the entity's net assets.

The companies that are part of the Group are specified in the note on consolidated companies.

### Non-controlling interests

Non-controlling interests are measures at acquisition date either to fair value or their proportionate share of net identified assets, with an option to choose for each acquisition. Non-controlling interests' share of the profit or loss for the year after taxes is shown as a separate item after the annual profit/loss for the Group. The non-controlling interests' share of equity is shown as a separate item under consolidated equity. Transactions with non-controlling interests in subsidiaries are booked as equity transactions. In the event of the purchase of shares from non-controlling interests, the difference between the consideration and the shares' proportional share of the carrying amount for the net assets in the subsidiary against the parent company owners' equity is booked. Gain or loss on the sale to non-controlling interests is correspondingly charged to equity.

### (D) Operating revenue

Operating revenue is recognised at a point in time when control is passed to the customer. Control is generally passed when delivered to the customer according to the agreed upon Incoterms (contractual terms).

Expected volume discounts are deducted from operating revenue and presented as current provisions. Taxes and duties are also deducted from operating revenue.

The Group records provisions (sales reduction) for quality deviations and returns based on historical numbers and

specific information regarding the respective deliveries. The Group delivers, to a large degree, fresh food and returns will therefore usually be registered shortly after the customer has received the goods.

### (E) Reporting by segment

Segments are reported at a more aggregated level than for internal reporting to the corporate management due to similar economic characteristics, organisational structure and commercial risk. The Group's segments comprise the following: (1) Wildcatch, (2) Farming and (3) Value-added Processing (VAP), sales and distribution. The last segment is also named VAPS&D or VAPSD for short. Please refer to the note on the consolidated companies and division into operating segments for a complete description of the companies in the different segments, both directly and via indirect ownership.

Wildcatch is reported as one segment. The unit comprises the two sub-groups Lerøy Havfisk AS and Lerøy Norway Seafoods AS. The Lerøy Havfisk Group, owner of the licenses, is subject to a so-called "industrial obligation" in Stamsund, Melbu, Hammerfest, Båtsfjord, Honningsvåg and Kjøllefjord. This implies that the license is linked to operation of the facilities in the respective locations. Lerøy Havfisk has leased out the facilities in these locations to Lerøy Norway Seafoods AS. The lessor is responsible for sustaining operations. However, if the lessor terminates operations, the license terms oblige Havfisk to sustain operations in the specified locations, which also is reflected in the internal reporting. Farming is reported as a segment but specified on three operating segments. These are (1) the North Norway region, comprising the Lerøy Aurora AS, (2) the Central Norway region, comprising Lerøy Midt AS, and (3) the West Norway region (also known as Lerøy Sjøtroll), comprising Lerøy Vest AS, Sjøtroll Havbruk AS, Lerøy Kjærelva AS, Lweøy Årskog AS, Norsk Oppdrettservice AS and Lerøy Ocean Harvest AS. These units all operate in the same branch, have the same customers, similar commercial risk and similar processes. Their only distinguishing factor is geography. It has therefore been deemed appropriate to merge these into one operating segment.

Value-added Processing (VAP), sales and distribution is the third segment. This segment comprises several sub-groups and individual entities. These are merged into one reporting segment due to similarities such as same branch, commercial risk and uniform processes. The Norwegian units are: Lerøy Seafood AS, Lerøy Fossen AS, Lerøy Bulandet AS, Lerøy Sjømatgruppen AS, Lerøy Alfheim AS, Lerøy Trondheim AS,



## NOTE 1 cont. Accounting policies

All figures in NOK 1,000

Lerøy Delico AS, Sirevåg AS, Lerøy Nord AS, Dragøy Grossist AS, Laks- & Vildcentralen AS, Sjømathuset AS, Lerøy Quality Group AS, Lerøy & Strudshavn AS and Wannebo International AS. The foreign units consist of the Dutch sub-group Lerøy Seafood Holding B.V., that also includes Lerøy Germany GmbH, the Swedish sub-group Lerøy Sverige AB, the Danish sub-group Seafood Danmark A/S, the French sub-group SAS Lerøy Seafood France, the Spanish sub-group Lerøy Processing Spain S.L, in addition to Lerøy Seafood USA Inc, Lerøy Portugal Lda, Lerøy Finland OY, Lerøy Turkey, and Lerøy Italy Srl.

The Norwegian entities Seafood Group ASA and Preline Fishfarming System AS are not assigned to any of the segments.

### (F) Currency

The consolidated financial statements are presented in NOK, the functional currency for the parent company and the Norwegian subsidiaries. Cash items in foreign currency are valued at the respective rates of exchange at the end of the financial year. Gains and losses on foreign currency related to the purchase and sale of goods are presented as part of the accounting line for "Purchases". See also item (V) on derivatives, including currency forward contracts utilised to control currency risk.

### (G) Intangible assets

#### Goodwill

Goodwill represents the residual value that cannot be assigned to other assets or liabilities on acquisition of a company or other assets. Deferred tax at date of acquisition on licenses with unlimited lifetime, increases goodwill. Goodwill in respect of the acquisition of subsidiaries is included in intangible assets, while goodwill in connection with the acquisition of associates is included in the item "Shares in associates". Goodwill is not amortised (after 1 January 2004), but is reviewed annually for any impairment and carried on the balance sheet at cost price less accumulated write-downs. When assessing the need to write down the value of goodwill, this is allocated to applicable cash-generating units.

#### Licences/rights

The Group's licenses can be split into two main groups: (1) Licences related to farming and (2) licenses related to wild catches (fishing rights). In addition, the Group has some intellectual property rights.

Licences related to farming are not amortised. Licences are carried at cost price less any accumulated write-downs. Licences are tested annually for impairment. An overview of the different licenses involved in this operating segment, in terms of type, number and volume, is provided in the note on intangible assets. A more detailed explanation supporting the assessment that the assets have an indefinite useful life is provided in item (X) at the end of the description of accounting policies.

Fishing rights (the licenses) are valued at acquisition cost minus any accumulated amortisation and impairment loss. The licenses comprise basic quotas with no time limit and structural quotas with a time limit of 20 and 25 years respectively. The structural quotas have a definite useful life and are amortised over the length of the structural period. The basic quotas have an indefinite useful life and are not amortised, but they are tested annually for impairment. The structural quotas, which are amortised, meet the definition of intangible assets in accordance with IAS 38, as a structural quota is a legal right, is identifiable and generates economic yield that the company can control. As these are time-limited rights, the structural quotas shall be amortised over the remaining life of the quota until the value is zero, as there is no active market for the rights or any commitment from a third party to acquire the right once its useful life is over. Pursuant to White Paper no. 21 (2006-2007) (Structural policy for the fishing fleet), the structural quotas with pre-specified time limits after expiry of the allocation period will be redistributed among the "cod trawler" group of vessels, thereby becoming part of the vessels' basic quota. This implies that if a vessel has structures that are in accordance with the average for the group of vessels, a vessel will be able to maintain practically the same catch volume once the period for the structural quotas has expired. More detailed information on licenses/fishing rights is provided in note on intangible assets.

The major share of other intangible assets comprises water rights within farming (smolt production). The Group distinguishes between time-limited water rights, which are amortised over their lifetime, and water rights with no time limit, which are not amortised but are tested annually for impairment. Other intangible assets comprise rights that are amortised over their lifetime (contractual period).

### (H) Fixed assets and right-of-use assets

#### Fixed assets

Fixed assets are measured at acquisition costs less accumulated

depreciation and any accumulated impairment loss. The depreciation on fixed assets is allocated linearly over estimated useful life (depreciation period). Significant parts of fixed assets that have different depreciation periods are decomposed and depreciated separately. The estimated average useful life of fixed assets, when decomposed, is estimated as:

• Land:	Lasting value
• Buildings and real estate:	20-25 years
• Machinery and production equipment:	5-15 years
• Vessels:	25 years
• Fixtures and other equipment etc.	2.5-5 years

#### Right-of-use assets

Leases are measured as the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, and recognised from the date the leasing agreement starts. Options for extension periods are included in the leasing calculation when they are reasonably certain to be exercised. At time of initial recognition, the associated right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The right-of-use asset is depreciated linearly from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

For contracts containing both lease and non-lease components, the Group allocates the consideration in the contract to the lease and the non-lease components based on their relative stand-alone prices. This mainly applies to the Group's time charter rental agreements of wellboats, where the service element of the contracts is a significant non-lease component. The non-lease component is excluded from the lease accounting and expensed directly in the income statement. The Group has applied the lease recognition exemptions for short term lease contracts and low-value assets. Short terms leases represent lease agreements shorter than 12 months from the date of the contract. Low value assets represent lease agreements that are lower than fifty thousand Norwegian kroner. Rent paid on non-recognised leases are presented in the note on leases.

The group distinct between leases with credit institutions and leases with others. The distinction is shown in note on leases. Acquisition of right-of-use assets from leases with credit institutions is considered to be investments in new assets, while acquisition of right-of-use assets from others than credit institutions is not. This distinction is also applied

on the debt side, and in the definition of NIBD. See note on APMs for further information.

### (I) Biological assets, loss-making contracts and mortality expenses

The Group's biological assets comprise live fish, mainly salmon and trout, at all stages of the life cycle. The fish are divided into two main groups, depending on the stage of the life cycle. At the earliest stage of the life cycle, the fish are classified in group (1) roe, fry and juvenile fish. During this stage, the fish are kept on shore. When the fish are large enough for release to sea, they are classified in group (2) fish in sea. The group for fish in sea also comprises the subgroup for parent fish, utilized to produce roe. As this subgroup is immaterial, it is dealt with in the same way as other fish in sea.

The stock of fish, in addition to salmon and trout, also comprises cleaner fish. This species of fish is utilized during production of salmon and trout as a means of eliminating salmon lice. Despite the significant number of cleaner fish produced by the Group, both the volume and value of this species are relatively low, and are immaterial for the consolidated financial statements. In order to simplify accounting, this species is therefore grouped with roe, fry and juvenile fish.

Biological assets are regulated by IAS 41 Agriculture. The main rule is that biological assets shall be measured at fair value minus sales costs, unless fair value cannot be reliably measured. Measurement of fair value is regulated by IFRS 13. 'Fair value' refers to the price that would have been achieved on sale of the asset in an orderly transaction between market participants at the measurement date under the prevailing market conditions.

For roe, fry and juvenile fish, in addition to cleaner fish, historical cost is deemed a reasonable approach to fair value, as there is little biological transformation (IAS 41.24). This assessment must be seen in light of the fact that smolt are currently released to sea at a stage when their weight is still relatively low. At the same time, this group still comprises a limited share of the Group's biological assets measured in terms of both volume and value. If changes emerge in the future implying that the smolt produced are significantly larger when released to sea, a new assessment will be required.

For fish in sea, the fair value is calculated by applying a cash

## NOTE 1 cont. Accounting policies

All figures in NOK 1,000

flow based present value model at level three in the fair value hierarchy in IFRS 13. In line with IFRS 13, the highest and best use of the biological assets is applied for the valuation. In accordance with the principle for highest and best use, the Group considers that the fish have optimal weight for harvest when they have a live weight corresponding to 4 kg gutted weight. For information on recalculation factor from gutted weight to live weight, see note on biological assets. As of 31.12 this corresponds to a live weight of 4.65 kg for salmon and 4.76 kg for trout. Fish with a live weight equal to this or more, are classified as ready for slaughter (mature fish), while fish that have still not achieved this weight are classified as not ready for harvest (immature fish). For fish ready for harvest, the highest and best use is defined as harvesting and selling the fish as quickly as possible in the month following the balance sheet date. For fish not yet ready for harvest, the highest and best use is in principle defined as growing the fish to optimal weight for harvest, then harvesting and selling the fish. The harvest date applied in the valuation may however be brought forward if required by situations at a specific locality. Such situations may involve biological challenges (disease, salmon lice infestation etc.).

The cash flow-based present value model does not rely on historical and company-specific factors. On a hypothetical market with perfect competition, a hypothetical buyer of live fish would be willing to pay as a maximum the present value of the estimated future profit from the sale of the fish when it is ready for harvest. The estimated future profit, taking into account all price adjustments and payable fees for completion, constitutes the cash flow.

Incoming cash flow is calculated as a function of estimated volume multiplied by estimated price. For fish not ready for harvest, a deduction is made to cover estimated residual costs to grow the fish to the optimal weight for harvest. The cash flow is discounted monthly by a discount rate. The discount rate comprises three main components: (1) the risk of incidents that have an effect on cash flow, (2) hypothetical license lease and (3) the time value of money. Please refer to the note on significant accounting estimates and assessments for more detailed information on discounts, and sensitivity analysis.

Estimated biomass (volume) is based on the actual number of individuals in the sea on the balance sheet date, adjusted to cover projected mortality up to harvest date and multiplied by the estimated weight per individual at the time of harvest.

The measurement unit is the individual fish. However, for practical reasons, these estimates are carried out per locality. The live weight of fish in the sea is translated to gutted weight in order to arrive at the same measurement unit as for pricing.

Pricing is based on the Fish Pool forward prices. The reason for this is that there are no effective markets for the sale of live fish. Fish Pool is a market place for financial purchase and sale agreements for superior Norwegian salmon, size 3-6 kg gutted weight. Updated forward prices are published daily for slaughtered salmon on Fish Pool. The volume on Fish Pool is however limited. This market is therefore assessed to be insufficiently active and effective. Despite this, the Group is of the opinion that the observable forward prices must be seen as the best approach to a hypothetical price for the sale of salmon. The volume of trout sales in Norway is significantly lower, and there are no corresponding observable market prices. Historically, however, trout prices have been closely correlated to salmon prices. The forward prices for salmon are therefore applied as a starting point for estimates of the fair value of trout. The forward price for the month in which the fish is expected to be harvested is applied in order to estimate cash flow. The price stipulated by Fish Pool is adjusted to take into account export costs and clearing costs, and represents the reference price. This price is then adjusted to account for estimated harvest cost (well boat, slaughter and boxing) and transport to Oslo. Adjustments are also made for any estimated differences in size and quality. The adjustments to the reference price are made per locality. Joint regional parameters are applied, unless factors specific to an individual locality require otherwise.

Changes to estimated fair value for biological assets, according to IAS 41, are recorded through profit or loss and presented on the line for fair value adjustments related to biological assets. The accounting line for fair value adjustments related to biological assets in the income statement comprises three elements; (1) change in fair value adjustment of stock of fish in sea, (2) change in fair value of onerous contracts and (3) change in fair value of unrealised gain/loss related to financial purchase and sale contracts for fish in Fish Pool, recognised as value-hedges.

Fish Pool contracts are not utilised to any significant extent by the Group as a price-hedging instrument, as the sale of such contracts with Fish Pool remains limited and volumes are low. When utilised, the Fish Pool contracts are recorded

as financial instruments on the balance sheet (derivatives), where unrealised gain is classified as other short-term receivables and unrealised loss as other short-term debt. Change in fair value of unrealised gain/loss related to financial purchase and sale contracts for fish in Fish Pool, recognised as cash-flow hedges, are recognised in other comprehensive income (OCI). The accounting of Fish Pool contracts is presented in note on financial instruments.

Onerous contracts are contracts where the expenses of fulfilling the contracts are higher than the economic yield the company expects to gain by fulfilling the contracts. The Group enters into contracts related to future deliveries of salmon and trout. As biological assets are recognised at fair value, this fair value will be included in the estimated expenses required to fulfil the contract. As a result, physical delivery contracts where the contractual price is lower than the price on which fair value estimation of the biological assets was based will be defined as onerous contracts according to IAS 37, even if the contractual price is higher than the production costs for the products. At the end of the period, the management will evaluate whether contracts are onerous contracts by estimating the value of the commitment per contract. This evaluation is based on a number of premises and estimates. The estimate includes all contracts involving the sale of salmon and trout, where the fish have been produced by the Group. For contracts where the product to be delivered has a higher degree of processing than gutted fish, the contractual price is converted to a price per kilo gutted weight based on estimated yield for the different product types and normal processing costs in accordance with the Group's calculations. All contractual prices are translated to Norwegian kroner. For contracts that contain different product types, a weighted price is estimated. The weighted price per contract is then compared with an estimated benchmark price per month. This price corresponds to the price applied as a starting point for valuation of the biological assets, and is based on forward prices from Fish Pool, adjusted for export margin and transport from fish farm to Oslo. A provision is recognised on the balance sheet. The provision is classified as other short-term debt.

As the financial statements also present production costs for the stock of live fish, the reporting of mortality is of significance. Costs related to abnormal mortality are immediately recognised through profit or loss and presented on the line for changes in inventory, while normal waste is classified as part of production costs. Fair value of biological

assets is not affected by the principle for reporting mortality costs. The extent to which mortality is normal or abnormal requires assessment. The Group makes use of a common indicator and threshold for all farming units. If in one month mortality at a locality exceeds 1.5% of the incoming number of fish at the locality, this is classified as an indication of abnormal mortality. A more detailed assessment is then carried out to establish whether mortality is abnormal. These assessments take into account the cause of mortality and the size of the fish. Please refer to the note on biological assets for a more detailed description of mortality costs and incidents that have caused abnormal mortality.

### (J) Inventory

Inventories of purchased goods are valued at the lower of acquisition cost and estimated sales value less sales costs. In-house-produced finished goods and semi-finished goods are valued at full production cost. Write-downs are made for quantifiable obsolescence.

### (K) Trade receivables and trade payables

Trade receivables and other receivables are carried on the balance sheet at nominal amount after deduction of provision for estimated losses. The Group measures expected credit losses by estimating a lifetime expected loss allowance for all trade receivables. Loans and receivables are classified as short-term debt or current assets unless they mature more than 12 months after the balance sheet date. In that case, they are classified as fixed assets or long-term debt.

### (L) Associates and joint ventures

Associates are units where the Group has significant influence but not control, normally between 20% and 50% of voting equity. Joint ventures are investments in companies where the Group has control together with other parties. Cooperation is based on a contractual agreement governing central cooperative factors. Investments in associates and joint ventures are recognised according to the equity method. The investment is capitalised at acquisition cost at the time of purchase. The Group's share of the profit/loss after tax, as well as depreciation/amortisation and write-downs of any added value, are recognised on the income statement and added to the carrying amount of the investment together with the respective share of changes in equity not booked in the income statement, such as dividend. In the income statement, the Group's respective share of profit is shown as a separate financial item, while the assets are shown in the balance sheet as an individual non-current assets. The Group's share of unrealised intercompany profit on transactions



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between the Group and the respective company is eliminated. Accounting policies for associates and joint ventures are changed whenever necessary to ensure consistency with the accounting policies applied for the Group (IFRS).

### (M) Liquid assets

Liquid assets consist of cash in hand and bank deposits and are valued at the exchange rates on the balance sheet date. In the Cash Flow Statement it is specified how much that is restricted funds.

### (N) Pensions

The Group mainly has defined contribution plans, but also a few remaining defined benefit plans that are now closed. In general, the pension plans are financed via payments to insurance companies or pension funds based on periodical actuarial calculations.

A defined contribution plan is a pension plan where the Group pays a fixed amount to a separate legal entity. The Group has no statutory or other obligation to pay additional contributions.

A defined benefit pension plan is one that is not contributory. A typical defined benefit pension plan defines a pension payment that the employee will receive upon retirement. The payment is typically dependent on factors such as age, number of years in the company and wage level.

The capitalised commitment associated with defined benefit plans is the present value of the defined benefits on the balance sheet date less fair value of the pension. Pension liability is calculated annually by an independent actuary according to the straight-line accrual method. The present value of defined benefits is found by discounting estimated future payments by the interest rate on a bond issued by a company with a high credit rating in the same currency as the benefits will be paid, and with a maturity approximately equal to the duration of the associated pension liability. In countries that do not have a liquid market for long-term bonds issued by companies with a high credit rating, the market interest rate for governmental bonds is applied.

### (O) Tax

Tax cost in the income statement includes both the tax payable for the period and changes in deferred tax. Deferred tax is calculated at a rate of 22% (or local rates in other countries) on the basis of the temporary differences that exist between accounting and taxable values, as well as

the tax loss carryforward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences which reverse or may reverse the figures in the same period and within the same tax regime are offset and booked at net value.

Deferred tax has been calculated on the difference between taxable and accounting values of licenses. Deferred tax is calculated at the nominal tax rate.

### (P) Interest-bearing loans and credits

Loans are booked at fair value when the loan is paid out, less transaction costs. In subsequent periods loans are booked at amortised cost calculated by applying the effective interest rate, and any differences between acquisition cost and redemption value are incorporated over the loan period by using the effective interest rate method.

Next year's instalments are classified as short-term debt.

### (Q) Dividends

Dividends are booked when adopted by the shareholders' meeting. See also note on dividend per share.

### (R) Provisions and other commitments

Provisions are carried on the balance sheet when the Group has an existing legal obligation or implied duty in consequence of an earlier event, and it is probable that a flow of economic resources from the enterprise will be required in order to fulfil such obligation. If the effect is significant, the provision is determined by discounting estimated future cash flows by a discounting rate before tax, which reflects market pricing of the time value of money and the risks specifically associated with the obligation.

### (S) Share capital and share premium

Ordinary shares are classified as equity. Expenses directly associated with issuing new shares or options, less tax, are booked under equity as reductions in proceeds received. When buying back treasury shares, the purchase amount, inclusive of directly ascribable costs, is entered as a change in equity. Treasury shares are presented as a reduction in equity.

### (T) Statement of cash flows

The consolidated statement of cash flows shows the total consolidated cash flows broken down by operating, investing and financing activities. Acquisitions of subsidiaries are considered an investing activity. Cash and cash equivalents in the company acquired is deducted. The statement shows

how the various activities affect cash reserves. For cash flows in foreign currency, the average rate of exchange is used in the statement. To the extent that changes in the balance sheet figures between financial years do not match the corresponding figures in the statement of cash flow, this is a result of translation differences linked to changes in rates of exchange.

### (U) Financial risk management

Through its activities, the Group is exposed to different types of financial risk: market risk (including currency risk, interest risk, price risk and liquidity risk) as well as credit risk. A further description follows below, describing the Group's financial risk, as well as how it is managed, including use of hedges. Currency risk

#### Currency risk

The Group has international operations requiring several different currencies and is thus exposed to currency risk. Forward contracts are used to hedge against the currency risk on trade receivables and agreed upon sales contracts. The forwards contracts are designated as fair value hedges in the financial statements. The hedged items are primarily binding sales contracts in foreign currency, net foreign currency bank deposits, and net trade receivables in foreign currency. The hedged items are adjusted with the change in fair value of the hedged risk. The hedging instruments are the forward contracts, which are also measured at fair value on the balance sheet date. Gains and losses due to change in fair value are presented through profit or loss. An overview of the effect of forward contracts can be found in the note on financial instruments.

#### Interest risk

The Group's long-term debt is mainly based upon agreements for floating rates of interest, representing exposure to increases in the market interest rate. However, the Group has made use of long-term interest rate swaps to reduce the floating interest rate risk for a share of the Group's long-term debt. The Group receives a floating interest rate and pays a fixed rate through the swap agreements. The interest rate swaps are reported as cash flow hedges. Gains and losses from the effective part of the hedge (the part of the hedge that qualifies for cash flow hedge accounting) are recognised in other comprehensive income. The Group does also use fixed interest loans (bond loan with fixed interests). An overview of the effects in terms of exposure of the Group's borrowings to interest rate changes is provided in the note on loans, mortgages and guarantees.

#### Price risk

The developments in global salmon and trout prices have a considerable impact on the results achieved by the Group. In order to reduce the price risk, a varying share of the revenue / purchase cost is hedged through purchase and sale forward contracts for salmon (Fish Pool contracts). The changes in fair value of the contracts are recognized in the income statement line item "fair value adjustments related to biological assets". An overview of the effect of the Fish Pool contracts is provided in the note on financial instruments. The Group is also exposed to fluctuations in the bunker price. This risk is reduced through entering into forward agreements to purchase bunker (bunker derivatives). Gains and losses from the effective part of the hedge (the part of the hedge that qualifies for cash flow hedge accounting) are recognised in other comprehensive income. An overview of the effect of bunker derivatives is provided in the note on financial instruments.

#### Liquidity risk

Cash flow prognoses are established for the different operating segments in the Group and are aggregated by the Group's Financial Department. The Financial Department monitors prognoses of the Group's liquidity requirements in order to ensure that the Group has sufficient cash equivalents to fulfil operating commitments while sustaining a sufficient level of flexibility in the form of unutilised, binding loan facilities at all times so that the Group is not in breach of the limits or specified terms and conditions for the Group's loans. Such prognoses take into account the Group's scheduled new loans, compliance with terms and conditions of loans, compliance with in-house objectives for balance sheet figures and, if relevant, external regulatory or legal requirements.

Any excess cash in the Group companies, in addition to what constitutes necessary working capital, is transferred annually to the parent company via Group contributions and dividends. The Group's Financial Department deposits excess cash mainly as bank deposits at special terms with appropriate maturities in order to provide sufficient security and flexibility in relation to the company's growth strategy and dividend policy. For information on cash and cash equivalents together with undrawn credit facilities available to the Group as liquidity buffers to manage liquidity risk, please refer to the statement of cash flow.

The table in note on debt, mortgages and guarantee liability specifies the Group's financial covenants that are not

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derivatives, and derivative covenants with net settlement, classified in relation to the down-payment schedule. This classification is made in accordance with the contractual maturity date. Derivative covenants are included in the analysis when the contractual maturity date is significant for an understanding of the accrual of cash flows. The figures in the table are non-discounted contractual cash flows.

### Credit risk

Credit risk occurs in transactions involving derivatives, deposits with banks and financial institutions in addition to transactions with wholesalers and customers, including outstanding receivables and fixed agreements. As virtually all the Group's sales to end customers are credit sales, procedures have been established to ensure that the Group companies only sell products to customers with satisfactory credit rating. A credit assessment is performed based on the customer's financial position, history and any other factors of relevance. Individual limits are set for risk exposure, based on internal and external assessments of creditworthiness and guidelines from the Board of Directors. The Group's compliance on these procedures is regularly monitored. Furthermore, almost all of the Group's trade receivables are covered by credit insurance securing about 90 % of nominal amounts. The counterparties to derivative contracts and financial placements may only be financial institutions with a high credit rating and other parties who can provide reliable security. See note on receivables for further information on credit risk.

### (V) Derivatives and hedge accounting

The company seeks to hedge against currency fluctuations and changes in interest rate by means of derivatives, respectively currency forward contracts, interest rate swaps and bunker derivatives.

Derivatives are carried at fair value at the time of contract and are subsequently adjusted to fair value. The recognition of the associated losses and gains depends on whether the derivative is designated as a hedging instrument and, if so, the type of hedging. Derivatives which are not designated as hedging instruments are recognised at fair value through profit or loss.

Fair value of derivatives is shown in the note on financial instruments. Fair values of derivatives are classified as fixed assets or long-term debt if the hedging object matures in more than 12 months, and as current assets or short-term debt if the hedging object matures in less than 12 months.

The Group documents the relationship between the hedging instrument and the hedged items, including expected hedging efficiency, when entering into hedging derivatives. The Group further documents its risk management strategies related to transactions that are risk hedges.

Changes in fair value of derivatives qualifying for fair value hedging are recognised in the income statement together with the change in fair value of the associated hedged asset or liability. The Group uses fair value hedging to hedge net receivables in foreign currency, net deposits on currency accounts and signed sales contracts in foreign currency. Gains and losses on foreign currency are included in the income statement line "Cost of materials".

The effective share of the change in fair value of derivatives that qualify as hedging instruments for cash flow hedging is recognised through other comprehensive income. Hedging gains or losses recognised through other comprehensive income and accumulated in equity are re-classified to the income statement during the period in which the hedging object impacts the income statement. The Group makes use of cash flow hedging related to interest rate swaps and bunker derivatives. If the hedge comes to an end, and the expected future transaction is no longer likely, gains and losses are recognised in the income statement under net financial items.

### (W) Capital management

The Group's objectives for capital management are to enable the Group to continue as a going concern in order to guarantee returns for the owners and other stakeholders and to sustain an optimal capital structure to allow the Group to reduce capital expenses. Ongoing structural changes in the global industry in which the company operates, seen in conjunction with the cyclical nature of the industry, demand that the company at all times must maintain a satisfactory financial contingency. This in turn requires a close relationship with the company's shareholders and equity markets. The Group has always stressed the importance of maintaining the confidence of its financial partners and thus also access to necessary loan capital on favorable terms.

The Group's financial goals are reflected in quantified parameters for financial adequacy and returns. The requirement for financial adequacy stipulates that the Group's equity ratio, defined as equity/total assets, should be at least 30% over time. Information on the Group's equity is presented in the balance sheet. The Group's long-term

goal for earnings is to generate an annual return on the Group's average capital employed of 18% before tax.

The company's dividend policy implies that, over time, dividends should lie in the region of 30% to 40% of profit after tax. However, care must be taken at all times to ensure that the Group operates in line with satisfactory financial contingency for new and profitable investments. In the long run, value generation will increasingly be in the form of higher share prices rather than in declared dividends. See note on dividend per share for more information.

### (X) Indefinite useful life (no amortisation) of licenses

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. Please refer to the note on intangible assets for information on the impairment test.

### Licence scheme in Norway

The license scheme for production of salmon and trout in Norway was introduced by the Storting (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/trout without a license from the authorities, cf. section 4 of the Aquaculture Act. All licenses are governed by the same regulations (the current Aquaculture Act with provisions) irrespective of when the license was allocated.

LSG's aquaculture permit entitles the Group to produce salmon and trout in delimited geographic areas (localities), according 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 Aquaculture Act is administered centrally by the Ministry of Trade, Industry and Fisheries, and the Directorate of Fisheries is the supervisory authority. Regionally, there are a number of sector authorities that together represent a complete 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 localities and licenses.

### Main terms and conditions for license type

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 Group has a sufficient number of localities (locality MAB) in the different regions to achieve a satisfactory exploitation of the Group's total MAB. All commercial licenses for production of salmon and trout in sea are currently operational. The following regulations regarding production limitations apply to the different types of licenses held by the Group:

Grow-out licenses are limited in number, i.e. the enterprises are only granted new licenses or more production volume subsequent to politically adopted allocation rounds. The maximum allowable biomass (MAB) has previously been 780 tonnes of salmon or trout per license. The maximum allowable biomass (MAB) for the counties of Troms and Finnmark (North Norway) has previously been 945 tonnes of salmon or trout per license. Following the political decision taken in 2017 that it should be possible to allocate percentage growth per license based on various conditions, a fixed maximum allowable biomass per license is no longer specified. The system has been named the "traffic light system". The traffic light system is meant as a permanent framework for mitigating growth in Norwegian aquaculture. In this system the Norwegian coastline was divided into 13 different production areas. With a frequency of 2 years, the different areas are colored red, yellow, or green, based on certain criteria. In areas colored red the maximum production volumes are reduced. In yellow areas there is no change. In green areas, it is opened for growth. A certain portion of the growth are offered to the farmers at a fixed price, while the remaining portion are offered at auction. The farmers are free to choose to purchase the offered growth or not. See note on intangibles, section licenses, for further information about present year's changes.

Green farming licenses are licenses that were awarded in 2015 via a dedicated licensing round. Special conditions were attached to these licenses, mainly concerning environmental improvement measures. The licenses were awarded via open auctions or competitively, based on environmentally focused technology and operating concepts.



## NOTE 1 cont. Accounting policies

All figures in NOK 1,000

Demonstration licenses are licenses defined for special purposes. Demonstration licenses are granted to enterprises in order to share knowledge of the aquaculture industry. Such licenses are often operated in cooperation with a non-commercial entity.

Teaching licenses are another kind of special-purpose license and are allocated to disseminate knowledge of the fish farming industry. The licenses are linked to specific educational institutions and are thus regulated by the county.

Research and development licenses are licenses awarded in connection with research and development projects in the industry, where dedicated licenses are required to carry out the R&D activity.

Slaughter cage licenses are allocated for the use of sea cages for live fish for slaughter. These licenses are linked to a specific location, which is the Group's slaughtering plant for salmon and trout.

Parent fish licenses are also licenses defined for special purposes. Parent fish licenses are granted for the production of salmon roe utilised to produce juvenile fish.

Juvenile fish licenses are licenses to produce juvenile salmon and trout in fresh water that in total authorise the license holder to produce a specific number of juvenile salmon and trout. There are certain limitations on the size of juvenile fish that may be produced according to the individual license. Licences are granted on the basis of a discharge permit for a certain number of fish/biomass with a maximum allowable feed consumption per year. In situations where the water source is owned by a third party, an agreement is also required governing the right to utilise the water source.

### Duration and renewal

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 LSG's terms for grow-out and juvenile licenses, and they are therefore deemed to be time-indefinite production rights according to the prevailing regulations. This also applies to green licenses.

As the licenses are not bound by a time-limited period, there is no need to apply for their renewal. The licenses are deemed to be 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. We can confirm that no operative licenses for salmon and trout have been revoked in Norway.

Research and development licenses are time-limited and apply in general for the duration of the project. They are often linked to the life cycle of the salmon, i.e. three years. R&D licenses are managed in close cooperation with research groups, and an application to extend them for a new three-year period can be made after the project has ended.

The parent fish licenses are granted for 15 years at a time, and applications have to be submitted for their renewal, provided that the license holder is still involved in production of parent fish for salmon or trout. Parent fish production is an integral part of LSG's value chain (parent fish production takes place before production of roe and juvenile fish in the value chain) and is therefore closely linked to the breeding system for salmon and trout. The Group's applications for renewal of parent fish licenses have always been approved, in line with the prevailing practice in the industry.

The licenses for slaughter cages are allocated for 10 years at a time. Applications can be submitted for renewal of such licenses provided that they are linked to an approved slaughtering plant and only utilised to keep fish ready for slaughter in immediate proximity to the slaughtering plant. The Group's demonstration licenses are allocated for a period of 10 years. Applications can be submitted for renewal of demonstration licenses provided that the terms for the

license are met pursuant to the Aquaculture Act.

The Group's teaching licenses have been allocated for 10 years. Applications can be submitted for renewal of teaching licenses provided that the terms for the license are met pursuant to the Aquaculture Act.

### Regulations relating to right of use: transfer, lease, moving etc.

All licenses can be transferred pursuant to section 19 of the Aquaculture Act, and can be mortgaged pursuant to section 20 of the Act. An aquaculture register is kept of all aquaculture licenses where transfers and mortgaging are registered. The leasing of aquaculture licenses or license capacity is not permitted. Grow-out licenses and parent fish licenses can be linked to different locations, but there are certain limitations on moving of licenses between the regions defined by the Directorate of Fisheries. In practice, this means that licenses cannot be moved between defined regions, which typically follow county borders. Juvenile fish licenses are attached to one locality – the locality for which the license applies.

### Costs related to licenses

Payment has been required for new licenses granted during more recent allocation rounds. The amount of the payment depends on the allocation criteria, including for example a fixed price versus the auction principle. Given that there is no requirement to apply for renewal of licenses, then there are no costs involved in license renewal.

The costs of maintaining aquaculture licenses in Norway are insignificant. There are no annual fees or other types of duties linked to the actual license. However, there are certain fees to be paid for inspection and control of the licenses. Fees also have to be paid to establish new localities and/or to extend/amend localities. As a main rule, an amount of twelve thousand norwegian kroner is paid per license covered by an application for amendment at locality level, cf. section 2 of the Regulation relating to fees and duties for aquaculture activities. All fees and costs are immediately recognised as an operating expense.

### Assessment of economic life

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. Where time-limited R&D licenses, demonstration licenses and

educational licenses are concerned, these are awarded free of charge so amortisation is normally not relevant. However, in cases where related acquiring or renewing costs are capitalised, they will be subjected to depreciation over the economic life.

### Grow-out licenses and juvenile fish licenses

The following factors played a key role in the assessment of whether licenses have an indefinite useful life, with reference to the description of the license types above:

- (1) No time limitation on the licenses
- (2) Insignificant expenditure involved in maintaining the licenses
- (3) High threshold for revocation of licenses; this has never happened in Norway

It has also been noted that the licenses are registered in the public aquaculture register as being without time limitation.

On this basis, the economic life is assessed to be indefinite for the grow-out licenses and juvenile fish licenses, in accordance with IAS 38.90.

### Parent fish licenses

As mentioned above, these licenses are granted for 15 years at a time, and applications can be submitted for renewal. In 2007, the duration of parent fish licenses was amended from 10 years to 15 years (amendment to regulation dated 14 August 2007 no. 986). In the consultation document dated 7 June 2007, the Ministry stated the following regarding time limitation for parent fish licenses in item 3.3: "The recommendation implies that the licenses shall be time-limited for a period (...) with clearly defined predictability for extension of new periods. Time-limited licenses may however result in less predictability for the entities than licenses without time limitations. Predictability is key as breeding and parent fish production is a time-consuming and resource-intensive activity, but this is provided for by (...) a fixed-term period with clearly defined predictability for extension."

IAS 38.94 states that if the contractual or legal rights are assigned for a limited period of time that can be renewed, the useful life of the intangible asset should include the renewal period(s) only if there is documented evidence to support that the cost of the renewal for the entity is not significant. IAS 38.96 provides guidelines describing factors that can be included in this assessment. The following factors

## NOTE 1 cont. Accounting policies

All figures in NOK 1,000

have been central to LSG's assessment of indefinite useful life for the parent fish licenses:

- the entity's licenses have always been renewed. Renewal does not require third-party consent, but is based on factors that are under the control of the entity, i.e. the terms of the license are met and an application for renewal has been submitted before the expiry of the 15-year period. The main condition for renewal is that parent fish production is carried out in connection with a breeding system. Parent fish production will continue to be an integral part of LSG's value chain, and as such this requirement will be met.
- the entity can document fulfilment of the license conditions,
- the cost to the entity for renewal is not significant, when compared with the future economic benefits expected to flow to the entity from renewal.

### Demonstration licenses

The Group's demonstration licenses are allocated for a period of 10 years. Applications can be submitted for renewal of demonstration licenses provided that the terms for the license are met pursuant to the Aquaculture Act. As with parent fish licenses, this type of license is defined as being for special purposes. Both parent fish and demonstration licenses are a type of activity without any clear time limitation. In principle, the same factors as for parent fish licenses will apply to demonstration licenses.

### Teaching licenses

With one exception, the Group's teaching licenses have been allocated for 10 years. Applications can be submitted for renewal of teaching licenses provided that the terms for the license are met pursuant to the Aquaculture Act. The Group has also taken over one teaching license pursuant to an open-ended agreement with an educational institution. Since the agreement has a limited undefined useful life, its duration has been estimated at one year.

### (Y) New and amended financial reporting standards New standards implemented in 2021

IASB and EU have not implemented any new standards that have been mandatory to adopt in 2021.

### New standards which have not come into effect and where the Group has not opted for early application

Certain new accounting standards and interpretations have been published that are not mandatory for 2021 reporting periods and have not been early adopted by the group. These standards and interpretations are not expected to have a material impact on the group in the future reporting periods and on foreseeable future transactions.

## NOTE 2 Alternative performance measures

All figures in NOK 1,000

Lerøy Seafood Group's accounts are submitted in accordance with international standards for financial reporting (IFRS) and interpretations established by the International Accounting Standards Board (IASB) and adopted by the EU. In addition, the Board and management have chosen to present certain alternative performance measures (APMs) to make the Group's developments simpler to understand. The Board and management are of the opinion that these performance measures are in demand and utilised by investors, analysts, credit institutions and other stakeholders. The alternative performance measures are derived from the performance measures defined in IFRS. The figures are defined below. They are consistently calculated and presented in addition to other performance measures, in line with the Guidelines on Alternative Performance Measures from the European Securities and Markets Authority (ESMA).

### EBIT before fair value adjustments

EBIT before fair value adjustments is an APM utilised by the Group. Pursuant to IFRS, biological assets (fish in the sea) shall be measured at fair value in the statement of financial position (IAS 41). Estimates of fair value require various

assumptions about the future, including price developments. Changes in the market's price expectations may therefore result in major changes in carried value. As this change in value is included in the operating profit or loss (EBIT) as defined in IFRS, this figure alone is not sufficient to illustrate the Group's performance during the period. The same applies to other items on the statement of financial position related to biological assets, onerous contracts (IFRS 37) and financial fish-pool contracts (IFRS 9). The Group has therefore elected to present operating profit as it would be presented before recognition of the above-mentioned fair value adjustments, as an alternative performance measure. By presenting (1) EBIT before fair value adjustments, (2) fair value adjustments in the period and (3) EBIT after fair value adjustments, the user of the financial statements will easily be able to identify how much of the operating profit comprises changes in fair value (fair value adjustments) and thereby compare performance with other companies in the same industry. The note on biological assets contains a detailed description of how fair value adjustment is calculated and the figures for each component. The following components are included:

	2021	2020
Operating profit (EBIT)	3,604,087	1,122,903
Fair value adjustments	-1,085,304	826,751
<b>EBIT before fair value adjustments</b>	<b>2,518,783</b>	<b>1,949,655</b>

### Fair value adjustments consists of

- Change in fair value adjustment on fish in sea
- Change in fair value adjustment on roe, fry and cleaning fish \*
- Change in fair value adjustment on onerous contracts (salmon and trout)
- Change in fair value adjustment on Fish Pool contracts (financial contracts on salmon), not regarded as hedges

\* For this group historical cost provides the best estimate of fair value.

See note on biological assets for more details. The APM is used in the income statement, in note 5 on segments and in the calculation of some key figures. It is also referred to in the Board of Director's report.

### EBITDA before fair value adjustments

EBITDA before fair value adjustments is an APM. Calculation

is identical as the calculation of "EBIT before fair value adjustments" (above).

	2021	2020
EBIT	3,604,087	1,122,903
Depreciations (intangibles, RoU assets and fixed assets)	1,252,334	1,157,589
Impairment loss	6,400	1,551
<b>EBITDA</b>	<b>4,862,820</b>	<b>2,282,043</b>
Fair value adjustments	-1,085,304	826,751
<b>EBITDA before fair value adjustments</b>	<b>3,777,516</b>	<b>3,108,795</b>

The APM is used in the income statement.



## NOTE 2 cont. Alternative performance measures

All figures in NOK 1,000

### Profit before tax and fair value adjustments

Profit before tax and fair value adjustments is an APM utilised by the Group. Pursuant to IFRS, biological assets (fish in the sea) shall be measured at fair value in the statement of financial position (IAS 41). The APM demonstrates how the result would have been if IAS 41 not had been applied. This

implies that the FV adjustment on fish in sea are reversed (eliminated). This includes both the group's own FV adjustment and also the FV adjustments included in the income from associated companies (AC) also applying IAS 41, following the equity method. The components included are:

	2021	2020
Profit before tax	3,531,665	986,884
Fair value adjustments	-1,085,304	826,751
Fair value adj. incl. in income from AC	-6,022	55,666
<b>Profit before tax and fair value adjustments</b>	<b>2,440,339</b>	<b>1,869,301</b>

Det alternative resultatmålet er omtalt i styrets beretning.

### Controlling interests share of annual profit before fair value adjustments

Controlling interests (CI's) share of annual profit (after tax) before fair value adjustments is an APM utilised by the Group. Pursuant to IFRS, biological assets (fish in the sea) shall be measured at fair value in the statement of financial position (IAS 41). The APM demonstrates how the share of annual

profit after tax to LSG's shareholders would have been if IAS 41 not had been applied. This implies that the CI's proportional share of FV adjustment on fish in sea are reversed (eliminated). This includes both the group's own FV adjustment and also the FV adjustments included in the income from associated companies (AC) also applying IAS 41, following the equity method. The components included are:

	2021	2020
CI's share of annual profit	2,632,371	794,335
CI's share of fair value adjustments	-791,688	617,616
CI's share of fair value adj. incl. in income from AC	-6,022	55,666
<b>Controlling interests share of annual profit (after tax) before fair value adjustments</b>	<b>1,834,661</b>	<b>1,467,617</b>

This APM is used in note 19 on earnings per share, for calculation of the key figure earnings per share before fair value adjustments.

### Net-interest-bearing debt (NIBD)

NIBD is an APM utilized by the Group. The figure shows how much capital the Group employs and is an important key figure for stakeholders who are planning to grant financing to the Group and for stakeholders who want to value the company. NIBD is defined as interest-bearing commitments, both short-term and long-term, to persons or institutions with the main purpose of providing financing and/or credit, minus interest-bearing cash or cash equivalents.

Since NIBD is an APM, with no common definition from IFRS, different definitions and versions of this APM exist today in the reporting from the companies. The most important difference relates to the recognition of lease liabilities. Some companies include all lease liabilities in NIBD. Other companies exclude all lease liabilities from their NIBD. And some use a

combination. Therefore, it is important to be aware of this difference when comparing between companies. Lerøy Seafood Group use a combination, with an approach that distinct between lease liabilities derived from a financing purpose and lease liabilities that are not.

In practice, this distinction is based on what kind of party the company has made the leasing agreement with. On the date of implementation of IFRS 16, the Group's financial leasing liabilities was almost only with credit institutions, with the main purpose of providing the Group financing. These agreements shared the principle that the duration of the lease period covered most of the economic lifetime of the asset involved. When it comes to the operational leasing liabilities, these agreements did nearly only concern rentals for well-boats and buildings, from shipping companies

and real estate developers, where financing was not the purpose, and where the rental period was much shorter than the economic lifetime of the asset involved.

In the Group's communication to the capital market about how much cash the Group has spent on investments, and how this is financed, this distinction is of relevance. Therefore, this distinction between leases with credit institutions and leases with others than credit institutions is established and included in the Group's definition of NIBD.

Lease liabilities to credit institutions are included in NIBD and the Group's communication of changes in NIBD, while lease liabilities to others than credit institutions are not included. The corresponding right-of-use assets from leases

with credit institutions are included in the Group's communication of investments, while right-of-use assets from leases with others than credit institutions are not included.

Thus, the definition ensures symmetry between what's reported as the Group's investments and the accompanying information on how this has been financed. The Group's NIBD is therefore not impacted from the type of financing, in terms of loans versus leases. This approach also ensures an NIBD basically unimpacted from the implementation of IFRS 16 in 2019. This implies that the Group's key financial figures that includes NIBD in the calculation, still are comparable over time.

Lease liability consists of	31.12.21	31.12.20
Lease liabilities to credit institutions	1,236,528	1,280,249
Lease liabilities to other than credit institutions	1,322,541	1,058,736
<b>Total lease liabilities</b>	<b>2,559,069</b>	<b>2,338,985</b>

Components included in NIBD	31.12.21	31.12.20
Bond loans	1,492,431	
Loans from credit institutions	4,186,882	4,389,042
Lease liabilities to credit institutions	1,236,528	1,280,249
Other long term loans	2,402	2,765
Overdraft and other short term credit	582,390	815,120
Bankdeposits and cash	-4,203,146	-2,966,409
<b>Net interest bearing debt (NIBD)</b>	<b>3,297,487</b>	<b>3,520,768</b>

See note on debt, mortgages and guarantees for an overview of flows in the period.

It is referred to this APM in the Board of Director's Report, in key figures and in the note on loans, mortgages and guarantees.

3 different definitions of NIBD, and LSG's position within these alternatives	31.12.21	31.12.20
NIBD including non of the lease liabilities	2,060,959	2,240,518
NIBD including lease liabilities to credit institutions	3,297,487	3,520,768
NIBD including total lease liabilities	4,620,028	4,579,503

When comparing NIBD between companies based on annual accounts, it is important to be aware that the presented NIBD figure is dependent on if lease liabilities is included,

partly included, or not included at all. As of today there is no uniform definition among the reporting entities about how this figures should be calculated and presented.

## NOTE 3

### Significant accounting estimates and assessments

All figures in NOK 1,000

Estimates and assessments are reviewed continuously and are based on historical experience and other factors, including expectations of future events that seem probable in view of present circumstances.

The Group draws up estimates and makes assumptions regarding future events. The accounting estimates from this process will, by definition, rarely be in exact agreement with the final results. Estimates and assumptions with a high risk of significant changes in capitalised values of assets and liabilities during the next financial year are discussed below.

#### Value adjustment of biological assets

Biological assets comprise the stock of roe, fry, juvenile fish, cleaner fish and fish in sea. Biological assets are measured at fair value less costs to sell. For a more detailed description of the accounting policies applied, please refer to the description provided under accounting policies and in the note on biological assets.

Valuation is based on a number of different premises, many of which are non-observable. The premises can be categorised in four different groups: (1) Price, (2) Cost, (3) Volume and (4) Discount rate. Figures for the important premises are specified in the note on biological assets.

For fish ready for harvest on the balance sheet date, uncertainty mainly involves realised prices and volume. For fish not ready for harvest, the level of uncertainty is higher. In addition to uncertainty related to price and volume, there will also be uncertainty related to remaining production costs, remaining biological transformation and remaining mortality up to harvest date for this fish.

#### (1) Price

One important premise in the valuation of fish both ready for harvest and not yet ready for harvest is the projected market price. This is also the premise that historically shows the highest fluctuations. In order to estimate the projected price, the forward prices for superior Norwegian salmon weighing 3-6 kg gutted weight from Fish Pool are applied. In the Group's opinion, the use of observable prices makes price estimates more reliable and comparable. For fish ready for harvest, the forward price for the following month is applied. For fish not ready for harvest, the forward price for the month when the fish is expected to achieve optimal weight for harvest, is applied. If it is probable on the balance sheet date that the fish will be harvested before it reaches its optimal harvest weight, for example due to biological challenges, an extra price adjustment is required. Such a

price adjustment takes into account the fact that the market price per kilo for small fish is lower than for normal-size fish. The price is subsequently adjusted for exporter margins and clearing costs. This applies to fish both ready for harvest and not ready for harvest. Further adjustments are necessary for harvest costs (well boat, slaughtering and packaging services), transport costs to Oslo and quality differences. Adjustments are also made for price differences between salmon and trout, and any other price premium such as for Ecological produced salmon or ASC-certified fish. The adjustments for exporter margin and clearing costs are items estimated by Fish Pool. The adjustment for harvest costs, transport costs and quality differences is based on the Group's historical costs per region and historical quality distribution, while the other adjustments are based on an assessment using historical data and the Group's view of future market developments.

#### (2) Cost

For fish not ready for harvest, an adjustment is also required for the costs necessary to grow the fish to optimal harvest weight. Estimates related to future costs are based on the Group's prognoses per locality. There is some uncertainty regarding both future feed prices, other costs and biological development (growth, feed factor and mortality). If the estimated costs are higher than expected by a normal enterprise on the market, for example due to long-term agreements previously signed with subcontractors resulting in costs that deviate substantially from the market price, the cost estimates shall be adjusted to reflect the costs expected by a rational enterprise on the market.

#### (3) Volume

Projected harvest volume is calculated on the basis of the estimated number of fish (individuals) on the balance sheet date minus estimated future mortality, multiplied by the estimated harvest weight. There is some uncertainty involving both the number of fish in the sea on the balance sheet date, remaining mortality and estimated harvest weight. The actual harvest volume may therefore differ from the estimated harvest volume either as a result of changes in biological developments or due to special events, such as abnormal mortality. The estimate for number of fish on the balance sheet date is based on the number of smolt released to sea. The number of smolt is adjusted to take into account uncertainties during counting and actual registered mortality related to release. The normal estimated harvest weight (optimal harvest weight) is assessed to be the live weight of fish that results in a gutted weight of 4 kg, unless specific conditions exist on the balance sheet date to indicate that the fish have

to be harvested before they reach this weight. If this is the case, the estimated harvest weight is adjusted. Projected mortality during the period from the balance sheet date to the date when the fish reach harvest weight is estimated to be 0.5% to 1.25% of the number of incoming fish per month, depending on region. For recalculation factor from gutted weight to live weight, see note on biological assets.

#### (4) Discounting

Every time a fish is harvested and sold, this generates a positive cash flow. In order to simplify matters, all the remaining expenses are allocated to the same period as the income, so there is only one cash flow per locality. The cash flow is allocated to the month when harvest is estimated to take place. The sum of the cash flows from all the localities where the Group has fish in the sea will then be distributed over the entire period of time it takes to farm the fish in the sea on the balance sheet date. With the current size of the smolt released and the frequency of the smolt releases, this period of time may be up to 18 months. The estimated future cash flow is discounted monthly. The level of discount rate applied has a major impact on the estimate of fair value. The discount rate shall take into account a number of factors. The discount factor comprises three main elements: (1) Risk adjustment, (2) License lease and (3) Time value.

##### 4.1. Risk adjustment

The risk adjustment shall reflect the price discount a hypothetical buyer would demand as compensation for the risk assumed by investing in live fish rather than a different investment. The longer it takes to reach harvest date, the higher the risk that something may occur to affect cash flow. Three significant factors could have an impact on cash flow. Volume could change, costs could change and prices could change. The one thing all three factors have in common is that the sample space is unsymmetrical.

##### 4.2. Hypothetical license lease

Salmon and trout farming is not a market with free competition and no barriers to entry. Due to limited access to licenses for farming fish for consumers, such licenses currently have a very high value. For a hypothetical buyer of live fish to take over and continue to farm the fish, he/she would need a license, locality and other permits required for such production. At the time of writing, leasing of licenses is not permitted. However, on a hypothetical market for the purchase and sale of live fish, it has to be assumed that this would be possible. In such a scenario, a hypothetical buyer would claim a significant discount in order to allocate a sufficient share of the returns to the buyer's own licenses or to cover

the lease costs for leased licenses. It is difficult to create a model that would allow a hypothetical annual lease cost to be derived from prices for sold licenses, as the curve in the model would be based on projections of future profit performance in the industry. Moreover, it is a complex process to derive a lease price per shorter unit of time and, in the last instance, per volume, when the license limitations are measured at different levels (location, region and company).

##### 4.3 Time value

Finally, a discount must be made for the time value of the tied-up capital linked to the share of the present value of the cash flow allocated to the biomass. It has to be assumed that a hypothetical buyer would claim compensation for the alternative cost of investing funds in live fish rather than some other type of investment. The production cycle for salmon in the sea currently takes up to 18 months. The cash flow will therefore extend over a similar period. Assuming a constant sales price throughout the period, the cash flow would decrease for each month, as costs are incurred to farm the fish to slaughter weight. The costs increase for every month the fish are in the sea. As such, the effect of deferred cash flow is lower than would be the case if the cash flow had been constant. This component is however deemed important due to the major values the stock of fish represents.

##### 4.4. Evaluation of discount rate

At year end 2021 a 4% monthly discount rate has been applied. The discount rate previous year was 5%. In the sensitivity analysis below, it is demonstrated how a change in discount rate would impact the value on fish in sea. The change is a result from a periodic review.

As mentioned above, the hypothetical license lease is one of the main elements when setting the discount rate. In the hypothetical license lease price the future expected margin is an important parameter. The margin is calculated as the difference between price and cost in future periods. Thus, the forward price on salmon together with expectations regarding future cost level have a significant impact on the future expected margin. The higher the expectations to the future margins are, the higher a hypothetical license lease price will be. This is explained with the fact that higher margins will increase the fair value on the licenses. If the expectations to the margins drops, this will over time lead to lower hypothetical lease rent, and fair value on the licenses.

How the change in the expectations regarding future margins occurs, has also significance. It is assumed that an unexpected lower (higher) price at date for measurement will not lead



## NOTE 3 Significant accounting estimates and assessments

All figures in NOK 1,000

to a simultaneously reduction (increase) in hypothetical license lease price for fish in sea, but instead a step by step reduction (increase) in future lease price for new smolt releases. This is explained with the fact that it must be assumed that the lease price for the fish in sea is already negotiated for the period until harvest. When it comes to the production costs it is assumed that changes in expected future cost level will not impact the value of the biological assets directly, but indirectly as a consequence of the fact that the future hypothetical license lease price will be based on expectations on future margins.

In practice this means that changes in forward prices will impact the fair value on fish in sea directly through a change in the numerator in the cash flow, while changes in cost will not impact the fair value on fish in sea directly, since costs are not included in the numerator of the cash flow. But an assumed permanent shift in costs due to the newly implemented production fee and the cost inflation on the back of the

pandemic, will negatively impact the expectations regarding future margin and the hypothetical license lease price. Thus, the cash flow is indirectly impacted through the discount rate in the denominator. This is the reason why the applied discount rate has been reduced from 5% to 4%.

### Sensitivity analysis on fair value of fish in sea

The Group considers that four components are key for valuation. These are:

- (1) weighted average price,
- (2) projected optimal harvest weight,
- (3) monthly discount rate and
- (4) estimated number of fish.

The tables below show a simulated sensitivity to changes in fair value of the biological assets in the event of changes in these parameters:

### Sensitivity analysis for weighted average price and expected optimal harvest weight

Average price per kg (NOK)	Change in price per kg (NOK)	Projected optimal harvest weight per fish in kg gwe				
		3.5	3.8	4.0	4.3	4.5
		Change in projected weight per kg gwe				
		-0.50	-0.25	-	0.25	0.50
51.1	-5.00	4,077,658	4,446,076	4,834,525	5,230,083	5,628,766
54.1	-2.00	4,474,078	4,864,256	5,275,540	5,694,283	6,116,295
55.1	-1.00	4,606,218	5,003,650	5,422,545	5,849,016	6,278,805
56.1	-	4,738,358	5,143,043	<b>5,569,550</b>	6,003,750	6,441,315
57.1	1.00	4,870,497	5,282,437	5,716,555	6,158,483	6,603,825
58.1	2.00	5,002,637	5,421,830	5,863,560	6,313,216	6,766,334
61.1	5.00	5,399,057	5,840,011	6,304,575	6,777,416	7,253,864

The table shows changes in estimated fair value (present value) before provision for loss-making contracts for the parameters price per kg and projected harvest weight per kg gutted weight. For projected harvest weight, the table shows changes in fair value when there is an increase in projected harvest weight of 250 and 500 grams respectively, and for a corresponding reduction, without any change in remaining cost. For price, the change is per NOK gutted weight after adjustment for slaughtering cost, packaging cost, transport cost to Oslo, quality, size and exporter margin.

### Sensitivity analysis for weighted average price and monthly discount rate applied

Average price per kg (NOK)	Change in price per kg (NOK)	Monthly discount rate (%)				
		2.0 %	3.0 %	4.0 %	5.0 %	6.0 %
		Change in monthly discount rate (%)				
		-2.0 %	-1.0 %	0.0 %	1.0 %	2.0 %
51.1	-5.00	5,477,269	5,140,352	4,834,525	4,556,268	4,302,516
54.1	-2.00	5,989,750	5,615,218	5,275,540	4,966,748	4,685,392
55.1	-1.00	6,160,577	5,773,507	5,422,545	5,103,575	4,813,017
56.1	-	6,331,404	5,931,796	<b>5,569,550</b>	5,240,401	4,940,643
57.1	1.00	6,502,231	6,090,085	5,716,555	5,377,228	5,068,268
58.1	2.00	6,673,058	6,248,374	5,863,560	5,514,055	5,195,894
61.1	5.00	7,185,539	6,723,241	6,304,575	5,924,535	5,578,770

The table shows changes in estimated fair value (present value) before provision for loss-making contracts for the parameters price per kg and monthly discount rate. For the monthly discount rate, the table simulates an absolute change of +/- 1% and +/- 2% (100 and 200 points) respectively.

### Sensitivity analysis for weighted average price and number of fish in stock

Average price per kg (NOK)	Change in price per kg (NOK)	Number of fish in stock (million fish)				
		50.6	52.2	53.3	54.3	55.9
		Number of fish in stock (million fish)				
		-5 %	-2 %	0 %	2 %	5 %
51.1	-5.00	4,457,256	4,683,617	4,834,525	4,985,433	5,211,794
54.1	-2.00	4,876,220	5,115,812	5,275,540	5,435,268	5,674,860
55.1	-1.00	5,015,875	5,259,877	5,422,545	5,585,213	5,829,215
56.1	-	5,155,530	5,403,942	<b>5,569,550</b>	5,735,158	5,983,571
57.1	1.00	5,295,184	5,548,007	5,716,555	5,885,103	6,137,926
58.1	2.00	5,434,839	5,692,072	5,863,560	6,035,049	6,292,281
61.1	5.00	5,853,803	6,124,266	6,304,575	6,484,884	6,755,347

The table shows changes in estimated fair value (present value) before provision for loss-making contracts for the parameters price per kg and estimated number of fish in stock on the balance sheet date. For the number of fish in stock, the table simulates a change of +/- 2% and +/- 5% in the number of fish per locality for all localities with fish in stock.

### Sensitivity analysis for number of fish in stock and monthly discount rate applied

Number of fish in stock (in millions)	Change in number of fish	Monthly discount rate (%)				
		2.0 %	3.0 %	4.0 %	5.0 %	6.0 %
		Change in monthly discount rate (%)				
		-2.0 %	-1.0 %	0.0 %	1.0 %	2.0 %
50.6	-5 %	5,851,536	5,486,586	5,155,530	4,854,515	4,580,191
52.2	-2 %	6,139,457	5,753,712	5,403,942	5,086,047	4,796,462
52.7	-1 %	6,235,430	5,842,754	5,486,746	5,163,224	4,868,552
53.3	-	6,331,404	5,931,796	<b>5,569,550</b>	5,240,401	4,940,643
53.8	1 %	6,427,377	6,020,838	5,652,354	5,317,579	5,012,733
54.3	2 %	6,523,351	6,109,880	5,735,158	5,394,756	5,084,824
55.9	5 %	6,811,272	6,377,007	5,983,571	5,626,288	5,301,095

The table shows changes in estimated fair value (present value) before provision for loss-making contracts for the parameters monthly discount rate and estimated number of fish in stock on the date of the statement of financial position. For the monthly discount rate, the table simulates an absolute change of +/- 1% and 2% (100 and 200 points) respectively. For the number of fish in stock, the table simulates a change of +/- 1%, 2% and 5% in the number of fish per locality for all localities with fish in stock.

## NOTE 4

### Consolidated companies and allocation to operating segment

All figures in NOK 1,000

The list below shows which companies are included in the consolidated financial statements, and how these are allocated to business area and operating segment. It also shows changes in ownership through the year. Reference is

made to the note on subsidiaries in Lerøy Seafood Group ASA's financial statements for more detailed information, including book values.

Company	Ownership	Country	Registered business premises	Year of acquisition	Share 01.01	Share 31.12
<b>Wildcatch</b>						
Havfisk Stamsund AS	Lerøy Havfisk AS	Norway	Vestvågøy	2016	100 %	100 %
Havfisk Melbu AS	Lerøy Havfisk AS	Norway	Hadsel	2016	100 %	100 %
Nordland Havfiske AS	Havfisk Stamsund AS	Norway	Vestvågøy	2016	53 %	53 %
Nordland Havfiske AS	Havfisk Melbu AS	Norway	Vestvågøy	2016	47 %	47 %
Havfisk Finnmark AS	Lerøy Havfisk AS	Norway	Hammerfest	2016	100 %	100 %
Havfisk Båtsfjord AS	Havfisk Finnmark AS	Norway	Båtsfjord	2016	100 %	100 %
Havfisk Nordkyn AS	Havfisk Finnmark AS	Norway	Lebesby	2016	100 %	100 %
Finnmark Havfiske AS	Havfisk Finnmark AS	Norway	Hammerfest	2016	78 %	78 %
Finnmark Havfiske AS	Havfisk Båtsfjord AS	Norway	Hammerfest	2016	13 %	13 %
Finnmark Havfiske AS	Havfisk Nordkyn AS	Norway	Hammerfest	2016	6 %	6 %
Hammerfest Industrifiske AS	Havfisk Finnmark AS	Norway	Hammerfest	2016	60 %	60 %
Havfisk Management AS	Havfisk Finnmark AS	Norway	Hammerfest	2016	100 %	100 %
Lerøy Havfisk AS	Lerøy Seafood Group ASA	Norway	Ålesund	2016	100 %	100 %
Melbu Fryselager AS	Lerøy Norway Seafoods AS	Norway	Hadsel	2016	100 %	100 %
Lerøy Norway Seafoods AS	Lerøy Seafood Group ASA	Norway	Båtsfjord	2016	100 %	100 %
Sørøver Kystfiskeinvest AS	Lerøy Norway Seafoods AS	Norway	Hasvik	2016	51 %	51 %
Sørøya Isanlegg AS	Lerøy Norway Seafoods AS	Norway	Sørøver	2021	0 %	0 %
SAS Norway Seafoods	Lerøy Norway Seafoods AS	France		2016	100 %	0 %
<b>Farming</b>						
Lerøy Aurora AS	Lerøy Seafood Group ASA	Norway	Tromsø	2005	100 %	100 %
Lerøy Laksefjord AS	Lerøy Aurora AS	Norway	Lebesby	2005	100 %	0 %
Senja Akvakultursenter AS	Lerøy Aurora AS	Norway	Tromsø	2015	100 %	0 %
Lerøy Midt AS	Lerøy Seafood Group ASA	Norway	Hitra	2003	100 %	100 %
Lerøy Vest AS	Lerøy Seafood Group ASA	Norway	Austevoll	2007	100 %	100 %
Sjøtroll Havbruk AS	Lerøy Seafood Group ASA	Norway	Austevoll	2010	51 %	51 %
Lerøy Sjøtroll Kjærelva AS	Lerøy Vest AS	Norway	Austevoll	2017	50 %	50 %
Lerøy Sjøtroll Kjærelva AS	Sjøtroll Havbruk AS	Norway	Austevoll	2017	50 %	50 %
Norsk Oppdrettsservice AS	Lerøy Seafood Group ASA	Norway	Flekkefjord	2015	51 %	51 %
Lerøy Ocean Harvest AS	Lerøy Seafood Group ASA	Norway	Bergen	2018	100 %	100 %
Lerøy Årskog AS	Lerøy Seafood Group ASA	Norway	Bergen	2021	0 %	100 %
<b>Value-added processing (VAP), sales and distribution</b>						
Lerøy Bulandet AS	Lerøy Seafood AS	Norway	Askvoll	2005	83 %	83 %
Laks- & Vildtcentralen AS	Lerøy Seafood Group ASA	Norway	Oslo	2018	100 %	100 %
Lerøy Seafood USA Inc	Lerøy Seafood AS	USA	Nord Carolina	2016	100 %	100 %
Lerøy Culinair B.V.	Rode Retail B.V.	Netherlands	Urk	2012	100 %	100 %
Lerøy Seafood Italy SRL	Lerøy Seafood Group ASA	Italy	Porto Viro	2019	100 %	100 %
Lerøy Germany GmbH	Lerøy Seafood Holding B.V. **	Germany	Witten	2015	100 %	100 %
Lerøy & Strudshavn AS	Lerøy Seafood Group ASA	Norway	Bergen	1927 *	100 %	100 %
Lerøy Alfheim AS	Lerøy Seafood Group ASA	Norway	Bergen	2005	100 %	100 %
Lerøy Seafood AB	Lerøy Sverige AB	Sweden	Göteborg	2001	100 %	100 %
Hagkroken Fastighets AB	Lerøy Seafood AB	Sweden	Stockholm	2021	0 %	0 %
Lerøy Delico AS	Lerøy Seafood Group ASA	Norway	Stavanger	2006	100 %	100 %
Lerøy Finland OY	Lerøy Seafood Group ASA	Finland	Turku	2011	100 %	100 %
Lerøy Fossen AS	Lerøy Seafood Group ASA	Norway	Bergen	2006	100 %	100 %
Lerøy Nord AS	Lerøy Seafood Group ASA	Norway	Tromsø	2015	51 %	51 %
Dragøy Grossist AS	Lerøy Nord AS	Norway	Tromsø	2021	0 %	51 %
Lerøy Portugal Lda	Lerøy Seafood Group ASA	Portugal	Lisboa	2005	100 %	100 %

Company	Ownership	Country	Registered business premises	Year of acquisition	Share 01.01	Share 31.12
Lerøy Processing Spain SL	Lerøy Seafood Group ASA	Spain	Madrid	2012	100 %	100 %
Lerøy Processing Canarias SL	Lerøy Processing Spain SL	Spain	Kanariøyene	2020	100 %	100 %
Lerøy Quality Group AS	Lerøy Seafood AS	Norway	Bergen	2006	100 %	100 %
Lerøy Seafood AS	Lerøy Seafood Group ASA	Norway	Bergen	1939 *	100 %	100 %
Lerøy Sjømatgruppen AS	Laks- & Vildtcentralen AS	Norway	Bergen	2006	25 %	25 %
Lerøy Sjømatgruppen AS	Lerøy Delico AS	Norway	Bergen	2006	18 %	18 %
Lerøy Sjømatgruppen AS	Lerøy Alfheim AS	Norway	Bergen	2006	24 %	24 %
Lerøy Sjømatgruppen AS	Lerøy Trondheim AS	Norway	Bergen	2006	8 %	8 %
Lerøy Sjømatgruppen AS	Lerøy Nord AS	Norway	Bergen	2015	3 %	3 %
Lerøy Smøgen Seafood AB	Lerøy Sverige AB	Sweden	Smøgen	2002	100 %	100 %
Lerøy Sverige AB	Lerøy Seafood Group ASA	Sweden	Göteborg	2001	100 %	100 %
Lerøy Trondheim AS	Lerøy Seafood Group ASA	Norway	Trondheim	2006	100 %	100 %
Lerøy Turkey	Lerøy Seafood Group ASA	Turkey	Istanbul	2015	100 %	100 %
Lerøy Seafood Holding B.V. **	Lerøy Seafood Group ASA	Netherlands	Urk	2012	100 %	100 %
Lerøy Seafood Center B.V. **	Lerøy Seafood Holding B.V. **	Netherlands	Urk	2012	100 %	100 %
Lerøy Seafood Real Estate B.V. **	Lerøy Seafood Holding B.V. **	Netherlands	Urk	2012	100 %	100 %
Lerøy Seafood Netherlands B.V.**	Lerøy Seafood Holding B.V. **	Netherlands	Urk	2012	100 %	100 %
Rode Vis International AS	Lerøy Seafood Holding B.V. **	Norway	Bergen	2012	100 %	0 %
Lerøy Seafood Convenience B.V.**	Lerøy Seafood Holding B.V. **	Netherlands	Urk	2012	100 %	100 %
SAS Eurosalmon	SAS Lerøy Seafood France	France	St. Jean d'Ardières	2008	100 %	100 %
SAS Fishcut	SAS Lerøy Seafood France	France	St. Laurent Blangy	2008	100 %	100 %
SAS Lerøy Seafood France	Lerøy Seafood AS	France	Boulogne	2008	100 %	100 %
Sirevaag AS	Lerøy Delico AS	Norway	Hå	2006	100 %	100 %
Sjømathuset AS	Lerøy Seafood Group ASA	Norway	Oslo	2006	100 %	100 %
Seafood Danmark A/S	Lerøy Seafood Group ASA	Denmark	Hjørring	2021	0 %	78 %
Scan Fish Danmark A/S	Seafood Danmark A/S	Denmark	Thisted	2021	0 %	100 %
P. Taabbel & Co A/S	Seafood Danmark A/S	Denmark	Thisted	2021	0 %	100 %
Thorfisk A/S	Seafood Danmark A/S	Denmark	Norddjurs	2021	0 %	100 %
Lerøy Schlie A/S	Seafood Danmark A/S	Denmark	Hjørring	2021	0 %	100 %
Ove Johnsen.Fisk en gros ApS	Seafood Danmark A/S	Denmark	København	2021	0 %	100 %
Brdr.Schlie's Fiskeeksp. A/S	Seafood Danmark A/S	Denmark	Hjørring	2021	0 %	100 %
Nigra Fiskeeksp. A/S	Brdr.Schlie's Fiskeeksp. A/S	Denmark	Hjørring	2021	0 %	100 %
Wannebo International AS	Brdr.Schlie's Fiskeeksp. A/S	Norway	Hjørring	2021	0 %	100 %
<b>Not allocated</b>						
Lerøy Seafood Group ASA	See note on shareholder information		Bergen	1995		
Preline Fishfarming Sys. AS	Lerøy Seafood Group ASA	Norway	Skien	2015	96 %	96 %

#### Comments on changes

- 1) Transactions with non-controlling interests
- 2) Change in ownership within the group
- 3) Foundation of new company
- 4) Business combination - Change from associated company to subsidiary
- 5) Business combination - New company acquired
- 6) Parent-subsidiary merger
- 7) Sale of company
- 8) Liquidation of company

\* Foundation date. The companies were part of "the old Lerøy group" before Lerøy Seafood Group ASA was founded in 1995

\*\* The company has changed its name in 2021. See below for details.

#### Overview of companies that have changed their names in 2021

New name	Old name	Country
Lerøy Seafood Holding B.V.	Rode Beheer B.V.	Netherlands
Lerøy Seafood Center B.V.	Rode Retail B.V.	Netherlands
Lerøy Seafood Real Estate B.V.	Rode Vaestgoed B.V.	Netherlands
Lerøy Seafood Netherlands B.V.	Rode Vis B.V.	Netherlands



## NOTE 5

### Operating revenues and segment information

All figures in NOK 1,000

Operating revenue	2021	2020
Sale of goods and services	23,065,198	19,944,210
Damages received	102	107
Other operating revenue	7,980	15,335
<b>Total</b>	<b>23,073,280</b>	<b>19,959,652</b>

Other gains and losses	2021	2020
Gain(+)/loss(-) from disposal of fixed assets	26,467	6,569
Gain(+)/loss(-) from termination of leases (disposal RoU-assets)	2,361	
Gain(+)/loss(-) from disposal of intangibles	-5,189	
Gain(+)/loss(-) from changes in shares in associated companies	39,175	
<b>Total</b>	<b>62,814</b>	<b>6,569</b>

Gain(+)/loss(-) from changes in shares in associated companies	2021	2020
Gain(+)/loss(-) from disposal of shares in associated companies	-61	
Gain from re-measurement related to business combination	32,063	
Conversion differences that are reclassified to profit and loss in the period	7,173	
<b>Total</b>	<b>39,175</b>	<b>0</b>

The gain is mainly concerning the step-by-step business combination with the previous associated company Seafood Danmark A/S

#### Segments

The Group has the following segments:

- (1) Wildcatch
- (2) Farming
- (3) Value-added processing (VAP), sales and distribution (VAPSD)

Lerøy Seafood Group ASA and Preline Fishfarming System AS are not allocated to any of these segments, and are included in the elimination segment. Farming is divided into three individual regions:

- (A) North (Lerøy Aurora)
- (B) Central (Lerøy Midt)
- (C) West (Lerøy Sjøtroll)

Further details regarding the different companies in the groups, allocation to segment and level of aggregation are presented in note on consolidated companies. The aggregation level for reporting by region is described in the note on accounting principles.

2020	Wildcatch	Farming	VAPSD	Elimination / unallocated	Total
External operating revenue	981,991	356,643	18,621,003	15	19,959,652
Internal operating revenue	1,592,066	8,732,491	265,216	-10,589,773	0
<b>Total operating revenue</b>	<b>2,574,057</b>	<b>9,089,134</b>	<b>18,886,219</b>	<b>-10,589,758</b>	<b>19,959,652</b>
Other gains and losses	5,302	607	659		6,569
Operating expenses	2,374,381	7,708,256	18,411,408	-10,477,479	18,016,566
<b>Operating profit (EBIT) before fair value adjustments</b>	<b>204,978</b>	<b>1,381,485</b>	<b>475,470</b>	<b>-112,279</b>	<b>1,949,655</b>
Total fair value adjustments related to biological assets		-826,751			-826,751
<b>Operating profit</b>	<b>204,978</b>	<b>554,734</b>	<b>475,470</b>	<b>-112,279</b>	<b>1,122,903</b>
Profit from associates	2,175	71,041	32,142		105,359
Net financial items	-38,569	-136,894	-42,888	-23,027	-241,378
<b>Profit before tax</b>	<b>168,585</b>	<b>488,881</b>	<b>464,724</b>	<b>-135,306</b>	<b>986,884</b>
Tax cost					-196,674
<b>The year's result</b>					<b>790,209</b>
Operating margin before fair value adjustments	8.0 %	15.2 %	2.5 %	1.1 %	9.8 %
Catch volume (HOG) in tonnes	68,419				68,419
Harvest volume salmon and trout (GWT)		170,849			170,849
EBIT */kg harvested salmon and trout	1.2	8.1	2.8	-0.7	11.4
EBIT** in Wildcatch / catch volume in kg	3.0			0.1	3.1
EBIT* other segments /kg salmon & trout		8.1	2.8	-0.7	10.2
Assets excluding associates	6,493,514	16,315,354	5,009,798	1,288,970	29,107,636
Associates	22,616	889,888	142,959	0	1,055,463
<b>Total assets</b>	<b>6,516,130</b>	<b>17,205,242</b>	<b>5,152,757</b>	<b>1,288,970</b>	<b>30,163,099</b>
<b>Total liabilities</b>	<b>3,050,330</b>	<b>8,474,125</b>	<b>3,234,774</b>	<b>-2,228,899</b>	<b>12,530,330</b>
<b>NIBD</b>	<b>1,104,387</b>	<b>4,197,332</b>	<b>13,841</b>	<b>-1,794,792</b>	<b>3,520,768</b>
<b>Net investments in intangibles and fixed assets ***</b>	<b>426,423</b>	<b>1,127,839</b>	<b>264,215</b>	<b>14,719</b>	<b>1,833,196</b>
Depreciations on intangibles	28,400	983	2,538		31,920
Depreciation on right of use assets from credit institutions	17,632	204,682	14,875	69	237,257
Depreciation on fixed assets	143,955	419,666	102,025	1,820	667,466
<b>Total depreciations exclusive RoU assets from others</b>	<b>189,986</b>	<b>625,331</b>	<b>119,438</b>	<b>1,889</b>	<b>936,644</b>
Depreciation on right of use assets from others	3,284	182,233	27,483	7,944	220,945
<b>Total depreciation</b>	<b>193,270</b>	<b>807,564</b>	<b>146,921</b>	<b>9,834</b>	<b>1,157,589</b>
Impairment loss on intangibles			1,551		1,551
<b>Total impairment loss</b>	<b>0</b>	<b>0</b>	<b>1,551</b>	<b>0</b>	<b>1,551</b>

## NOTE 5 cont. Operating revenues/segment information

All figures in NOK 1,000

2021	Wildcatch	Farming	VAPSD	Elimination / unallocated	Total
External operating revenue	902,691	323,337	21,847,251		23,073,280
Internal operating revenue	1,792,444	10,180,062	124,987	-12,097,493	
<b>Total operating revenue</b>	<b>2,695,135</b>	<b>10,503,400</b>	<b>21,972,238</b>	<b>-12,097,493</b>	<b>23,073,280</b>
Other gains and losses	2,451	7,209	53,155		62,814
Operating expenses	2,357,691	8,742,880	21,395,379	-11,878,639	20,617,311
<b>Operating profit (EBIT) before fair value adjustments</b>	<b>339,895</b>	<b>1,767,729</b>	<b>630,014</b>	<b>-218,854</b>	<b>2,518,783</b>
Change in fair value adjustment of fish in sea		<b>1,131,092</b>			<b>1,131,092</b>
Change in fair value of loss-making contracts		-44,226			-44,226
Change in fair value of Fish Pool contracts			-1,561		-1,561
Total fair value adjustments related to biological assets		1,086,866	-1,561		1,085,304
<b>Operating profit</b>	<b>339,895</b>	<b>2,854,594</b>	<b>628,453</b>	<b>-218,854</b>	<b>3,604,087</b>
Profit from associates	-484	113,906	8,081		121,503
Net financial items	-40,599	-135,511	5,155	-22,970	-193,925
<b>Profit before tax</b>	<b>298,811</b>	<b>2,832,989</b>	<b>641,689</b>	<b>-241,824</b>	<b>3,531,665</b>
Tax cost					-750,569
<b>The year's result</b>					<b>2,781,096</b>
Operating margin before fair value adjustments	12.6 %	16.8 %	2.9 %	1.8 %	10.9 %
Catch volume (HOG) in tonnes	71,521				71,521
Harvest volume salmon and trout (GWT)		186,635			186,635
EBIT */kg harvested salmon and trout	1.8	9.5	3.4	-1.2	13.5
EBIT** in Wildcatch / catch volume in kg	4.8			-0.1	4.7
EBIT* other segments /kg salmon & trout		9.5	3.4	-1.2	11.7
Assets excluding associates	6,359,641	18,681,233	6,158,809	1,645,953	32,845,636
Associates	21,683	1,324,848	1,542	0	1,348,072
<b>Total assets</b>	<b>6,381,324</b>	<b>20,006,081</b>	<b>6,160,350</b>	<b>1,645,953</b>	<b>34,193,708</b>
<b>Total liabilities</b>	<b>2,894,711</b>	<b>8,686,147</b>	<b>3,504,667</b>	<b>-214,920</b>	<b>14,870,605</b>
<b>NIBD</b>	<b>1,023,777</b>	<b>3,500,347</b>	<b>-90,121</b>	<b>-1,136,517</b>	<b>3,297,487</b>
<b>Net investments in intangibles and fixed assets ***</b>	<b>123,691</b>	<b>945,751</b>	<b>111,833</b>	<b>1,162</b>	<b>1,182,438</b>
Depreciations on intangibles	28,400	635	3,879		32,914
Depreciation on right of use assets from credit institutions	12,770	192,964	25,380	52	231,167
Depreciation on fixed assets	159,346	442,982	109,370	2,028	713,726
<b>Total depreciations exclusive RoU assets from others</b>	<b>200,516</b>	<b>636,582</b>	<b>138,629</b>	<b>2,080</b>	<b>977,807</b>
Depreciation on right of use assets from others	3,381	238,565	24,636	7,944	274,527
<b>Total depreciation</b>	<b>203,897</b>	<b>875,147</b>	<b>163,265</b>	<b>10,024</b>	<b>1,252,334</b>
Impairment loss on fixed assets			6,400		6,400
<b>Total impairment loss</b>	<b>0</b>	<b>0</b>	<b>6,400</b>	<b>0</b>	<b>6,400</b>

\* Fair value adjustments related to biological assets

\*\* Including effect from changes in stock and corresponding elimination for internal profit.

\*\*\* Net investments consist of net addition for (1) fixed assets, (2) intangibles and (3) right-of-use assets from credit institutions.

Net investment is total purchase price paid for new assets minus sale price for disposed assets.

Right-of-use assets derived from leases with other than credit institutions are not considered to be investments, and are therefore not included.

### Specification per region within Farming

2020	North region (Lerøy Aurora)	Central region (Lerøy Midt)	West region (Lerøy Sjøtroll)	Elimination (group purchases / sales)	Total Farming
External operating revenue	265,572	53,964	37,108		356,643
Internal operating revenue	1,711,155	3,679,933	3,416,603	-75,201	8,732,491
<b>Total operating revenue</b>	<b>1,976,727</b>	<b>3,733,897</b>	<b>3,453,711</b>	<b>-75,201</b>	<b>9,089,134</b>
Other gains and losses	-777	329	1,055		607
Operating expenses	1,541,874	2,945,896	3,295,483	-74,997	7,708,256
<b>Operating profit (EBIT) before fair value adjustments</b>	<b>434,076</b>	<b>788,330</b>	<b>159,283</b>	<b>-204</b>	<b>1,381,485</b>
Volume salmon (GWT)*	34,986	67,906	39,949		142,841
Volume trout (GWT)			28,007		28,007
<b>Total volume</b>	<b>34,986</b>	<b>67,906</b>	<b>67,957</b>		<b>170,849</b>
<b>EBIT/kg **</b>	<b>12.4</b>	<b>11.6</b>	<b>2.3</b>	<b>-0.0</b>	<b>8.1</b>
2021	North region (Lerøy Aurora)	Central region (Lerøy Midt)	West region (Lerøy Sjøtroll)	Elimination (group purchases / sales)	Total Farming
External operating revenue	228,506	63,096	31,735		323,337
Internal operating revenue	2,312,241	4,078,011	3,881,614	-91,805	10,180,062
<b>Total operating revenue</b>	<b>2,540,748</b>	<b>4,141,107</b>	<b>3,913,350</b>	<b>-91,805</b>	<b>10,503,400</b>
Other gains and losses	0	1,351	5,857	0	7,210
Operating expenses	2,095,859	3,304,811	3,435,083	-92,875	8,742,880
<b>Operating profit (EBIT) before fair value adjustments</b>	<b>444,888</b>	<b>837,647</b>	<b>484,124</b>	<b>1,070</b>	<b>1,767,730</b>
Volume salmon (GWT)*	43,963	72,623	44,956		161,542
Volume trout (GWT)			25,093		25,093
<b>Total volume</b>	<b>43,963</b>	<b>72,623</b>	<b>70,049</b>		<b>186,635</b>
<b>EBIT/kg **</b>	<b>10.1</b>	<b>11.5</b>	<b>6.9</b>	<b>0.0</b>	<b>9.5</b>

\* GWT = Gutted weight in tonnes

\*\* Before fair value adjustments related to biological assets

### Information on product area

Operating revenue in NOK by product area

Operating revenue	2021	%	2020	%
Whole salmon	8,655,536	37.5	7,626,623	38.2
Processed salmon	6,645,159	28.8	5,028,634	25.2
Whitefish	3,784,408	16.4	3,364,016	16.9
Trout	1,647,734	7.1	1,894,768	9.5
Shellfish	960,916	4.2	867,367	4.3
Pelagic	99,259	0.4	83,354	0.4
Other	1,280,268	5.5	1,094,892	5.5
<b>Total operating revenue</b>	<b>23,073,280</b>	<b>100.0</b>	<b>19,959,652</b>	<b>100.0</b>



## NOTE 5 cont. Operating revenues/segment information

All figures in NOK 1,000

### Information on currency

Operating revenue in NOK by currency

Operating revenue	2021	%	2020	%
NOK	4,104,922	17.8	4,610,800	23.1
SEK	1,356,456	5.9	1,521,865	7.6
DKK	542,686	2.4		0.0
GBP	286,593	1.2	200,239	1.0
EUR	11,307,533	49.0	9,139,666	45.8
USD	4,226,584	18.3	3,333,440	16.7
JPY	996,289	4.3	897,849	4.5
Other currency	252,217	1.1	255,795	1.3
<b>Other currency</b>	<b>23,073,280</b>	<b>100.0</b>	<b>19,959,652</b>	<b>100.0</b>

Sales in foreign currency from Group companies in Norway normally take place at an approximate transaction rate (week rates). However, contractual sales are hedged and the sales revenue is adjusted with the effect from the currency

forward contracts. Sales from foreign Group companies in foreign currency are in principle translated to NOK on the basis of the accumulated monthly average exchange rate in the accounting period.

### Information on geographic areas

Sales are allocated to the customers' home country. Assets and investments are distributed according to geographical location.

Operating revenue	2021	%	2020	%
EU	12,331,718	53.4	10,227,787	51.2
Norway	4,092,113	17.7	3,996,937	20.0
Asia	3,731,470	16.2	3,322,732	16.6
USA & Canada	1,108,699	4.8	851,006	4.3
Rest of Europe	1,655,344	7.2	1,396,749	7.0
Other	153,937	0.7	164,441	0.8
<b>Total operating revenue</b>	<b>23,073,280</b>	<b>100.0</b>	<b>19,959,652</b>	<b>100.0</b>

Assets	2021	%	2020	%
Norway*	31,380,808	91.8	28,103,881	93.2
EU	2,666,726	7.8	1,940,382	6.4
Other countries	146,174	0.4	118,836	0.4
<b>Total assets</b>	<b>34,193,708</b>	<b>100.0</b>	<b>30,163,099</b>	<b>100.0</b>

\* Most of the trade receivables in the subsidiary Lerøy Seafood AS are from customers abroad. At year-end (year end previous year) this amounted to NOK 988,595 out of NOK 1,130,311 (NOK 872,597 out of NOK 1,010,065). Most of the trade receivables are covered by credit insurance.

Net investments	2021	%	2020	%
Norway	1,083,482	91.6	1,606,210	87.6
EU	98,787	8.4	225,910	12.3
Other countries	169	0.0	1,076	0.1
<b>Total net investments</b>	<b>1,182,438</b>	<b>100.0</b>	<b>1,833,196</b>	<b>100.0</b>

## NOTE 6 Business combinations and redemption of non-controlling interests

All figures in NOK 1,000

### Business combinations and transactions with non-controlling interests in 2021

#### Dragøy Grossist AS

The Group increased its ownership in Dragøy Grossist AS from 34 % to 51% the 1st of January 2021. The acquisition is recognised as a step-by-step acquisition, with a new measurement and calculation of gain/losses on the shares that was previously acquired. Until transaction date the previously acquired shares have been recognised and booked as an associated company, following the equity method. The shares are held by Lerøy Nord AS. The acquired company is a wholesaler in Tromsø.

#### Sørøya Isanlegg AS

The Group increased its ownership in Sørøya Isanlegg AS from 33.3 % to 100% the 1st of January 2021. The acquisition is recognised as a step-by-step acquisition, with a new measurement and calculation of gain/losses on the shares that was previously acquired. Until transaction date the previously acquired shares have been recognised and booked as an associated company, following the equity method. The shares are held by Lerøy Norway Seafoods AS. The acquired company is a service provider for the white fish industry. The company operates from Hasvik.

#### Lerøy Årskog AS

The Group acquired 100% of FMV Eiendom AS the 31st of March 2021. The name of the acquired company was changed to Lerøy Årskog AS. The acquisition was recognised at fair value. The company was purchased from the ultimate parent company of the group, Laco AS, and is therefore identified as a related party transaction. An external valuation of the company was required and used as the basis for the purchase price. The shares are held by Lerøy Seafood Group ASA. The acquired company owns land areas regulated and approved for production of smolt, salmon and trout on land, with a total maximum volume of 10 thousand MTB. The land area is in Fitjar. Groundwork related to buildings and installments has been started.

#### Seafood Danmark A/S

The Group increased its ownership in Seafood Danmark A/S from 33.3 % to 77.6 % the 1st of April 2021. The acquisition is recognised as a step-by-step acquisition, with a new measurement and calculation of gain/losses on the shares that was previously acquired. Accumulated currency exchange differences until date of business combination, previously recognised in other comprehensive income, is recycled over profit and loss, and included in the calculated gain. Until transaction date the previously acquired shares have been recognised and booked as an associated company, following the equity method. The shares are held by Lerøy Seafood Group ASA. The business in the acquired company is VAP, sales and distribution in Denmark. The company owns and operate several production facilities in Denmark.

#### Wannebo International AS

The non-controlling interests in the company named Wannebo International AS was redeemed the 1st of July 2021. As the company is a group company, owned through Seafood Danmark A/S, the redemption amount has been recognised as an equity transaction. The company's business purpose is purchasing seafood in Norway and exporting it from Norway to Seafood Danmark A/S.

#### SSF Hjaltland UK Ltd.

The Group has also participated indirectly in the acquisition of Grieg Seafood Hjaltland UK Ltd through the 50% owned associated company Norskott Havbruk AS. The acquiring legal entity was Scottish Seafarms Ltd, a fully owned subsidiary of Norskott Havbruk AS. The name of the acquired company was changed to SSF Hjaltland Ltd right after the date of control, the 15th of December 2021. This transaction is not included in business combinations of the Group, according to IFRS 3, which are summarized below. For this transaction, it is referred to the note on associated companies for further details.

## NOTE 6 cont.

### Business combinations and redemption of non-controlling interests

All figures in NOK 1,000

Summary of business combinations	Dragøy Grossist AS	Lerøy Årskog AS	Seafood Danmark A/S	Sørøya Isanlegg AS	Total
Ownership until date of acquisition	34.0 %	0.0 %	33.3 %	33.3 %	
Increased ownership	17.0 %	100.0 %	44.3 %	66.7 %	
Ownership after date of acquisition	51.0 %	100.0 %	77.6 %	100.0 %	
Date of recognition (business combination)	01.01.2021	31.03.2021	01.04.2021	01.01.2021	
Total consideration	2,800	38,868	206,839	900	249,407
Hereby consideration paid in 2021	2,800	38,868	157,722	900	200,290
Herby unpaid as of 31.12.2021, accrued contingent consideration					49,117

Accrued unpaid consideration is contingent of audited results in Seafood Danmark A/S for 2021. The amount is estimated. Expected to be paid in Q2 2022. The amount is included in other short term debt, and is specified in the note on other short term debt.. The amount is settled as of the date of Boards' approval of the accounts.

Acquisition balance sheet incl. excess value and goodwill *	Dragøy Grossist AS	Lerøy Årskog AS	Seafood Danmark A/S	Sørøya Isanlegg AS	Total
Intangibles	14,065	5,000	285,161		304,225
Right-of-use assets	1,522		10,116		11,638
Fixed assets	593	58,697	193,999	3,971	257,260
Financial non-current assets	353		4,413		4,766
Inventory	1,290		155,863		157,153
Receivables	4,174	79	229,274	82	233,609
Bank deposits	2,610	408		811	3,829
<b>Total assets</b>	<b>24,607</b>	<b>64,184</b>	<b>878,826</b>	<b>4,863</b>	<b>972,480</b>
Equity including NCI	16,471	38,868	473,450	1,350	530,139
Long-term debt	3,245	10,764	73,806	3,386	91,202
Short-term debt	4,892	14,552	331,570	127	351,140
<b>Total debt</b>	<b>24,607</b>	<b>64,184</b>	<b>878,826</b>	<b>4,863</b>	<b>972,480</b>
Net interest bearing debt (NIBD)	-1,088	13,825	179,044	1,166	192,947

\* On date of acquisition, and on 100% basis

CI = Controlling interests (majority)

NCI = Non-controlling interests (minority)

Total all business combinations	Acquired shares in 2021	Shares owned from before (as associated comp.) on date of step-by-step acquisition			Total CI	Total NCI	Total Group
		Shares acquired earlier at cost	Change in value from equity method	Gain from new measurement of value			
<b>Consideration consists of</b>							
Consideration paid	200,290	80,873			281,163		281,163
Contingent consideration accrued, to be paid in 2022	49,117				49,117		49,117
Calculated hypotetic consideration from new measurement			48,894	32,063	80,957		80,957
Calculated hypotetic consideration on NCI's share						112,838	112,838
<b>Total</b>	<b>249,407</b>	<b>80,873</b>	<b>48,894</b>	<b>32,063</b>	<b>411,237</b>	<b>112,838</b>	<b>524,074</b>
<b>Consideration exceeding acquired share of equity</b>							
Acquired share of equity	168,991	127,304			296,295	86,386	382,681
Consideration including gain from new measurement	249,407	80,873	48,894	32,063	411,237	112,838	524,074
<b>Total</b>	<b>80,416</b>	<b>-46,431</b>	<b>48,894</b>	<b>32,063</b>	<b>114,941</b>	<b>26,451</b>	<b>141,393</b>
<b>Identified added value</b>							
Added value from customer portfolio (intangibles)	1,326	2,651			3,977	3,821	7,798
Added value from fixed assets	48,785				48,785		48,785
Deducted value from non recognised liabilities	-7,441	-5,566			-13,007	-3,693	-16,700
Deferred tax related to added and deducted value	-9,387	641			-8,746	-28	-8,774
Goodwill recognised in the acquired equity	-75,686	-57,002			-132,688	-38,336	-171,024
Net added and deducted values	-42,403	-59,276			-101,679	-38,236	-139,915
<b>Identified values</b>							
Recognised equity in acquired companies	168,991	127,304			296,295	86,386	382,681
Net added and deducted values	-42,403	-59,276			-101,679	-38,236	-139,915
<b>Total</b>	<b>126,587</b>	<b>68,029</b>	<b>0</b>	<b>0</b>	<b>194,616</b>	<b>48,150</b>	<b>242,766</b>
<b>Fair value, including NCI in acquired equity</b>							
Consideration (fair value)	249,407	80,873	48,894	32,063	411,237	112,838	524,074
NCI in acquired equity						6,064	6,064
<b>Total</b>	<b>249,407</b>	<b>80,873</b>	<b>48,894</b>	<b>32,063</b>	<b>411,237</b>	<b>118,902</b>	<b>530,139</b>
<b>Calculation of goodwill</b>							
Consideration (fair value) excluding NCI in acquired equity	249,407	80,873	48,894	32,063	411,237	112,838	524,074
Identified values	126,587	68,029			194,616	48,150	242,766
<b>Goodwill</b>	<b>122,819</b>	<b>12,844</b>	<b>48,894</b>	<b>32,063</b>	<b>216,621</b>	<b>64,688</b>	<b>281,308</b>
<b>Fair value consist of</b>							
Recognised equity	168,991	127,304			296,295	86,386	382,681
Net added and deducted values	-42,403	-59,276			-101,679	-38,236	-139,915
Goodwill	122,819	12,844	48,894	32,063	216,621	64,688	281,308
<b>Total</b>	<b>249,407</b>	<b>80,873</b>	<b>48,894</b>	<b>32,063</b>	<b>411,237</b>	<b>112,838</b>	<b>524,074</b>
<b>Cash flow effects</b>							
Consideration paid related to business combinations	200,290						200,290
Redemption of NCI						6,064	6,064
<b>Total</b>	<b>200,290</b>					<b>6,064</b>	<b>206,354</b>



## NOTE 6 cont.

### Business combinations and redemption of non-controlling interests

All figures in NOK 1,000

#### Description of material business combinations

The acquisition of Seafood Danmark A/S is a material business combination.

The Seafood Danmark A/S-group is consolidated with effect from 01.04.2021. Thus, the consolidated profit and loss amounts consists of 9 out of 12 months.

Profit and loss figures for Seafood Danmark A/S group	2021			2020
	Consolidated	Not consolidated	Total	
	2nd - 4th quarter	1st quarter		
Sales revenues	1,410,454	399,370	1,809,824	1,685,253
Other gains (+) and losses (-)	4,543	277	4,820	
Operating profit (EBIT)	76,413	21,660	98,073	101,873
Pre-tax profit	72,937	20,749	93,686	98,156
Profit after tax	53,942	16,097	70,039	86,621
Items included as comprehensive income	1,608	1,330	2,938	-3,880

Acquisition analysis for Seafood Danmark A/S	Acquired shares in 2021 (44,25%)	Shares owned from before (as associated comp.) 33.3%			Total CI (77,6%)	Total NCI (22,4%)	Total Group (100%)
		Shares acquired earlier at cost	Change in value from equity method	Gain from new measurement of value			
<b>Consideration consists of</b>							
Consideration paid	157,722	77,170			234,892		234,892
Contingent consideration accrued, to be paid in 2022	49,117				49,117		49,117
Calculated hypotetic consideration from new measurement			48,180	30,430	78,610		78,610
Calculated hypotetic consideration on NCI's share						104,767	104,767
<b>Total</b>	<b>206,839</b>	<b>77,170</b>	<b>48,180</b>	<b>30,430</b>	<b>362,619</b>	<b>104,767</b>	<b>467,386</b>
<b>Consideration exceeding acquired share of equity</b>							
Acquired share of equity	166,435	125,350			291,785	84,302	376,087
Consideration including gain from new measurement	206,839	77,170	48,180	30,430	362,619	104,767	467,386
<b>Total</b>	<b>40,404</b>	<b>-48,180</b>	<b>48,180</b>	<b>30,430</b>	<b>70,834</b>	<b>20,465</b>	<b>91,299</b>
<b>Identified added value</b>							
Deducted value from non recognised liabilities	-7,291	-5,491			-12,782	-3,693	-16,475
Deferred tax related to added and deducted value	1,604	1,208			2,812	812	3,625
Goodwill recognised in the acquired equity	-75,686	-57,002			-132,688	-38,336	-171,024
<b>Net added and deducted values</b>	<b>-81,373</b>	<b>-61,285</b>	<b>0</b>	<b>0</b>	<b>-142,658</b>	<b>-41,216</b>	<b>-183,875</b>
<b>Identified values</b>							
Recognised equity in acquired companies	166,435	125,350			291,785	84,302	376,087
Net added and deducted values	-81,373	-61,285			-142,658	-41,216	-183,875
<b>Total</b>	<b>85,062</b>	<b>64,064</b>	<b>0</b>	<b>0</b>	<b>149,127</b>	<b>43,085</b>	<b>242,766</b>
<b>Fair value, including NCI in acquired equity</b>							
Consideration (fair value)	206,839	77,170	48,180	30,430	362,619	104,767	467,386
NCI in acquired equity	0	0	0	0	0	6,064	6,064
<b>Total</b>	<b>206,839</b>	<b>77,170</b>	<b>48,180</b>	<b>30,430</b>	<b>362,619</b>	<b>110,831</b>	<b>473,450</b>
<b>Calculation of goodwill</b>							
Consideration (fair value) excluding NCI in acquired equity	206,839	77,170	48,180	30,430	362,619	104,767	467,386
Identified values	85,062	64,064			149,127	43,085	192,212
<b>Goodwill</b>	<b>121,777</b>	<b>13,106</b>	<b>48,180</b>	<b>30,430</b>	<b>213,492</b>	<b>61,682</b>	<b>275,174</b>
<b>Virkelig verdi består av</b>							
Bokført EK	166,435	125,350			291,785	84,302	376,087
Netto mer-/mindreverdi	-81,373	-61,285			-142,658	-41,216	-183,875
Goodwill	121,777	13,106	48,180	30,430	213,492	61,682	275,174
<b>Sum</b>	<b>206,839</b>	<b>77,170</b>	<b>48,180</b>	<b>30,430</b>	<b>362,619</b>	<b>104,767</b>	<b>467,386</b>
<b>Cash flow effects</b>							
Consideration paid related to business combinations	157,722						157,722
Redemption of NCI						6,064	6,064
<b>Total</b>	<b>157,722</b>					<b>6,064</b>	<b>163,786</b>

## NOTE 7

### Intangible assets

All figures in NOK 1,000

#### Reconciliation carrying value, gross value and life

2020	Goodwill	Licences	Other rights	Total
<b>As of 1 January</b>				
Acquisition cost	2,219,521	6,000,390	72,599	8,292,510
Accumulated amortisation		-94,664	-47,236	-141,900
<b>Carrying value as of 01.01.</b>	<b>2,219,521</b>	<b>5,905,726</b>	<b>25,363</b>	<b>8,150,610</b>
<b>Movements during the year</b>				
Carrying value as of 01.01	2,219,521	5,905,726	25,363	8,150,610
Translation differences	7,212		143	7,355
Additions from business combinations *	-37			-37
Acquisition of intangible assets		179,940	2,884	182,824
Disposals				
Amortisation for the year		-28,400	-3,521	-31,921
Impairment loss of the year **	-1,551			-1,551
<b>Carrying value as of 31.12.</b>	<b>2,225,145</b>	<b>6,057,266</b>	<b>24,869</b>	<b>8,307,280</b>
<b>As of 31 December</b>				
Acquisition cost	2,225,145	6,180,330	73,280	8,478,755
Accumulated amortisation		-123,064	-48,411	-171,475
<b>Carrying value as of 31.12.</b>	<b>2,225,145</b>	<b>6,057,266</b>	<b>24,869</b>	<b>8,307,280</b>
Assets with unlimited useful life	2,225,145	5,766,267	2,100	7,993,512
Assets with limited useful life		291,000	22,769	313,769
<b>Carrying value as of 31.12.</b>	<b>2,225,145</b>	<b>6,057,266</b>	<b>24,869</b>	<b>8,307,280</b>

\* Estimation deviation from previous year

\*\* TNOK -1.551 is an impairment loss on acquired goodwill in 2019, related to Goda Salatprodukter AB.

2021	Goodwill	Licences	Other rights	Total
<b>Movements during the year</b>				
Carrying value as of 01.01	2,225,145	6,057,266	24,869	8,307,280
Translation differences	-13,117		-105	-13,222
Additions from business combinations	281,309	5,000	7,798	294,107
Acquisition of intangible assets			3,461	3,461
Disposals		-5,189		-5,189
Amortisation for the year		-28,400	-4,515	-32,915
Impairment loss of the year				
<b>Carrying value as of 31.12.</b>	<b>2,493,337</b>	<b>6,028,677</b>	<b>31,508</b>	<b>8,553,522</b>
<b>As of 31 December</b>				
Acquisition cost	2,493,337	6,180,141	84,349	8,757,827
Accumulated amortisation		-151,464	-52,841	-204,305
<b>Carrying value as of 31.12.</b>	<b>2,493,337</b>	<b>6,028,677</b>	<b>31,508</b>	<b>8,553,522</b>
Assets with unlimited useful life	2,493,337	5,766,078	2,100	8,261,515
Assets with limited useful life		262,600	29,408	292,007
<b>Carrying value as of 31.12.</b>	<b>2,493,337</b>	<b>6,028,677</b>	<b>31,508</b>	<b>8,553,522</b>

#### Specification of intangible assets per acquisition, per segment

31.12.2020	Region	Acquisition year	Goodwill	Licences	Other rights	Total
<b>Wildcatch</b>						
Lerøy Havfisk AS		2016		3,572,400 <sup>5)</sup>		3,572,400
Lerøy Norway Seafoods AS		2017	2,646		100	2,746
<b>Total</b>			<b>2,646</b>	<b>3,572,400</b>	<b>100</b>	<b>3,575,146</b>
<b>Farming</b>						
Lerøy Midt AS	Central	2003, 2006 <sup>1)</sup>	956,509	700,260		1,656,769
Lerøy Vest AS	West	2007	535,001	507,718	13,579 <sup>3)</sup>	1,056,298
Sjøtroll Havbruk AS	West	2010	205,954	673,513		879,467
Lerøy Aurora AS group	North	2005, 2014 <sup>2)</sup>	134,567	508,572	2,000	645,139
Norsk Oppdrettsservice AS	West	2015	13,295	40,000		53,295
<b>Total</b>			<b>1,845,326</b>	<b>2,430,063</b>	<b>15,579</b>	<b>4,290,968</b>
<b>VAP, sales and distribution</b>		<sup>4)</sup>	<b>377,175</b>	<b>0</b>	<b>9,189 <sup>3)</sup></b>	<b>386,365</b>
<b>Lerøy Seafood Group ASA</b>						
		<b>2017-2020</b>		<b>54,803 <sup>6)</sup></b>		<b>54,803</b>
<b>Total</b>			<b>2,225,147</b>	<b>6,057,265</b>	<b>24,869</b>	<b>8,307,280</b>

31.12.2021	Region	Acquisition year	Goodwill	Licences	Other rights	Total
<b>Wildcatch</b>						
Lerøy Havfisk AS		2016		3.544.000 <sup>5)</sup>		3.544.000
Lerøy Norway Seafoods AS		2017	2.646		100	2.746
<b>Total</b>			<b>2.646</b>	<b>3.544.000</b>	<b>100</b>	<b>3.546.746</b>
<b>Farming</b>						
Lerøy Midt AS	Midt	2003, 2006 <sup>1)</sup>	956.509	700.260		1.656.769
Lerøy Vest AS	Vest	2007	535.001	502.529	12.944 <sup>3)</sup>	1.050.474
Sjøtroll Havbruk AS	Vest	2010	205.954	673.513		879.467
Lerøy Aurora AS	Nord	2005, 2014 <sup>2)</sup>	134.567	508.572	2.000	645.139
Norsk Oppdrettsservice AS	Vest	2015	13.295	40.000		53.295
Lerøy Årskog	Vest	2021		5.000		5.000
<b>Total</b>			<b>1.845.326</b>	<b>2.429.874</b>	<b>14.944</b>	<b>4.290.143</b>
<b>VAP, sales and distribution</b>		<sup>4)</sup>	<b>645.366</b>	<b>0</b>	<b>16.464 <sup>3)</sup></b>	<b>661.830</b>
<b>Lerøy Seafood Group ASA</b>						
		<b>2017-2020</b>		<b>54.803 <sup>6)</sup></b>		<b>54.803</b>
<b>Total</b>			<b>2.493.337</b>	<b>6.028.676</b>	<b>31.508</b>	<b>8.553.522</b>

1) Consists of the Midnor acquisition from 2003 and the Hydrotech acquisition from 2006. The companies are now merged.

2) Consists of the Aurora acquisition from 2005, the Villa acquisition from 2014, in addition to paid amount for increased volume in 2017, 2018 and 2020

3) Rights with a definite useful life and are subject to amortisation.

4) The change in goodwill comes mainly from acquisition of Seafood Danmark. But there are also currency translation differences related to foreign subsidiaries to NOK (IAS 21)

5) A certain part of the total value of licences acquired from business combination (Lerøy Havfisk AS) has a definite useful life, and is subject to amortisation.

6) Consists of initial costs related to R&D licence granted to LSG ASA, and in process of being accepted. Will be operated by Lerøy Vest AS



## NOTE 7 cont. Intangible assets

All figures in NOK 1,000

### Licences

#### Licences in the Farming segment

The net book value of licences in the Farming segment is NOK 2 484 676 including the capitalized costs related to the renewal of the R&D licence in Lerøy Seafood Group ASA.

Below is a list of the licences owned by LSG at the end of the financial year according to type, number and volume. The list is based on data registered in the Aquaculture Register.

Salmon and trout licences as of 31.12.2020, commercial and special purpose licences	Region West		Region Central		Region North		Total Group	
	Number	Volume (MTB)	Number	Volume (MTB)	Number	Volume (MTB)	Number	Volume (MTB)
Commercial grow-out licences	57	44,013	53	41,317	25	25,502	135	110,831
Slaughter cage licences	1	780	1	780	2	1,800	5	4,140
R&D licences			3	2,340	1	780	4	3,120
Green farming licences	1	780					1	780
Demonstration licences	1	780	1	780	1	780	3	2,340
Teaching licences	1	780	1	780	1	390	3	1,950
Parent fish licences	2	1,560	2	1,560	1	780	5	3,900
<b>Total number and volume</b>	<b>63</b>	<b>48,693</b>	<b>61</b>	<b>47,557</b>	<b>31</b>	<b>30,032</b>	<b>156</b>	<b>127,061</b>

Salmon and trout licences as of 31.12.2020, commercial and special purpose licences	Region West		Region Central		Region North		Total Group	
	Number	Volume (MTB)	Number	Volume (MTB)	Number	Volume (MTB)	Number	Volume (MTB)
Commercial grow-out licences <sup>1)</sup>	57	44,013	53	41,317	25	25,502	135	110,831
Slaughter cage licences	1	780	1	780	2	1,800	4	3,360
R&D licences <sup>2)</sup>					1	780	1	780
Green farming licences	1	780					1	780
Demonstration licences	1	780	1	780	1	780	3	2,340
Teaching licences <sup>3)</sup>	1	780			1	390	2	1,170
Parent fish licences <sup>4)</sup>	2	1,560	3	2,340			5	3,900
land-based grow-out licence <sup>5)</sup>	1	10,000					1	10,000
<b>Total number and volume</b>	<b>64</b>	<b>58,693</b>	<b>58</b>	<b>45,217</b>	<b>30</b>	<b>29,252</b>	<b>152</b>	<b>133,161</b>

1) The commercial grown-out licences are described further below.

2) The R&D licences are time-limited with a duration of three years, from time of project start. The licences have zero purchase price, and therefore no depreciation. The R&D licence allocated to Lerøy Aurora in the table above legally belongs to Akvaplan Niva (third party), but is operated by Lerøy Aurora.

3) The teaching licences are considered time-limited with a duration of 10 years. The licences have zero purchase price, and therefore no depreciation. The teaching licence allocated to Lerøy Aurora in the table above legally belongs to Troms- og Finnmark Fylkeskommune (third party), but is operated by Lerøy Aurora.

4) One of the parent fish licence owned by Lerøy Midt, is operated by Lerøy Aurora.

5) The land-based grow-out licence is owned by Lerøy Årskog AS. The licence permits production of land-based salmon or trout or juvenile fish or a combination, for a total volume of 10,000 tonnes. Theoretically the authorities may withdraw this licence if the production has not started within two years after reward date. The licences was awarded the 25th of March 2019. The risk for withdrawal is considered as low, since the ground work for the plant is started.

For a more detailed explanation of why farming licences are deemed to have an indefinite useful life and are therefore not subject to amortisation, please see item (X) in the note on accounting policies.

Commercial grow-out licences for salmon and trout	Region West		Region Central		Region North		Total Group	
	Number	Volume (MTB)	Number	Volume (MTB)	Number	Volume (MTB)	Number	Volume (MTB)
<b>Status as of 01.01.2020</b>	57	44,980	53	41,340	25	24,898	135	111,218
<b>Changes in 2020</b>								
Temporary deductions in PA 4 and PA 5		-967		-374		0		-1,342
Growth of 1% purchased at fixed price in PA 6, PA 11 and PA 13		0		351		249		600
Growth purchased on auction in PA13						355		355
<b>Status as of 31.12.2020</b>	<b>57</b>	<b>44,013</b>	<b>53</b>	<b>41,317</b>	<b>25</b>	<b>25,502</b>	<b>135</b>	<b>110,831</b>
<b>Changes in 2021</b>								
Temporary deductions in PA / reversal of deduction								0
Growth purchased								0
<b>Status as of 31.12.2021</b>	<b>57</b>	<b>44,013</b>	<b>53</b>	<b>41,317</b>	<b>25</b>	<b>25,502</b>	<b>135</b>	<b>110,831</b>
<b>Grow-out licences as of 31.12 per production area (PA)</b>								
PA 3 Yellow	37	28,860					37	28,860
PA 4 Red	20	15,153					20	15,153
PA 5 Red			8	5,866			8	5,866
PA 6 Green			45	35,451			45	35,451
PA 11 Green					17	16,962	17	16,962
PA 13 Green					8	8,540	8	8,540
<b>Status as of 31.12.2021</b>	<b>57</b>	<b>44,013</b>	<b>53</b>	<b>41,317</b>	<b>25</b>	<b>25,502</b>	<b>135</b>	<b>110,831</b>

The colors relate to the "traffic light system". The traffic light system is described in the note on accounting principles under section about licences.

Red area: Temporary reduction in volume of 6%, which equals a reduction of 1342 tons. The color will be subjected to a new evaluation in 2022.

Yellow area: No changes in volume. The color will be subjected to a new evaluation in 2022.

Green area: Is opened for growth. The Group bought all the growth offered at fixed price in 2020. The offered growth was 1%, which equals 600 tons for the Group. The total purchase price was NOK 95 160. In addition, the Group purchased 355 tons on auction. The total auction price was NOK 70 681. It has not been growth for sale in 2021. The color will be subjected to a new evaluation in 2022.

Øvrige havbrukskonsesjoner	Region West		Region Central		Region North		Total Group	
	Number	Volume (million individuals)	Number	Volume (million individuals)	Number	Volume (million individuals)	Number	Volume (million individuals)
Juvenile fish licences	13	38.9	6	23.6	1	15.2	20	77.7
Cleaner fish licences	4	9.0	1	2.5	1	2.5	6	14.0
<b>Total</b>	<b>17</b>	<b>47.9</b>	<b>7</b>	<b>26.1</b>	<b>2</b>	<b>17.7</b>	<b>26</b>	<b>91.7</b>

The Group has also licences to cultivate seaweed in Vestland county. The licences permit cultivation of 743 decares. In addition the Group operates seaweed licences for Ocean Forest AS, for a total of 150 decares. Furthermore, the Group has a seaweed licence of 120 decares under process of approval. These licences have normally indefinite lifetime. The Group has also licences for cultivation of algae for human consumption, registered on Lerøy vest AS in the Aquaculture register. The licences are awarded after an application process, and have no purchase price.

## NOTE 7 cont. Intangible assets

All figures in NOK 1,000

### Licences in the Wildcatch segment

Licences (quotas) for wildcatch	NBV in acquired company on date of acquisition	Excess value identified in PPA, and allocated	Accumulated amortisation (01.09.16 - 31.12.18)	NBV as of 31.12.2017
Basic quotas for cod, shrimp and greater silver	339,806	2,941,594		3,281,400
Structural quotas, cod trawling	414,064		-151,464	262,600
<b>Total</b>	<b>753,870</b>	<b>2,941,594</b>	<b>-151,464</b>	

The Wildcatch segment comprises the two sub-groups, Lerøy Havfisk AS and Lerøy Norway Seafoods AS. Lerøy Havfisk AS is a shipowning company, with trawlers involved in wild catches. Lerøy Norway Seafoods AS is involved in the receipt and processing of wild caught whitefish.

The licences in this segment are owned by the sub-group, Lerøy Havfisk AS (vessel owning subsidiaries). The licences are governed by an obligation to supply products to the regions where the licences are located, i.e. Finnmark and Nordland. This implies that buyers in those regions have priority over other buyers of fish. The details of the supply obligation are stipulated in the licence terms for the individual licence unit. This may be a region but could also be a specific buyer. The principle for pricing is the average price realised for the species of fish in question over the past two weeks, taking into account condition, size and quality. Lerøy Havfisk AS is also subject to a so-called "industrial obligation" (obligation to keep the business going) in Stamsund, Melbu, Hammerfest, Båtsfjord, Honningsvåg and Kjøllefjord. This implies that the licence is linked to operation of the facilities in the respective locations. Lerøy Havfisk AS has however leased out the facilities in these locations. The lessee is Lerøy Norway Seafoods AS. The lessee is responsible for sustaining operations. If the lessee terminates operations, the licence terms oblige Lerøy Havfisk AS to sustain operations in the specified locations.

At the end of the financial year, the Lerøy Havfisk group owned 29.6 cod and haddock trawling licences, 31.9 saithe trawling licences, 8 shrimp trawling licences and 2 greater silver licences in Norway. These licences are owned via the subsidiaries Nordland Havfiske AS, Finnmark Havfiske AS and Hammerfest Industrifiske AS. It has not been acquired or sold quotas/licences in 2021. One trawling vessel has been sold from one company to another within Lerøy Havfisk group in order to achieve maximum utilization of the quotas in the coming years.

A licence for cod, haddock and saithe is a licence that entitles the holder to trawl for whitefish in the zone north of 62 degrees latitude and in the North Sea at certain times of

the year. Correspondingly, a licence for shrimp and greater silver entitles the holder to fish for shrimp and greater silver. In 2021 (2020), each vessel was permitted up to four (four) quota units, including the quota connected to the vessel. The volume of fish allowed per licence unit is stipulated annually by the Norwegian Ministry of Trade, Industry and Fisheries. Moreover, transfers may be made between the different groups of vessels throughout the year, in the event that one group of vessels is not able to fish its share of the quota. This is known as "re-allocation". As of end of year 2021 (2020), one cod licence entitled the holder to fish for an annual volume of 1,404 (1,196) tonnes of cod, 579 (474) tonnes of haddock and 514 (440) tonnes of saithe in the zone north of 62 degrees latitude. When compared with the final volumes per quota, after re-allocations, in 2021 (2020), this is a change of +17% (+8%) for cod, +17% (+10%) for haddock and +22% (+16%) for saithe. During the year, the quota for both haddock and saithe was increased and some quotas were re-allocated for these species. The shrimp and greater silver licences have no limit in terms of volume.

In order to boost profitability for fisheries and reduce the number of vessels in operation, the fisheries authorities have implemented schemes allowing for companies to merge several quota units per vessel in return for the permanent removal of vessels that have handed over their quotas from the registry of fisheries. Each vessel has one cod trawling permit, a so-called basic quota. Vessels can also have so-called structural quotas for cod trawling. In total, one vessel cannot have more than four quotas per fish species. The structural quotas have a limited duration according to the scheme in place when the quota was structured. In principle, there are two schemes for structural quotas, comprising 20 and 25 years' duration. The new scheme for structural quotas was introduced in 2007. Structural quotas allocated before 2007 have a duration of 25 years starting in 2008, while quotas allocated after 2008 have a duration of 20 years.

The main purpose of the structure schemes is to reduce the number of vessels participating in individual fisheries, thereby facilitating improved profitability for the remaining vessels – i.e. improving efficiency within a regulated framework.

Moreover, the schemes are intended to adapt fleet capacity to the basic resources. At the end of the duration of 20 and 25 years respectively, the structural quotas are no longer valid and the total quotas will be distributed among all parties in the regulation group in question, as basic quotas. Basic quotas do not have any time limits.

Lerøy Havfisk AS – and Lerøy Norway Seafoods AS to a limited extent – is involved in fishing in Norway pursuant to the provisions in inter alia the Act relating to the right to participate in fishing and catches (Participant Act). Lerøy Havfisk AS has been given an exemption from the requirement stating that the controlling interest must be an active fisherman. The Participant Act and supporting legislation stipulate inter alia that any changes to ownership of a company that directly or indirectly owns fishing vessels requires approval by the relevant authorities. The Ministry of Trade, Industry and Fisheries' approval of Lerøy Seafood Group ASA's acquisition of the majority shareholding in Lerøy Havfisk AS was granted on the basis of Lerøy Seafood Group ASA's ownership on the date of the approval. The approval also states that no new applications are required for future changes in ownership of Lerøy Havfisk AS, Lerøy Seafood Group ASA and Austevoll Seafood ASA provided that Lerøy Seafood Group ASA continues to own minimum 60% of the shares in Lerøy Havfisk AS and that Austevoll Seafood ASA continues to own minimum 50% of the shares in Lerøy Seafood Group ASA. However, the approval does

not allow for changes in ownership that result in Laco AS directly owning less than 55.55% of the shares in Austevoll Seafood ASA. Any significant changes in ownership in Laco AS also require approval. The approval also requires continuation of the prevailing terms related to permits for the vessels and structural quotas, in addition to compliance with the nationality requirement in section 5 of the Participant Act. Pursuant to the nationality requirement in section 5 of the Participant Act, operating permits can only be granted to parties that are Norwegian citizens or have status that equals Norwegian citizenship. According to the second paragraph letra a) of the provision, limited companies, public limited companies and other companies with limited liability have equal status to Norwegian citizens when the company's head office and Board of Directors are located in Norway, when the majority of the Board members, including the Chairman of the Board, are Norwegian citizens resident in Norway and who have lived in Norway for the last two years, and when Norwegian citizens own shares or stocks corresponding to minimum 6/10 of the company's capital and have voting rights in the company with minimum 6/10 of the votes. Lerøy Havfisk AS, Lerøy Seafood Group ASA and Austevoll Seafood ASA are obliged to submit an overview twice a year detailing the company's shareholders, including specification of the shares held by foreign shareholders. Ultimately, a breach of the above-mentioned licence provisions could result in Lerøy Havfisk AS losing its licence rights.

### Other rights

In addition to goodwill and licences, intangible assets also comprise other rights.

These rights comprise the following subcategories in each segment:

	Amortisation method	Wildcatch	Farming	VAP, sale and distribution	Total
Time indefinite	none				
Water rights			2,000		2,000
Other rights		100			100
<b>Total</b>		<b>100</b>	<b>2,000</b>	<b>0</b>	<b>2,100</b>
<b>Accumulated purchase price</b>		<b>100</b>	<b>2,000</b>	<b>0</b>	<b>2,100</b>
Limited	straight line depr.				
Water rights	25 years		12,944		12,944
Contracts with customers / customer lists	10 years			8,998	8,998
Other rights (software etc.)	3 - 5 years			13,964	13,964
<b>Total</b>		<b>0</b>	<b>12,944</b>	<b>22,962</b>	<b>35,906</b>
Accumulated purchase price			44,973	39,376	84,349
<b>Accumulated amortisation</b>		<b>0</b>	<b>-32,029</b>	<b>-20,812</b>	<b>-52,841</b>
<b>Total other rights</b>		<b>100</b>	<b>14,944</b>	<b>16,464</b>	<b>31,508</b>



## NOTE 7 cont. Intangible assets

All figures in NOK 1,000

### Cash-generating units (CGU)

With each acquisition or purchase of assets, goodwill, licences and rights are allocated to the different cash-generating units. Each legal unit in the Group in principle comprises one cash-generating unit. Goodwill and intangible assets with an indefinite useful life are not amortised, but shall be tested for impairment at least once a year and written down if their value can no longer be justified. The management assesses the carrying value of goodwill and intangible assets with an indefinite useful life per CGU at least once a year, and more frequently if there are indications of impairment. Useful life is utilised when establishing recoverable amount.

### Farming

The Group's farming regions share the same top management, the same internal customer, and a joint optimisation plan of i.e. slaughter plans. Further on harvest to fulfill the Groups contract sale, is done across the regions. Due to this, the Groups farming business in Norway is regarded as one CGU. The cash generating unit Farming comprises region of Northern Norway, which consists of Lerøy Aurora AS, the region of Central Norway which consists of Lerøy Midt AS, and the region for Western Norway which consists of the six companies Lerøy Vest AS, Sjøtroll Havbruk AS, Lerøy Sjøtroll Kjærelva AS, Lerøy Årskog AS, Norsk Oppdrettsservice AS and Lerøy Ocean Harvest AS. The development costs related to the Pipefarm concept, capitalized in Lerøy Seafood Group ASA, a concept that the Group has been offered some licence volume on, but that the Group not yet has accepted, is also included in this CGU.

### Wildcatch

In the sub-group Lerøy Havfisk AS, each vessel with its quotas is defined as one cash-generating unit. Despite this, Lerøy Seafood Group classifies the two sub-groups, Lerøy Havfisk AS and Lerøy Norway Seafoods AS, as one joint cash-generating unit. This is justified in that, primarily, quotas are transferred between vessels via the so-called "re-allocations". Secondly, the two sub-groups are mutually dependent with a view to the industrial obligation mentioned above. In addition, the supply obligation has an impact on the two units' co-dependence. On this basis, the two sub-groups are assessed as one joint cash-generating unit.

### VAP, sales and distribution

For the Group to succeed in being the first choice of the largest and most well-recognised customers, it is important to be present in the end market. Through local presence the Group can supply the freshest products, portions and packaging adjusted to local requirements and demand, and developing the seafood category even further together with the customers. The Group must also build up enough capacity to supply the volumes that the customer will need. The group has established several fish-cuts in the end markets. A fish-cut means a relatively simple processing activity in addition to the sale office, that perform some specialized value-added processing based on specification set by the customer. The fish-cuts are an integrated part of the value chain, and an important tool for efficient global sale.

The table below displays the distribution of goodwill and intangible assets with an indefinite useful life per CGU, and their sub-units. Impairment tests of goodwill and intangible assets with an indefinite useful life have been summarised below for each CGU in the segment.

Book value of intangible assets	CGU	Goodwill	Licences	Other rights	Total
Farming - Region Northern Norway	Farming	134,567	508,572	2,000	<b>645,139</b>
Farming - Region Central Norway	Farming	956,509	700,260	-	<b>1,656,769</b>
Farming - Region Western Norway	Farming	754,250	1,221,042	12,944 <sup>1)</sup>	<b>1,988,236</b>
Farming - Lerøy Seafood Group ASA	Farming	-	54,803 <sup>3)</sup>	-	<b>54,803</b>
<b>Total Farming</b>	<b>Farming</b>	<b>1,845,326</b>	<b>2,484,676</b>	<b>14,944</b>	<b>4,344,946</b>
<b>Total Wildcatch</b>	<b>Wildcatch</b>	<b>2,646</b>	<b>3,544,000 <sup>2)</sup></b>	<b>100</b>	<b>3,546,746</b>
<b>Total VAP, sales and distribution</b>	<b>VAPSD</b>	<b>645,366</b>	<b>-</b>	<b>16,464 <sup>1)</sup></b>	<b>661,830</b>
<b>Grand total</b>		<b>2,493,337</b>	<b>6,028,676</b>	<b>31,508</b>	<b>8,553,522</b>
Book value of intangible assets that are amortised					<b>292,007</b>
Book value of intangible assets that are not amortised, but tested for impairment					<b>8,261,515</b>
<b>Total</b>					<b>8,553,522</b>

1) Rights with definite useful life and subject to amortisation.

2) Structural quotas included in this amount, has a definite economic life time, and are subjected to amortisation.

3) Capitalised costs related to development licences - in the process of being granted

### Tests of possible impairment loss

The impairment test for cash-generating units is based on estimated present values of future cash flows. The present value is compared with the book value per cash-generating unit. The present value is calculated on the basis of discounted cash flows over the next five or ten years. And for the period thereafter, a terminal value is estimated. The Gordon growth model is applied to estimate terminal value.

The impairment test did not produce grounds for write-down of goodwill or intangible assets with an indefinite useful life in 2021. The management's calculations show that this conclusion is robust in the face of reasonable changes in conditions in the future.

The critical value for the required rate of return on total assets before tax is between 10.1% and 30.5%.

The cash-generating unit (CGU) Wildcatch, which was acquired in 2016, is naturally pulling down the critical value due to the fact that the assumptions that the acquisition were based upon, have not changed much in the period from the purchase date and the date for testing. The most significant premises in the test are estimated future volume of catches per species, estimated future prices per species and required rate of return.

In farming the Group has historically experienced a significant production growth per licence in Norway. But from 2012 and until today, there has been very limited growth. The model assumes 2% productivity growth in volume up to 2026, but no volume growth in the terminal segment. The Farming segment requires an EBIT in the terminal element of an amount of NOK 0.5 per kg. This amount corresponds by a good margin with the historical figures reported. The management has also carried out tests of sensitivity related to price, cost and volume. With the implemented WACC and best estimate for the terminal element, the tests show that this value is also robust in the face of changes in these parameters.

For the VAP and Sales & Distribution segments, the book values are almost totally justified by the estimated profit/loss for the next five years – in other words, the book values for this segment are not critically reliant on the conditions related to the terminal element.

## NOTE 7 cont. Intangible assets

All figures in NOK 1,000

### Key premises and sensitivity estimates

Nøkkelforutsetninger	2021	2020
Discount rate (WACC) before tax	8.07 %	6.67 %
Discount rate (WACC) after tax	7.31 %	6.05 %
Nominal rate of growth	2%	1% - 2%

The book value tested below is the share of the carrying value that is not subject to amortisation.

Sensitivity analysis per CGU	Book value tested	Critical value in the terminal element (with WACC implemented)	Critical WACC	Implemented WACC
Wildcatch	3,284,146	7)	10.1 %	7.3 %
Farming	4,332,002	0,5 <sup>4),5)</sup>	18.3 %	7.3 %
VAPSD	645,366	0 % <sup>6)</sup>	30.5 %	7.3 %
<b>Total</b>	<b>8,261,514</b>			<b>7.3 %</b>

4) The terminal value for farming is a NOK amount estimated on the basis of EBIT/kg after an explicit period (the terminal component) that gives a total value in use similar to net book value.

5) Development licences in process of being granted will be operated by Lerøy Vest.

6) The terminal value for VAPSD is a percentage calculated on the basis of the profit margin, after an explicit period (the terminal component) that gives a total value in use similar to net book value.

7) For Wildcatch segment it is not calculated a critical value in the terminal element.

## NOTE 8 Leases

All figures in NOK 1,000

With effect from 1 January 2019, the Group implemented IFRS 16 Leases. This new standard, that replaced IAS 17, requires carrying of practically all lease agreements, as operating and financial lease agreements for the lessee are no longer to be differentiated. According to IFRS 16, the asset (right of use) and the obligation to pay lease are recognised in the financial statements.

The Group applied the modified, retrospective method for implementation on 1 January 2019. This implies that the value of the lease liability and the right of use are the same at the time of implementation. The new right-of-use assets and lease liabilities are valued at the current value of the future lease payments. For leases where the interest rate implicit for the lease can be readily determined, this rate is applied. Otherwise, the lease payments are discounted by the Group's incremental borrowing rate, estimated to 4%. This rate is deemed as representative of all leases in the Group, as the majority are in NOK, and the Group principally makes use of the same credit institutions, which provide relatively similar terms. For leases previously classified as financial leasing according to IAS 17, the carried book value of the right-of-use assets and lease liabilities were retained on the implementation date for IFRS 16 (1 January 2019).

The right-of-use assets are depreciated on a straight-line basis from the date of commissioning until the end of the useful life of the right-of-use asset or the end of the lease period, whatever comes first. Any extension options that may, with reasonable certainty, be exercised, are included.

The lease payments are divided into two parts: instalment and interest. The interest on the lease liability in each accounting period of the lease period shall be the amount that provides a constant periodic interest rate for the remaining balance of the lease liability (annuity principle). In the statement of financial position, the Group has chosen to present the right-of-use assets on a separate line. The lease liabilities are classified as long-term and short-term. In addition, the lease liabilities are divided into (1) lease liabilities to credit institutions and (2) lease liabilities to others. Only the lease liabilities to credit institutions are included in the calculation of the alternative performance measurements for net interest-bearing debt (NIBD). A more detailed explanation of this classification is provided in the note relating to alternative performance measurements. The long-term share of the lease liabilities is shown on separate lines in the statement of financial position. The short-term share of the lease liabilities is included in the first-year instalment on longterm liabilities and shown on a separate line in the statement of financial position. The short-term share of long-term liabilities is specified in more detail in the note on long-term liabilities. The interest expense related to the liability is presented under net financial expense. This is specified in more detail in the note on combined items in the financial statements.

Lease costs that were previously presented as commodities and other operating expenses are now presented in the income statement as depreciation and interest expense.

In the statement of cash flows, cash payments for the lease liability's principal (instalment) and cash payments for the lease liability's interest are presented under financing activities. The transaction related to signing new leases has no initial effect on cash



## NOTE 8 cont. Leases

All figures in NOK 1,000

### Right-of-use assets

Right-of-use assets by groups in the notes and agreement partners

2020	Real estate	Buildings	Vessels	Machines, fixtures, equip., etc.	Total right of use assets	Of which from	
						Credit institution	Others
<b>As of 31 December 2020</b>							
Acquisition cost *	49,807	544,271	813,117	1,397,584	<b>2,804,779</b>	1,360,526	1,444,253
Accumulated depreciation *	-3,899	-56,767	-141,046	-224,966	<b>-426,678</b>	-224,965	-201,713
<b>Carried value 31.12.20</b>	<b>45,908</b>	<b>487,505</b>	<b>672,071</b>	<b>1,172,618</b>	<b>2,378,102</b>	<b>1,135,561</b>	<b>1,242,541</b>
<b>Financial year 2020</b>							
Carried value 01.01.	45,908	487,505	672,071	1,172,618	<b>2,378,102</b>	1,135,561	1,242,541
Reclassification	-1,798	1,796		2	<b>0</b>	18,759	-18,759
Translation differences		3,016		1,125	<b>4,141</b>	1,215	2,926
Addition of new right-of-use assets		105,312	26,229	374,772	<b>506,313</b>	467,940	38,373
Disposals				-1,317	<b>-1,317</b>	-1,317	
Depreciation for the year	-3,838	-55,525	-141,746	-257,094	<b>-458,202</b>	-237,257	-220,945
<b>Carried value 31.12.20</b>	<b>40,272</b>	<b>542,103</b>	<b>556,555</b>	<b>1,290,106</b>	<b>2,429,037</b>	<b>1,384,901</b>	<b>1,044,136</b>
<b>As of 31 December 2020</b>							
Acquisition cost *	47,991	655,099	839,346	1,771,958	<b>3,314,394</b>	1,845,663	1,468,731
Accumulated depreciation *	-7,719	-112,996	-282,792	-481,852	<b>-885,358</b>	-460,762	-424,596
<b>Carried value 31.12.20</b>	<b>40,272</b>	<b>542,103</b>	<b>556,555</b>	<b>1,290,106</b>	<b>2,429,037</b>	<b>1,384,901</b>	<b>1,044,136</b>
Book value of mortgaged assets					<b>1,384,901</b>	1,384,901	0
2021	Real estate	Buildings	Vessels	Machines, fixtures, equip., etc.	Total right of use assets	Of which from	
						Credit institution	Others
<b>Financial year 2021</b>							
Carried value 01.01.	40,272	542,103	556,555	1,290,106	<b>2,429,037</b>	1,384,901	1,044,136
Business combinations				11,638	<b>11,638</b>	11,638	
Translation differences		-6,459	85	-3,143	<b>-9,517</b>	-7,828	-1,689
Addition of new right-of-use assets	13,824	33,004	504,697	339,620	<b>891,145</b>	245,019	646,126
Disposals		-44,205	-107,861	-3,900	<b>-155,966</b>	-36,634	-119,332
Depreciation for the year	-4,411	-58,203	-164,361	-278,719	<b>-505,694</b>	-231,167	-274,527
<b>Carried value 31.12.21</b>	<b>49,686</b>	<b>466,241</b>	<b>789,115</b>	<b>1,355,602</b>	<b>2,660,643</b>	<b>1,365,929</b>	<b>1,294,714</b>
<b>As of 31 December 2021</b>							
Acquisition cost *	61,815	627,918	1,076,250	2,107,903	<b>3,873,886</b>	2,030,753	1,843,133
Accumulated depreciation *	-12,130	-161,677	-287,135	-752,301	<b>-1,213,242</b>	-664,824	-548,419
<b>Carried value 31.12.21</b>	<b>49,686</b>	<b>466,241</b>	<b>789,115</b>	<b>1,355,602</b>	<b>2,660,643</b>	<b>1,365,929</b>	<b>1,294,714</b>
Book value of mortgaged assets					<b>1,365,929</b>	1,365,929	0

\* Including translation differences

The Group has agreed upon a leasing agreement for the newbuild well boat, Gåsø Hovding, with a total rental value of NOK 384,6 million, calculated according to IFRS 16, over a total rental period of 8 years. The well boat was physically received in December 2021, but it was in a test- and correction phase until February 2022, where identified material issues were corrected. The vessel was accepted received at end of the test- and correction phase, when it could be taken in use in the business. Thus, the lease agreement was not recognised in the statement of financial position 31.12.2021.

The lease agreement is recognised in the statement of financial position in February 2022. The lease is classified as a lease agreement with others than credit institutions, and will therefore not be included in the amount that the Group presents as investment, or the amount that the Group presents as NIBD. It is referred to the note on APMs for further details about the split between lease agreements with credit institutions and lease agreements with others. Annual rent is NOK 68.5 million. Of which approximately NOK 16 million concerns crew and NOK 52.5 million concerns bareboat.

### Lease liabilities

Lease liabilities is divided into long-term and short-term, and by lessor category

2020	Total lease liabilities	To credit institutions			To others		
		Total	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion
Carried value 01.01.	2,295,064	1,056,654	218,384	838,271	1,238,410	197,088	1,041,322
Long term portion previous year become short term portion			176,445	-176,445		183,481	-183,481
Translation differences	4,090	1,072		1,072	3,018		3,018
New leasing debt	506,313	467,941	89,026	378,915	38,372	41,068	-2,696
Redeemed	-466,484	-245,418	-245,418		-221,066	-221,066	
<b>Carried value 31.12.</b>	<b>2,338,983</b>	<b>1,280,250</b>	<b>238,437</b>	<b>1,041,813</b>	<b>1,058,734</b>	<b>200,571</b>	<b>858,163</b>

2021	Total lease liabilities	To credit institutions			To others		
		Total	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion
Carried value 01.01.	2,338,983	1,280,250	238,437	1,041,813	1,058,734	200,571	858,163
Long term portion previous year become short term portion			215,011	-215,011		186,120	-186,120
Business combinations	6,890	6,890	2,413	4,477			
Translation differences	-10,038	-8,136		-8,136	-1,902		-1,902
New leasing debt	891,145	245,020	52,057	192,963	646,125	116,567	529,559
Leasing debt terminated in connection with new agreements	-158,327	-37,618	-11,286	-26,333	-120,708	-12,071	-108,637
Redeemed	-509,584	-249,877	-249,877		-259,707	-259,707	
<b>Carried value 31.12.</b>	<b>2,559,070</b>	<b>1,236,528</b>	<b>246,755</b>	<b>989,773</b>	<b>1,322,542</b>	<b>231,480</b>	<b>1,091,062</b>

Payment profile on instalments and interests, see note 15

## NOTE 8 cont. Leases

All figures in NOK 1,000

### Lease payments

2021	Accounting	2021			2020		
		Lease cost paid	Of which to credit institutions	Of which to others	Lease cost paid	Of which to credit institutions	Of which to others
Lease costs paid on non-carried agreements	Operating cost	16,917	2,426	14,491	24,403	2,521	21,882
Instalments paid	Reduction in debt	509,584	249,877	259,707	466,484	245,418	221,066
Interest costs paid	Financial cost	81,738	26,839	54,899	77,365	30,060	47,305
<b>Outgoing cash flows related to leases</b>		<b>608,239</b>	<b>279,142</b>	<b>329,097</b>	<b>568,252</b>	<b>277,999</b>	<b>290,253</b>
<b>Lease costs paid on non-carried agreements compromise</b>							
Lease on agreements with exemption for short-term agreements		9,268		9,268	17,866		17,866
Lease on agreements with exemption for low value assets		5,504	2,426	3,078	4,482	2,521	1,961
Expenses related to variable lease, not included in the carried amount		2,146		2,146	2,055		2,055
<b>Total</b>		<b>16,918</b>	<b>2,426</b>	<b>14,492</b>	<b>24,403</b>	<b>2,521</b>	<b>21,882</b>

Instalments paid, to both credit institutions and to others, are included in downpayments of long-term debt under financing activities in the cash flow statement.  
See note 15 for reconciliation.

## NOTE 9 Fixed assets

All figures in NOK 1,000

### Fixed assets

2020	Prepayments to suppliers	Projects in progress	Real estate	Buildings	Vessels (fishing boats)	Machines, fixtures, equip., etc.	Total
<b>1 January 2020</b>							
Acquisition cost	134,185	205,832	258,882	3,793,075	1,461,064	3,446,759	9,299,797
Accumulated depreciation				-765,182	-217,362	-2,050,701	-3,033,245
Accumulated impairment loss				-15,786		-20,661	-36,447
<b>Carrying value 01.01.</b>	<b>134,185</b>	<b>205,832</b>	<b>258,882</b>	<b>3,012,107</b>	<b>1,243,702</b>	<b>1,375,397</b>	<b>6,230,105</b>
<b>Accounting year 2020</b>							
Carrying value 01.01.	134,185	205,832	258,882	3,012,107	1,243,702	1,375,397	6,230,105
Allocation of completed projects in progress	-134,072	-185,964	3,000	169,079	133,977	13,980	
Foreign currency translation differences	13	2,022	3,058	30,077		8,917	44,087
Operating assets acquired	1,827	312,671	23,327	149,387	358,404	349,004	1,194,622
Disposal			-750	-304	-2,308	-905	-4,267
Depreciation for the year				-255,521	-106,686	-305,260	-667,466
<b>Carrying value 31.12.</b>	<b>1,953</b>	<b>334,561</b>	<b>287,518</b>	<b>3,104,825</b>	<b>1,627,090</b>	<b>1,441,134</b>	<b>6,797,080</b>
<b>31 December 2020</b>							
Acquisition cost	1,953	334,561	287,518	4,138,829	1,951,138	3,838,772	10,552,770
Accumulated depreciation				-1,018,166	-324,048	-2,376,977	-3,719,191
Accumulated impairment loss				-15,838		-20,661	-36,499
<b>Carrying value 31.12.</b>	<b>1,953</b>	<b>334,561</b>	<b>287,518</b>	<b>3,104,825</b>	<b>1,627,090</b>	<b>1,441,134</b>	<b>6,797,080</b>
<b>Interests capitalised</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021</b>							
<b>Accounting year 2021</b>							
Carrying value 01.01.	1,953	334,561	287,518	3,104,825	1,627,090	1,441,134	6,797,080
Allocation of completed projects in progress	-1,757	-80,810		52,470		30,097	
Foreign currency translation differences	-91	-1,718	-2,799	-17,628		-12,542	-34,778
Business combinations		751	58,697	107,111		90,701	257,260
Operating assets acquired	4,520	425,060	77,622	190,653	48,305	268,894	1,015,054
Disposal			-8,307	-5,030	-138	-3,535	-17,011
Depreciation for the year				-272,755	-110,705	-330,265	-713,726
Impairment loss						-6,400	-6,400
<b>Carrying value 31.12.</b>	<b>4,625</b>	<b>677,845</b>	<b>412,730</b>	<b>3,159,645</b>	<b>1,564,551</b>	<b>1,478,083</b>	<b>7,297,480</b>
<b>31 December 2020</b>							
Acquisition cost	4,625	677,845	412,730	4,400,822	1,999,191	4,162,358	11,657,572
Accumulated depreciation				-1,225,382	-434,640	-2,657,400	-4,317,422
Accumulated impairment loss				-15,795		-26,875	-42,670
<b>Carrying value 31.12.</b>	<b>4,625</b>	<b>677,845</b>	<b>412,730</b>	<b>3,159,645</b>	<b>1,564,551</b>	<b>1,478,083</b>	<b>7,297,480</b>
<b>Interests capitalised</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

For prepayments to suppliers, the right of property is transferred to the Group on time of completion  
For projects in progress, the right of property is transferred to the Group based on progress  
Information on estimated useful life for fixed assets is provided in paragraph (H) in the note on accounting policies.  
Information on mortgages for fixed assets is provided in note on loans, mortgages and guarantees.  
Leased assets are from 01.01.2019 included in the new group "right-of-use assets". See note on leases.



# NOTE 10

## Shares in associates and other investments

All figures in NOK 1,000

### Shares in associates

#### Classification of associates

The associated companies in the group are listed in the table below, and each company is allocated to operating segment. Changes during the year are also included. Net book value is recognised according to the equity method.

Associates	Owner (in LSG group)	Operating segment	Country	Place of business	Ownership / voting share 01.01	Ownership / voting share 31.12	Net book value 31.12
<b>Associates considered as material</b>							
Norskott Havbruk AS – konsern	Lerøy Seafood Group ASA	Farming	Norway	Bergen	50 %	50 %	1,094,884
Seistar Holding AS – konsern	Lerøy Seafood Group ASA	Farming	Norway	Austevoll	50 %	50 %	218,682
Seafood Danmark A/S - konsern	Lerøy Seafood Group ASA	VAPSD *	Denmark	Hirtshals	33 %	0 %	0 <sup>1)</sup>
<b>Total material associates</b>							<b>1,313,566</b>
<b>Øvrige tilknyttede selskaper</b>							
Neset Kystfiske AS	Sørvær Kystfiskeinvest AS	Wildcatch	Norway	Hasvik	34 %	34 %	905
Holmen Fiske AS	Sørvær Kystfiskeinvest AS	Wildcatch	Norway	Hasvik	34 %	34 %	7,934
Sørøya Isanlegg AS	Lerøy Norway Seafoods AS	Wildcatch	Norway	Hasvik	39 %	0 %	0 <sup>1)</sup>
Båtsfjord Bedriftshelsetjeneste AS	Lerøy Norway Seafoods AS	Wildcatch	Norway	Båtsfjord	28 %	28 %	207
Båtsfjord Laboratorium AS	Lerøy Norway Seafoods AS	Wildcatch	Norway	Båtsfjord	34 %	34 %	319
Itub AS	Lerøy Norway Seafoods AS	Wildcatch	Norway	Ålesund	22 %	22 %	6,529
Finnmark Kystfiske AS	Lerøy Havfisk AS	Wildcatch	Norway	Hammerfest	49 %	49 %	2,965
Vestvågøy Kystrederi AS	Lerøy Havfisk AS	Wildcatch	Norway	Vestvågøy	50 %	50 %	2,825
Ocean Forest	Lerøy Seafood Group ASA	Farming	Norway	Bergen	50 %	50 %	172
Kirkenes Processing AS	Lerøy Aurora AS	Farming	Norway	Kirkenes	50 %	50 %	1
Romsdal Processing AS	Lerøy Aurora AS	Farming	Norway	Midsund	44 %	44 %	8,332
Norway Salmon AS	Lerøy Midt AS	Farming	Norway	Rørvik	50 %	50 %	541
Sporbarhet AS	Lerøy Seafood Group ASA	Farming	Norway	Trondheim	27 %	27 %	2,236
Dragøy Grossist AS	Lerøy Nord AS	VAPSD *	Norway	Tromsø	34 %	0 %	0 <sup>1)</sup>
Vågen Fiskeriselskap AS	Sirevaag AS	VAPSD *	Norway	Hå	50 %	47 %	937 <sup>2)</sup>
Silvervåg AS	Sirevaag AS	VAPSD *	Norway	Karmøy	49 %	0 %	0 <sup>3)</sup>
The Seafood Innovation Cluster AS	Lerøy Seafood Group ASA	VAPSD *	Norway	Bergen	20 %	20 %	605
<b>Total other associates</b>							<b>34,506</b>
<b>Grand total</b>							<b>1,348,072</b>

\* VAPSD is short for VAP, sales & distribution (VAP = Value Added Processing)

1) Change from associated company to subsidiary

2) Sale of shares

3) Liquidation of company

### Carrying value on associates and income from associates

	Seafood Danmark A/S Group	Seistar Holding AS Group	Norskott Havbruk AS Group	Other associates	Total associates
<b>Acquisition year</b>	2017	2015	2001		
<b>2020</b>					
<b>Opening balance 01.01</b>	<b>123.838</b>	<b>156.809</b>	<b>636.809</b>	<b>32.560</b>	<b>950.016</b>
Companies acquired		25.000			25.000
Companies sold					0
Share of this year's profit	31.662	18.980	48.986	5.732	105.359
Dividend distributed	-23.950	-3.000		-2.598	-29.548
Currency translation differences *	9.219		264		9.483
Other changes over equity	-1.293		-3.555		-4.848
<b>Closing balance as of 31.12</b>	<b>139.476</b>	<b>197.789</b>	<b>682.503</b>	<b>35.694</b>	<b>1.055.463</b>
Acquisition cost	77.170	86.500	163.273		
<b>Income from associate</b>					
Share of this year's profit	31.662	18.980	48.986	5.732	105.359
<b>Income from associates</b>	<b>31.662</b>	<b>18.980</b>	<b>48.986</b>	<b>5.732</b>	<b>105.359</b>
Fair value adjustments on biological assets (after tax) from associates			-55.666		-55.666
<b>Income from associates, before fair value adjustments</b>	<b>31.662</b>	<b>18.980</b>	<b>104.652</b>	<b>5.732</b>	<b>161.025</b>
<b>2021</b>					
<b>Opening balance 01.01</b>	<b>139.476</b>	<b>197.789</b>	<b>682.503</b>	<b>35.694</b>	<b>1.055.463</b>
Companies acquired			305.500	2.250	307.750
Change from associated company to subsidiary	-125.350			-4.417	-129.767
Companies sold				-61	-61
Share of this year's profit	5.992	20.893	93.577	1.039	121.502
Dividend distributed	-13.514				-13.514
Currency translation differences *	-6.605		14.196		7.591
Other changes over equity			-892		-892
<b>Closing balance as of 31.12</b>	<b>0</b>	<b>218.682</b>	<b>1.094.884</b>	<b>34.505</b>	<b>1.348.072</b>
Acquisition cost		86.500	468.773		
<b>Income from associate</b>					
Share of this year's profit	5.992	20.893	93.577	1.039	121.502
<b>Income from associates</b>	<b>5.992</b>	<b>20.893</b>	<b>93.577</b>	<b>1.039</b>	<b>121.502</b>
Fair value adjustments on biological assets (after tax) from associates			6.022		6.022
<b>Income from associates, before fair value adjustments</b>	<b>5.992</b>	<b>20.893</b>	<b>87.555</b>	<b>1.039</b>	<b>115.479</b>

\* Currency translation differences relate to translation for (1) the sub-group Scottish Seafarms, owned by Norskott Havbruk AS, where functional and reporting currency is GBP, and currency translation differences related to (2) the sub-group Seafood Danmark A/S, where functional and reporting currency is DKK.

## NOTE 10 cont.

### Shares in associates and other investments

All figures in NOK 1,000

#### Other information on associates considered material to the Group

##### Information on material transactions

A capital increase amounting to NOK 611 million in Norskott Havbruk AS was completed in December 2021. At the same time Norskott Havbruk AS increased the capital in the fully owned subsidiary Scottish Seafarms Ltd (SSF) with GBP 50 million. The new capital in Scottish Seafarms Ltd was used as a part of the financing of the acquisition of Grieg Seafood

Hjaltland, where Scottish Seafarms Ltd was the buyer. Total consideration paid for Grieg Seafood Hjaltland was GBP 172.6 million. After the acquisition the acquired company changed name to SSF Hjaltland. The acquired company is performing the same type of business as Scottish Seafarms Ltd, with production of smolt and salmon mainly on Shetland.

#### Information on subsidiaries of associates

Company	Owner (associate)	Operating segment	Country	Ownership / voting share 01.01	Ownership / voting share 31.12
Scottish Seafarms Ltd *	Norskott Havbruk AS	Farming	Scotland	100 %	100 %
Ettrick Trout Ltd	Scottish Seafarms Ltd	Farming	Scotland	100 %	100 %
Orkney Sea Farms Ltd	Ettrick Trout Ltd	Farming	Scotland	100 %	100 %
SSF Hjaltland	Scottish Seafarms Ltd	Farming	Skottland	0 %	100 % <sup>4)</sup>
SSF Shetland	SSF Hjaltland	Farming	Skottland	0 %	100 % <sup>4)</sup>
Isle of Sky Salmon	SSF Hjaltland	Farming	Skottland	0 %	100 % <sup>4)</sup>
Brødrene Schlie's Fiskeeksport A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	100 %
Wannebo International AS	Brødrene Schlie's Fiskeeksport A/S	VAPSD	Norway	50.2 %	0 % <sup>1),5)</sup>
Nigra Fiskeeksport A/S	Brødrene Schlie's Fiskeeksport A/S	VAPSD	Denmark	100 %	0 % <sup>1)</sup>
Tip Top Fiskeindustri A/S	Brødrene Schlie's Fiskeeksport A/S	VAPSD	Denmark	100 %	0 % <sup>1),6)</sup>
Scanfish A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	0 % <sup>1)</sup>
Thorfisk A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	0 % <sup>1)</sup>
Lerøy Schlie A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	0 % <sup>1)</sup>
P. Tabbel & Co A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	0 % <sup>1)</sup>
Mowi Star AS	Seistar Holding AS	Farming	Norway	100 %	100 %
Seivåg Shipping AS	Seistar Holding AS	Farming	Norway	100 %	100 %
Seigrunn AS	Seistar Holding AS	Farming	Norway	100 %	100 %

\* Dormant subsidiaries are not included in this table

- 1) Change from associated company to subsidiary
- 2) Sale of shares
- 3) Liquidation of company
- 4) New company from business combination in Scottish Seafarms Ltd
- 5) Redemption of non-controlling interests
- 6) Merged into Nigra Fiskeeksport A/S

#### Financial information (100%)

The accounting figures for associates, as shown below, are prepared in accordance with IFRS

Seafood Danmark A/S changed from an associated company to a subsidiary 01.04.2021.

The profit and loss figures for 2021 for Seafood Danmark A/S includes the full year, The balance sheet figures is as of 31.12.2021.

The figures for 2021 is based on preliminary annual accounts, as the final annual accounts are not submitted.

Consolidated figures for associated companies	Seafood Danmark A/S Group		Seistar Holding AS Group		Norskott Havbruk AS Group	
	2021	2020	2021	2020	2021	2020
Revenue	1,809,824	1,685,253	232,438	201,710	2,306,955	1,698,652
Other gains (+) and losses (-)	4,820					
Operating profit (EBIT) before fair value adjustments	98,073	101,873	49,965	53,256	244,301	308,411
Operating profit (EBIT)	98,073	101,873	49,965	53,256	259,743	165,676
Pre-tax profit	93,686	98,156	39,617	42,835	242,142	143,219
Annual profit	70,039	86,621	37,000	41,786	187,154	97,970
Other comprehensive income	2,938	-3,880			26,607	-6,583
Fixed assets	377,534	398,025	741,157	758,718	3,275,822	1,664,679
Current assets	369,647	413,948	87,845	68,998	2,127,087	1,283,686
<b>Total assets</b>	<b>747,181</b>	<b>811,973</b>	<b>829,002</b>	<b>817,999</b>	<b>5,402,909</b>	<b>2,948,365</b>
Long-term debt	59,565	89,178	399,124	432,661	2,414,833	902,069
Short-term debt	262,825	297,660	39,813	33,953	798,309	681,291
<b>Total debt</b>	<b>322,390</b>	<b>386,837</b>	<b>438,937</b>	<b>466,614</b>	<b>3,213,142</b>	<b>1,583,360</b>
Net interest-bearing debt	131,385	214,910	331,131	385,887	2,234,320	1,079,027
<b>Equity</b>	<b>424,791</b>	<b>425,135</b>	<b>390,066</b>	<b>358,066</b>	<b>2,189,767</b>	<b>1,365,005</b>

#### Norskott Havbruk AS

The capital increase and the following acquisition explains the increase in balance sheet values in Norskott Havbruk AS. The acquisition of Grieg Seafood Hjaltland was carried out the 15th of December 2021. Profit and loss figures are therefore not significantly impacted.

All amounts in the preliminary PPA from 15th December 2021 are, for simplicity reasons, calculated with the currency exchange rate from 31.12.2021 (11,9358).

Acquisition analysis	Reported IFRS values of acquired entity	Identified added value (or negative value adjustment)	Fair value at time for acquisition	Goodwill	Acquisition balance sheet 15th of December
<b>Grieg Seafood Hjaltland UK Ltd.</b>					
<b>Purchase price allocation (PPA)</b>					
Non-current assets	791,680	267,240	1,058,920	582,362	1,641,282
Current assets	758,141	-46,639	711,502		711,502
<b>Total assets</b>	<b>1,549,821</b>	<b>220,601</b>	<b>1,770,422</b>	<b>582,362</b>	<b>2,352,784</b>
Equity	-183,922	1,661,240	1,477,318	582,362	2,059,680
Non-current debt	1,573,010	-1,420,518	152,492		152,492
Current debt	160,733	-20,121	140,612		140,612
<b>Total debt</b>	<b>1,549,821</b>	<b>220,601</b>	<b>1,770,422</b>	<b>582,362</b>	<b>2,352,784</b>
<b>Net interest bearing debt (NIBD)</b>	<b>1,428,050</b>	<b>-1,420,518</b>	<b>7,532</b>		<b>7,532</b>
<b>Acquisition analysis</b>			<b>100 %</b>		
Recognised equity in acquired entity			-183,922		
Net identified added value in the acquired entity			1,661,240		
<b>Identified value in the acquired entity</b>			<b>1,477,318</b>		
<b>Calculation of goodwill</b>			<b>100 %</b>		
Consideration to seller:			2,059,680		
Identified value in the acquired entity			1,477,318		
<b>Goodwill</b>			<b>582,362</b>		



## NOTE 10 cont. Shares in associates and other investments

All figures in NOK 1,000

The huge value added on non-current debt relates to an agreed termination of loan to previous mother company.

The termination is a part of the acquisition transaction.

The acquisition analysis is preliminary, and may be adjusted within 12 months.

### Information on biological assets in associates

Norskott Havbruk AS (group) has farming operations in Scotland, and therefore has biological assets on the balance sheet. The key figures for inventory of fish in the sea for Norskott Havbruk AS group are as follows:

Information on fish in sea and harvested volume in the period, in tonnes	2021		2020	
	100 %	50 %	100 %	50 %
Ownership				
Total fish in sea (LWT)	26,046	13,023	24,403	12,202
Total harvest volume in the period (GWT):	32,350	16,175	23,968	11,984
Fair value adjustment related to biological assets in the statement of financial position	2021		2020	
	100 %	50 %	100 %	50 %
Ownership				
Fair value adjustment as of 01.01	-13,509	-6,754	129,226	64,613
Fair value adjustment through the income statement	15,443	7,722	-142,735	-71,367
<b>Fair value adjustment as of 31.12</b>	<b>1,934</b>	<b>967</b>	<b>-13,509</b>	<b>-6,754</b>
Cost price of fish in sea 31.12	1,309,676	654,838	1,009,447	504,724
Cost price of roe, fry and smolt 31.12	117,163	58,582	71,087	35,543
<b>Carrying value of biological assets 31.12</b>	<b>1,428,773</b>	<b>714,387</b>	<b>1,067,025</b>	<b>533,513</b>

Fair value adjustment related to biological assets in the income statement	2021		2020	
	100 %	50 %	100 %	50 %
Ownership				
Profit and loss impact before tax	15,443	7,722	-142,735	-71,367
Tax cost before effect of change in tax rate	-3,397	-1,699	31,402	15,701
Effect of change in tax rate (change in deferred tax in the balance sheet)	0	0	0	0
<b>Net fair value adjustment, after tax *</b>	<b>12,046</b>	<b>6,023</b>	<b>-111,333</b>	<b>-55,666</b>

\* Alternative performance measures (APM), presented as "pre-tax profit before fair value adjustments related to biological assets", are adjusted with this amount.

Tax rate applied during the accounting period (for calculation of tax cost)	22 %	22 %	22 %	22 %
Tax rate applied for future periods (for calculation of deferred tax)	22 %	22 %	22 %	22 %

### Other investments

Other shares as of 31.12.2021	Ownership / voting share	Cost price	Fair value	Carrying value
Various minor shareholdings	Insignificant	20,974	20,974	20,974
<b>Total</b>		<b>20,974</b>	<b>20,974</b>	<b>20,974</b>

Considering the immaterial value of the assets, historic cost has been applied as the best estimate for fair value.

## NOTE 11 Biological assets

All figures in NOK 1,000

The group recognises and measures biological assets (fish in sea) at fair value. For salmon and trout, including parent fish, a present value model is applied to estimate fair value. For roe, fry, smolt and cleaner fish, which has a limited value compared with the total stock, historical cost provides the best estimate of fair value.

The fair value of fish in the sea is estimated as a function of the estimated biomass at the time of harvest, multiplied by the estimated sales price at the same time. For fish not ready for harvest, a deduction is made to cover estimated residual costs to grow the fish to optimal harvest weight. The cash flow is discounted monthly by a discount rate. Please refer to note (I) on accounting policies for more detailed information.

Fair value adjustment recognised in the period related to biological assets comprises: (1) Change in fair value adjustment of biological assets, (2) change in fair value of onerous contracts (loss-making contracts) and (3) change in unrealised gain/loss of financial sale and purchase contracts (derivatives) for fish in Fishpool. The last mentioned adjustment does only include Fish Pool contracts included in the balance sheet at the

beginning of the year. For contracts entered into from 2020 the effective portion of change in fair value are recognized as other comprehensive income (OCI) due to cash flow hedging.

The Group enters into contracts related to future deliveries of salmon and trout. As biological assets are recognised at fair value, the fair value adjustment of the biological assets will be included in the estimated expenses required to fulfil the contract. This implies that the Group may experience loss-making (onerous) contracts according to IAS 37 even if the contract price for physical delivery contracts is higher than the actual production cost for the products. In such a scenario, a provision is made for the estimated negative value. The provision is classified in the financial statements as other short-term liabilities. The Group also enters into Fish Pool contracts to hedge prices. The number of such contracts is limited. When utilised, the Fish Pool contracts are recorded as financial instruments on the balance sheet (derivatives), where unrealised gain is classified as other short-term receivables and unrealised loss as other short-term liabilities.

Recognised fair value adjustment related to biological assets consist of	2021	2020
Change in fair value adjustment of biological assets (fish in sea)	1,131,092	-853,236
Change in fair value of onerous contracts	-44,226	26,485
Change in fair value of Fish Pool contracts	-1,561	
<b>Fair value adjustments related to biological assets</b>	<b>1,085,304</b>	<b>-826,751</b>

The balance sheet item and accounting line impacted from the different adjustments mentioned above, is specified below:

Reconciliation of carrying amount of fair value related to biological assets	2021	2020
Fair value adjustment of biological assets 01.01	319,546	1,172,782
Change in fair value adjustment on fish in sea	1,131,092	-853,236
<b>Fair value adjustment of biological assets 31.12</b>	<b>1,450,638</b>	<b>319,546</b>

The balance sheet item is included in biological assets. The accounting line is further specified below.

Reconciliation of carrying amount of onerous contracts	2021	2020
Carrying amount of onerous contracts 01.01	-32	-26,517
Change in fair value of onerous contracts	-44,226	26,485
<b>Carrying amount of onerous contracts 31.12</b>	<b>-44,259</b>	<b>-32</b>

The balance sheet item is included in other short-term liabilities

Reconciliation of carrying amount of Fish Pool contracts	2021	2020
Fish Pool contracts 01.01		
Change in fair value of Fish Pool contracts included profit and loss	-1,561	
Change in fair value of Fish Pool contracts - recognised in OCI	1,561	
Translation differences - recognised in OCI		
<b>Fish Pool contracts 31.12</b>	<b>0</b>	<b>0</b>

Fish Pool contracts are financial instruments. Fair value of Fish Pool contracts recognised in OCI are presented in note on financial instruments

## NOTE 11 cont. Biological assets

All figures in NOK 1,000

Carrying amount of biological assets consist of	2021	2020
Fish in sea at historical cost *	4,118,913	4,231,901
Roe, fry, smolt and cleaner fish at cost *	385,542	362,065
Total biological assets before fair value adjustment	4,504,454	4,593,966
Fair value adjustment of biological assets (fish in sea)	1,450,638	319,546
<b>Total biological assets 31.12</b>	<b>5,955,092</b>	<b>4,913,512</b>
Fish in sea at fair value	5,569,550	4,551,447
Roe, fry, smolt and cleaner fish at fair value	385,542	362,065
<b>Total biological assets 31.12</b>	<b>5,955,092</b>	<b>4,913,512</b>

\* Historical cost minus expensed mortality

Reconciliation of carrying amount of biological assets	Roe, fry, smolt and cleaner fish *	Fish in sea (salmon and trout) *	Fair value adjustment	Total biological assets
<b>Biological assets 01.01.2020</b>	343,187	4,058,953	1,172,782	5,574,921
<b>Changes in 2020</b>				
Increase from biological transformation (released and net growth)	839,709	6,522,938		7,362,647
Increase from business combination (acquisition)				
Reduction due to sale and internal use (smolt and cleaner fish)	-820,831			-820,831
Reduction due to harvest (salmon and trout)		-6,088,900		-6,088,900
Reduction due to incident-based mortality		-261,058		-261,058
Reduction due to accidental release		-31		-31
Net change in fair value (fish in sea)			-853,236	-853,236
<b>Biological assets 31.12.2020</b>	<b>362,065</b>	<b>4,231,901</b>	<b>319,546</b>	<b>4,913,512</b>
<b>Changes in 2021</b>				
Increase from biological transformation (released and net growth)	1,120,472	7,270,347		8,390,819
Increase from business combination (acquisition)				
Reduction due to sale and internal use (smolt and cleaner fish)	-1,096,995			-1,096,995
Reduction due to harvest (salmon and trout)		-7,208,145		-7,208,145
Reduction due to incident-based mortality		-175,191		-175,191
Reduction due to accidental release				
Net change in fair value (fish in sea)			1,131,092	1,131,092
<b>Biological assets 31.12.2021</b>	<b>385,542</b>	<b>4,118,913</b>	<b>1,450,638</b>	<b>5,955,092</b>

\* Carrying amount before fair value adjustment (historical cost minus charged mortality)

Reconciliation of volume for stock of fish in sea in LWT (live weight in tonnes)	2021	2020
<b>Live weight of fish in sea at 01.01.</b>	<b>119,407</b>	<b>111,263</b>
<b>Changes through the year</b>		
Increase from biological transformation (released and net growth)	215,747	221,358
Reduction due to harvesting	-218,153	-200,935
Reduction due to incident-based mortality	-9,760	-12,277
Reduction due to accidental release	0	-2
<b>Live weight of fish in sea at 31.12.</b>	<b>107,242</b>	<b>119,407</b>

Harvest volume in GWT (slaughter weight in tonnes)	2021	2020
Salmon	161,542	142,841
Trout	25,093	28,007
<b>Total volume</b>	<b>186,635</b>	<b>170,849</b>

The table below shows how the total volume for fish in the sea, live weight measured in tonnes, is distributed by weight:

Groups of biological assets (LWT)	2021	2020
<b>Distribution by live weight</b>		
Fish in sea, 0-1 kg	8,595	10,348
Fish in sea, 1-2 kg	20,262	14,726
Fish in sea, 2-3 kg	26,084	36,427
Fish in sea, 3-4 kg	30,526	31,108
Fish in sea: 4-4.65 kg for salmon / 4-4.8 kg for trout	17,399	18,996
Fish in sea: more than 4.65 kg for salmon / more than 4.8 kg for trout (fish ready for harvest)	4,376	7,802
<b>Fish in sea, total salmon and trout</b>	<b>107,242</b>	<b>119,407</b>
<b>Distribution according to type of fish</b>		
<b>Fish ready for harvest</b>	<b>4,376</b>	<b>7,802</b>
- Salmon (2020: fish with live weight > 4.65 kg. 2019: > 4.8 kg)	3,789	7,802
- Trout (fish with live weight > 4.8 kg)	587	0
<b>Fish not ready for harvest (fish with live weight &lt; 4.8 kg)</b>	<b>102,866</b>	<b>111,605</b>
- Salmon (2020: fish with live weight < 4.65 kg. 2019: < 4.8 kg)	89,754	97,943
- Trout (fish with live weight < 4.8 kg)	13,112	13,662
<b>Total volum of fish in sea (LWT):</b>	<b>107,242</b>	<b>119,407</b>
- Salmon	93,543	105,745
- Trout	13,699	13,662
<b>Number of individuals</b>		
Number of individuals, all groups (in 1,000)	53,262	55,527

### Parameters applied for calculation of fair value

#### Price parameters

2020 - Estimated future price during expected harvesting period	Forward price *	Exporter fee	Clearing cost	Net forward price
Q1 2021	50.33	-0.75	-0.185	49.40
Q2 2021	56.77	-0.75	-0.185	55.83
Q3 2021	53.67	-0.75	-0.185	52.73
Q4 2021	55.83	-0.75	-0.185	54.90
Q1 2022	60.30	-0.75	-0.185	59.37
Q2 2022	63.40	-0.75	-0.185	62.47

\* Quarterly forward price based on monthly forward prices sourced from Fish Pool 31 December 2020.



## NOTE 11 cont. Biological assets

All figures in NOK 1,000

2021 - Estimated future price during expected harvesting period	Forward price *	Exporter fee	Clearing cost	Net forward price
Q1 2021	67.73	-0.75	-0.185	66.80
Q2 2022	67.30	-0.75	-0.185	66.37
Q3 2022	55.50	-0.75	-0.185	54.57
Q4 2022	61.33	-0.75	-0.185	60.40
Q1 2023	64.07	-0.75	-0.185	63.14
Q2 2023	64.57	-0.75	-0.185	63.64

\* Quarterly forward price based on monthly forward prices sourced from Fish Pool 31 December 2021.

Adjustments are also made for	2021	2020
Price premium (+/-) for trout		-2.00
Price premium (+/-) for ecological salmon	15.00	30.00
Reduction for quality differences, salmon		-1.30
Reduction for quality differences, trout		-1.68
Reduction for size differences, salmon		-0.26
Reduction for size differences, trout		-0.80

Deductions are also made for well boat services, slaughtering and packaging (primary processing), and transport to Oslo from the locality being measured.

Based on the above parameters, an estimated net price is calculated for each locality, and is then included in the cash flow calculation in relation to the assessment of fair value. In connection with the sensitivity analysis conducted in the note on significant accounting estimates and assessments, an estimated average net price is applied to all sizes. This is calculated by dividing the total estimated net sales revenue per locality by the total estimated volume (measured as slaughter weight), based on projected weight on the the date of harvest.

Other parameters	2021	2020
Estimated average net price, all sizes (kr/kg), after primary processing and freight costs	56.1	49.4
Projected mortality in relation to number of individuals per month in North Norway	0.45 %	0.50 %
Projected mortality in relation to number of individuals per month in Central Norway	0.60 %	0.67 %
Projected mortality in relation to number of individuals per month in West Norway	1.10 %	1.25 %
Slaughtering loss for salmon, for recalculation from live weight to gutted weight	14 %	14 %
Slaughtering loss for trout, for recalculation from live weight to gutted weight	16 %	16 %
Weight (live weight) for when the fish is considered to be ready for harvest, salmon	4.65 kg	4.65 kg
Weight (live weight) for when the fish is considered to be ready for harvest, trout	4.76 kg	4.76 kg
Discount rate (monthly)	4 %	5 %

### Description of significant cost items originating from an incident, disease or other factor related to biological assets

#### Accidental release in 2021

For the Group, all accidental release is taken seriously, and the Group's target is zero accidental release. Accidental release may however occur randomly due to unforeseen incidents. All accidental releases are reported to the Directorate of Fisheries, irrespective of the scope of the accident. This applies even if only one individual has escaped. The Group has not experienced any accidental release of economic significance in 2021. In total only 4 (four) single individuals escaped, from a total stock of approximately 53 million individuals. Regardless of size, all incidents are described in the sustainability report, available at [www.leroyseafood.com](http://www.leroyseafood.com).

#### Incident-based mortality

The Group defines mortality as abnormal when more than 1.5% of the total number of fish die in the space of one month. For more detailed information, see the note on biological assets (I).

Abnormal mortality is defined as incident-based mortality, and is charged to the income statement in the period in which it occurs. As in 2020 most of the incident-based mortality in 2021 has been caused by sea lice treatment. However, some mortality has been caused by diseases, like gill disease and CMS, together with weakness from winter wounds.

Fish health, including minimising mortality, is the cornerstone of the Group's strategy. There positive trend in the number of sea lice treatments and related mortality, have continued in 2022.

## NOTE 12 Other inventories

All figures in NOK 1,000

Other inventories consist of	2021	2020
Feed, packaging materials, auxiliary and other raw materials	650,731	454,597
Finished goods / goods for sale	614,086	655,527
Write-down of inventories re obsolescence	-8,128	-15,553
<b>Total other inventories</b>	<b>1,256,689</b>	<b>1,094,571</b>
<b>Change in stock of biological assets at cost, raw materials and finished products</b>	<b>2021</b>	<b>2020</b>
Biological assets at cost	4,504,454	4,593,966
<b>Total other inventories</b>	<b>1,256,689</b>	<b>1,094,571</b>
Total inventory at cost	5,761,143	5,688,537
Total inventory at cost 01.01.		
Total inventory at cost 31.12.	5,688,537	5,433,295
<b>Change</b>	<b>5,761,143</b>	<b>5,688,537</b>
	72,606	255,243
Positive change in inventory represents a cost reduction Negative change in inventory represents a cost increase		
Change in inventory included in translation differences related to subsidiaries - through OCI		
Change in inventory - through the income statement	-22,262	18,087
<b>Beholdningsendring - over resultat</b>	<b>94,868</b>	<b>237,156</b>

# NOTE 13

## Receivables

All figures in NOK 1,000

### Total receivables

Receivables as of 31.12	Classification	2021	2020
Non-current receivables	Non-current	88,027	79,287
Trade receivables	Current	2,174,193	1,867,505
Other current receivables	Current	595,023	618,928
<b>Total</b>		<b>2,857,243</b>	<b>2,565,720</b>

### Non-current receivables

Non-current receivables	2021	2020
Loan to associates	17,805	17,475
Loans to employees, including CEOs	3,177	5,146
Loans to fishermen	34,787	34,747
Loans to others	166	280
Financial instruments with positive fair value, non-current (see note 14)	9,121	
Deposits (mainly Norges Råfisklag)	22,566	21,419
Other receivables and periodisations	405	220
<b>Total</b>	<b>88,027</b>	<b>79,287</b>

### Non-current receivables by currency

	2021	2020
NOK	81,058	72,653
EUR	6,853	6,615
Other currencies	116	19
<b>Total</b>	<b>88,027</b>	<b>79,287</b>

### Trade receivables

Trade receivables	2021	2020
Nominal value	2,197,669	1,891,192
Provision for bad debts	-23,476	-23,688
<b>Total trade receivables</b>	<b>2,174,193</b>	<b>1,867,505</b>

The Group normally invoices the agreed transaction price upon delivery of the goods. Payment is typically due within 30 - 60 days. The Group arranges for third parties to distribute the goods to the customers and carries the incurred distribution costs itself. The customers cover these costs through the agreed transaction price

All but an insignificant part of the Group's trade receivables are covered by credit insurance or other forms of surety. The loss deductible on credit insured trade receivables is 10%.

By the end of February 2020 94.6% of trade receivables (nominal value) had been collected, compared with 97.5% in the previous year. This represents 95.6% of book value, compared with 98.7% in the previous year.

Trade receivables 31.12 - aging	2021	2020
Not due	1,917,865	1,559,717
Due, 0 to 3 months	248,761	235,878
Due, 3 to 6 months	12,394	67,901
Due, more than 6 months	18,649	27,697
<b>Total</b>	<b>2,197,669</b>	<b>1,891,192</b>

Trade receivables 31.12 - provision	2021	2020
Not due	5,116	881
Due, 0 to 3 months	4,627	3,901
Due, 3 to 6 months	434	2,298
Due, more than 6 months	13,299	16,607
<b>Total</b>	<b>23,476</b>	<b>23,688</b>

Trade receivables 31.12 - no provision	2021	2020
Not due	1,912,749	1,558,836
Due, 0 to 3 months	244,134	231,977
Due, 3 to 6 months	11,960	65,603
Due, more than 6 months	5,350	11,090
<b>Total</b>	<b>2,174,193</b>	<b>1,867,505</b>

Lifetime expected loss allowance for provision	2021	2020
Not due	0.3 %	0.1 %
Due, 0 to 3 months	1.9 %	1.7 %
Due, 3 to 6 months	3.5 %	3.4 %
Due, more than 6 months	71.3 %	60.0 %
<b>Total</b>	<b>1.1 %</b>	<b>1.3 %</b>

Movements in provision for bad debt are as follows	2021	2020
Provision 01.01	23,688	16,982
Business combinations	2,335	
This years change in provisions, recognised in the income statement	-1,437	6,542
Currency translation differences	-1,110	163
<b>Provision 31.12</b>	<b>23,476</b>	<b>23,688</b>

Net loss on account receivables included in the income statement	2021	2020
Net change in provision for bad debt	-1,437	6,542
Receivables written off during the year as uncollectable	1,665	7,622
Receivables written off, recovered	-138	-2,137
<b>Total cost (+) / cost reduction (-)</b>	<b>90</b>	<b>12,027</b>

Included in other operating expenses

Trade receivables by currency	2021	2020
NOK	653,930	681,965
SEK	105,894	154,615
DKK	110,180	
GBP	32,778	17,018
EUR	938,538	761,140
USD	273,289	184,950
JPY	33,392	28,984
Other currencies	26,192	38,833
<b>Total trade receivables</b>	<b>2,174,193</b>	<b>1,867,505</b>

The Group has international operations and is exposed to currency risk in several currencies. Receivables are recognised at market rate on balance sheet date. Forward contracts are utilised to the greatest extent possible to eliminate currency risk related to outstanding trade receivables. See the note on financial instruments.



## NOTE 13 cont. Receivables

All figures in NOK 1,000

### Other current receivables

Other current receivables are due within a year, and classified as current assets.

Other current receivables	2021	2020
VAT to be refunded	293,405	249,026
Financial instruments measured at fair value (see note 14)	61,506	110,616
Pre-payments	79,665	101,862
Current loans and credits given	22,667	20,076
Other current receivables and periodisations	137,780	137,349
<b>Total</b>	<b>595,023</b>	<b>618,928</b>

Other current receivables as of 31.12. by currency	2021	2020
NOK	528,580	579,044
SEK	17,781	13,724
DKK	13,072	0
EUR	26,379	15,544
Other currencies	9,211	10,616
<b>Total</b>	<b>595,023</b>	<b>618,928</b>

## NOTE 14 Financial instruments

All figures in NOK 1,000

### Financial instruments by category

The following principles have been used for the subsequent measurement of financial instruments in the balance sheet:

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
<b>31.12.2020</b>				
<b>Assets</b>				
Other investments		15,917		15,917
Loans and other long term receivables	79,287			79,287
Trade receivables and other short term receivables *	2,126,791	110,616		2,237,407
Cash and cash equivalents	2,966,408			2,966,408
<b>Total</b>	<b>5,172,486</b>	<b>126,533</b>	<b>0</b>	<b>5,299,019</b>
<b>Liabilities</b>				
Long-term liabilities (interest rate swaps)			34,176	34,176
Loans (excl. finance leases)	4,391,807			4,391,807
Lease liabilities to credit institutions	1,280,249			1,280,249
Overdraft facility and other short term loans and credits	815,120			815,120
Trade payables and other short-term liabilities	1,992,763		32,248	2,025,011
<b>Total</b>	<b>8,479,939</b>	<b>0</b>	<b>66,424</b>	<b>8,546,363</b>
<b>31.12.2021</b>				
<b>Assets</b>				
Other investments		20,974		20,974
Loans and other long term receivables	88,027			88,027
Trade receivables and other short term receivables *	2,334,640	61,506		2,396,146
Cash and cash equivalents	4,203,147			4,203,147
<b>Total</b>	<b>6,625,814</b>	<b>82,480</b>	<b>0</b>	<b>6,708,294</b>
<b>Liabilities</b>				
Long-term liabilities (interest rate swaps)				
Loans (excl. finance leases)	5,691,120			5,691,120
Lease liabilities to credit institutions	1,236,528			1,236,528
Overdraft facility and other short term loans and credits	582,390			582,390
Trade payables and other short-term liabilities**	2,175,096		577	2,175,673
<b>Total</b>	<b>9,685,134</b>	<b>0</b>	<b>577</b>	<b>9,685,711</b>

\* Trade receivables and other receivables excl. advance payments (NOK 79.665) and public duties receivable (NOK 293.405), ref note 13.

\*\* Trade payables and other debt, excl. statutory liabilities

## NOTE 14 cont. Financial instruments

All figures in NOK 1,000

### Financial instruments at fair value by level

The table below shows financial instruments at 31.12 at fair value (before tax) according to valuation method. The different levels are defined as follows:

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

**Level 2:** Valuation based on observable factors other than listed price (used in level 1), either direct (price) or indirect (derived from prices) for the asset or liability

**Level 3:** Valuation based on factors that are not sourced from observable markets (non-observable premises)

	Level 1	Level 2	Level 3
<b>31.12.2020</b>			
<b>Assets</b>			
<i>Financial instruments used for hedging</i>			
– Currency forward contracts (fair value hedging) - fair value through profit or loss		110,616	
<i>Other financial instruments</i>			
– Other shares - fair value through profit or loss			15,917
<b>Total</b>	<b>0</b>	<b>110,616</b>	<b>15,917</b>
Herby non-current portion, ref note 13		0	
Herby current portion, ref note 13		110,616	
<b>Liabilities</b>			
<i>Financial instruments used for hedging</i>			
– Fish Pool contracts (cash flow hedging) - fair value through other comprehensive income		2,939	
– Bunker derivatives (cash flow hedging) - fair value through other comprehensive income		15,296	
– Interest rate swaps (cash flow hedging) - fair value through other comprehensive income		48,189	
<b>Total</b>	<b>0</b>	<b>66,424</b>	<b>0</b>
Herby non-current portion, ref note 15		34,176	
Herby current portion, ref note 18		32,248	
<b>31.12.2021</b>			
<b>Assets</b>			
<i>Financial instruments used for hedging</i>			
– Currency forward contracts (fair value hedging) - fair value through profit or loss		58,173	
– Fish Pool contracts (cash flow hedging) - fair value through other comprehensive income		1,836	
– Bunker derivatives (cash flow hedging) - fair value through other comprehensive income		1,497	
– Interest rate swaps (cash flow hedging) - fair value through other comprehensive income (non-current)		9,121	
<i>Other financial instruments</i>			
– Other shares - fair value through profit or loss			20,974
<b>Total</b>	<b>0</b>	<b>70,628</b>	<b>20,974</b>
Herby non-current portion, ref note 13		9,121	
Herby current portion, ref note 13		61,506	
<b>Liabilities</b>			
<i>Financial instruments used for hedging</i>			
– Currency forward contracts (fair value hedging) - fair value through profit or loss			
– Fish Pool contracts (cash flow hedging) - fair value through other comprehensive income		0	
– Bunker derivatives (cash flow hedging) - fair value through other comprehensive income		0	
– Interest rate swaps (cash flow hedging) - fair value through other comprehensive income		577	
<b>Total</b>	<b>0</b>	<b>577</b>	<b>0</b>
Herby non-current portion		0	
Herby current portion, ref note 18		577	

### Change in fair value on financial instruments included in receivables and debt, and related items

The table below presents the the accounting of financial instruments included in receivables and debt.

The financial instruments are recognised at fair value. Depending on type of hedge, the change in fair value is booked either through PL or OCI.

Each type of financial instruments is further explained below the table.

	Fair value as of 01.01.2021	Fair value through profit or loss	Fair value through other comprehensive income	Currency translation differences	Fair value as of 31.12.2021
<b>Financial instruments included in non-current receivables</b>					
Interest rate swap agreements			9,121		9,121
<b>Total</b>	<b>0</b>	<b>0</b>	<b>9,121</b>	<b>0</b>	<b>9,121</b>
<b>Financial instruments included in other current receivables</b>					
Currency forward contracts - recognised hedge objects	38,314	2,681			40,995
Currency forward contracts - non-recognised hedge objects	72,302	-55,124			17,178
Bunker derivatives			1,497		1,497
Fish Pool contracts			1,836		1,836
<b>Total</b>	<b>110,616</b>	<b>-52,443</b>	<b>3,333</b>	<b>0</b>	<b>61,506</b>
<b>Financial instruments included in other long-term liabilities</b>					
Interest rate swap agreements	-34,175		34,175		0
<b>Total</b>	<b>-34,175</b>	<b>0</b>	<b>34,175</b>	<b>0</b>	<b>0</b>
<b>Financial instruments included in other short-term liabilities</b>					
Interest rate swap agreements	-14,014		13,437		-577
Bunker derivatives	-15,296		15,296		0
Fish Pool contracts	-2,939	-1,612	4,474	77	0
<b>Total</b>	<b>-32,248</b>	<b>-1,612</b>	<b>33,207</b>	<b>77</b>	<b>-577</b>
<b>Net value before tax</b>	<b>44,193</b>	<b>-54,055</b>	<b>79,837</b>	<b>77</b>	<b>70,051</b>
<b>Deferred tax asset (-) / liability (+), financial instruments</b>	<b>-9,809</b>	<b>11,537</b>	<b>-16,999</b>		<b>-15,270</b>
<b>Net value after tax</b>	<b>34,384</b>	<b>-42,518</b>	<b>62,838</b>	<b>77</b>	<b>54,781</b>
<b>Changes through OCI after tax, per type of instrument</b>					
Changes interest rate swap agreements			44,252		
Changes bunker derivatives			13,098		
Changes Fish Pool contracts			5,408		
<b>Total</b>			<b>62,758</b>		

\* Non-recognised hedge objects consist of binding sales contracts that are hedged (value hedges). Change in fair value on hedged risk in the hedged period is recognised through profit or loss. The change in fair value on the hedging instrument will have its opposite equal value as a short term receivable or as other short term debt, depending on positive or negative value on the instrument. Information on this will be included in either the note on receivables or other short-term debt, depending on positive or negative value in the instrument.

## NOTE 14 cont. Financial instruments

All figures in NOK 1,000

### Currency forward contracts

The value of the Norwegian krone is one of many parameters that have an effect on the Group's competitiveness. The Group has at all times a substantial biomass in the sea that represents future sales. A significant share of the Group's revenue is generated in currencies other than NOK. Revenue by currency is presented in the note on operating segments, and trade receivables by currency is presented in the note on receivables.

In order to minimize the currency risk the Group uses currency forward contracts to hedge both net receivables and signed sales contracts in foreign currency. Thus the Group recognises the currency forward contracts as fair value hedging, also for the signed sales contracts, which are off-balance items.

At 31.12.2021 (2020) Lerøy Seafood Group has currency forward contracts with a net positive (positive) fair value of NOK 58.2 (110.6) million. The currency forward contracts is classified as short-term receivables (short term receivables). NOK 17.2 (72.3) million of the net positive value is offset against the off-balance item signed sales contracts, and is classified as a other short-term debt (other short-term debt).

The change in fair value on currency forward contracts and hedged foreign exchange gain/loss on firm commitments is recognized as foreign exchange gain/loss classified as cost of materials in the income statement, as it relates to the inventory cycle.

### Financial purchase and sales contracts for salmon (fish pool contracts)

At 31.12.2021 Lerøy Seafood Group has some open financial purchase contracts for salmon (Fish Pool contracts) with a total positive fair value of NOK 1.8 million. At the end of 2020 the Group had open contracts with a negative fair value of NOK 2.9 million.

The contracts expire within one year. Unrealised gains and losses on the Fish Pool contracts, which also represent market value, are settled daily by means of crediting/debiting the settlement account. The Group's bank accounts with locked-in deposits and daily clearing ensure the contractual parties receive full settlement of the contract.

Hedge accounting is applied for the Fish Pool contracts. The fair value of the Fish Pool derivatives (gross asset/debt) is carried under the item for "other short-term receivables" when positive and other short-term debt when negative. The effective share of the change in value of the derivatives

is recorded through other comprehensive income (cash flow hedging). The gross liability carried is a taxable temporary difference. The change in deferred tax caused by the change in gross carrying amount is also recorded through other comprehensive income, and is therefore not included in the tax cost for the year in the income statement. When realised, the effect is charged to cost of goods.

In 2021 a positive value change (after tax) of NOK 5.4 million was included in other comprehensive income. At the same time a negative value change of NOK 1.6 million was included in the profit and loss. In 2020 the negative impact through other comprehensive income was NOK 3.2 million.

### Bunker derivatives

At the end of 2021 Lerøy Seafood Group has open financial purchase contracts for bunkers (bunker derivatives) with a positive fair value of NOK 1.5 million. At the end of 2020 the group had contracts with a total negative fair value of NOK 15.3 million.

The majority of the contracts expire within one year. The fair value of the bunker derivatives (gross asset/debt) is carried under the item for "other short-term receivables" when positive and other short-term debt when negative. The effective share of the change in value of the derivatives is recorded through other comprehensive income (cash flow hedging). The gross liability carried is a taxable temporary difference. The change in deferred tax caused by the change in gross carrying amount is also recorded through other comprehensive income, and is therefore not included in the tax cost for the year in the income statement. When realised, the effect is charged to bunker cost, which is included in other operating expenses.

In 2021 a positive value change (after tax) of NOK 13.1 million was included in other comprehensive income. In 2020 the impact was negative with NOK 12.4 million.

### Interest rate swaps

The fair value of interest rate swaps (gross liability) is carried under the accounting item for "other liabilities" under long-term debt, unless the agreement acquired has a duration of less than one year. In such an event, the value is entered under "other short-term debt". The effective share of the change in value of the interest rate swap is recorded through other comprehensive income (cash flow hedging).

The gross liability carried is a taxable temporary difference. The change in deferred tax caused by the change in gross

carrying amount is also recorded through other comprehensive income, and is therefore not included in the tax cost for the year in the income statement.

### At year-end, the Group had the following interest rate swaps

Agreement from 2012: NOK 500,000, Start 16.01.2012. Duration 10 years, Terminates 16.01.2022, Interest rate 3.29%, in LSG ASA Agreement from 2020: NOK 342.188, Start 15.04.2020. Duration 7 years, Terminates 15.04.2027, Interest rate 1.438%, in Lerøy Havfisk AS.

Agreement from 2020: NOK 342.188, Start 15.04.2020. Duration 7 years, Terminates 15.04.2027, Interest rate 1.440%, in Lerøy Havfisk AS.

Initial hedged amount on each of the two agreements in Lerøy Havfisk AS was NOK 370,313. The amount on the interest rate swap decreases during the life time to reflect the instalments paid on the hedged debt.

The periodic interest payments related to the hedging instrument (interest rate swaps) are calculated as the difference between fixed and floating interest rate multiplied

with the nominal value of the agreement. The fixed rate, expectations about the future floating rate, and the remaining life time to expiry, are the most important parameters in the calculation of the fair value.

The periodic interest payments related to the hedged item (the long term loans) are calculated as the floating rate plus margin multiplied with the nominal value of the loan.

	2021	2020
<b>Nominal value on interest rate swap agreements</b>		
Nominal amount 01.01	1,721,875	1,647,000
Agreements expired during the period	-500,000	-647,000
New agreements in 2020		740,625
Change in nominal value on existing agreements	-37,500	-18,750
<b>Nominal amount 31.12</b>	<b>1,184,375</b>	<b>1,721,875</b>
<b>Book value 01.01.</b>		
Fair value of interest rate swaps at 01.01	-48,189	-23,989
Deferred tax asset related to interest rate swaps	10,602	5,278
<b>Net value after tax 01.01</b>	<b>-37,588</b>	<b>-18,712</b>
Tax rate applied	22 %	22 %
<b>Change through other comprehensive income</b>		
Change in fair value of interest rate swaps	56,733	-24,200
Change in related deferred tax	-12,481	5,324
<b>Net change in fair value through other comprehensive income (cash flow hedging)</b>	<b>44,252</b>	<b>-18,876</b>
Tax rate applied	22 %	22 %
<b>Book value 31.12</b>		
Fair value of interest rate swaps at 31.12	8,544	-48,189
Deferred tax asset related to interest rate swaps	-1,880	10,602
<b>Net value after tax 31.12</b>	<b>6,665</b>	<b>-37,588</b>
Tax rate applied	22 %	22 %
<b>Fair value of interest rate swaps at 31.12 consist of</b>		
Long term receivables	9,121	
Short term receivables		
Long term liability		-34,175
Short term liability	-577	-14,014
<b>Fair value of interest rate swaps at 31.12</b>	<b>8,544</b>	<b>-48,189</b>



## NOTE 15

### Loans, mortgages and guarantees

All figures in NOK 1,000

#### Long-term debt

Debt is split on short-term and long-term debt. Payments that matures within 12 months from balance sheet date is presented as short-term debt.

Both short-term and long-term debt consist of interest bearing and non-interest bearing debt. Interest bearing

debt is an alternative performance measure (APM). The figure consists of debt with the main purpose of providing financing to the group, together with equity. The items included are specified below. It is also further described in the section about net interest bearing debt (NIBD) in the note on alternative performance measures.

	Included in interest bearing debt	2021			2020		
		Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
<b>Long-term debt as of 31.12</b>							
Pension liabilities			3,393	<b>3,393</b>		2,670	<b>2,670</b>
Deferred tax			2,575,120	<b>2,575,120</b>		2,320,370	<b>2,320,370</b>
Lease liabilities to others		231,479	1,091,062	<b>1,322,541</b>	200,571	858,164	<b>1,058,736</b>
Lease liabilities to credit institutions	Yes	246,755	989,773	<b>1,236,528</b>	238,437	1,041,812	<b>1,280,249</b>
Bond loans	Yes		1,492,431	<b>1,492,431</b>			<b>0</b>
Loans from credit institutions	Yes	351,592	3,835,289	<b>4,186,882</b>	396,610	3,992,432	<b>4,389,042</b>
Other long-term loans	Yes	1,513	889	<b>2,402</b>	1,519	1,246	<b>2,765</b>
Other long-term liabilities		4,030	6,225	<b>10,255</b>		34,176	<b>34,176</b>
<b>Total</b>		<b>835,369</b>	<b>9,994,183</b>	<b>10,829,552</b>	<b>837,138</b>	<b>8,250,871</b>	<b>9,088,008</b>
<b>Herby interest bearing debt (of long-term debt)</b>		<b>599,860</b>	<b>6,318,383</b>	<b>6,918,243</b>	<b>636,567</b>	<b>5,035,490</b>	<b>5,672,057</b>

For further description of the basis for classifying debt as interest bearing, see note on alternative performance measures.

Pension liabilities is considered to be long-term only, and is further described in note on pension liabilities.

Deferred tax is considered to be long-term only, and is further described in note on tax.

Lease liabilities is further described in note on leases. Payment profile is described below.

Bond loans is described below.

Loans from credit institutions is described below.

Other long-term loans are loans from suppliers.

Other long-term liabilities concerns mainly non-interest bearing long term credit with supplier.

#### Interest bearing debt and net interest bearing debt (NIBD)

In the table below also current interest bearing debt are included. Total interest bearing debt consists of both long-term and short-term items. Total interest bearing debt is specified by currency below. Bank deposits are interest

bearing. Net interest bearing debt (NIBD) is defined as interest bearing debt minus bank deposits. Changes in NIBD during the year is presented in a table below. NIBD is explained in more detail in note on APMs.

	2021			2020		
	Short-term portion of long term debt	Long-term portion of long term debt	Total	Short-term portion of long term debt	Long-term portion of long term debt	Total
<b>Long-term debt as of 31.12</b>						
<b>Interest bearing debt as of 31.12.</b>						
<b>Long-term interest bearing debt</b>						
Lease liabilities to credit institutions	246,755	989,773	<b>1,236,528</b>	238,437	1,041,812	<b>1,280,249</b>
Bond loans	0	1,492,431	<b>1,492,431</b>	0	0	<b>0</b>
Loans from credit institutions	351,592	3,835,289	<b>4,186,882</b>	396,610	3,992,432	<b>4,389,042</b>
Other long-term loans	1,513	889	<b>2,402</b>	1,519	1,246	<b>2,765</b>
<b>Total</b>	<b>599,860</b>	<b>6,318,383</b>	<b>6,918,243</b>	<b>636,567</b>	<b>5,035,490</b>	<b>5,672,057</b>
<b>Short-term interest bearing debt</b>						
Overdrafts	540,933		<b>540,933</b>	767,619		<b>767,619</b>
Other short term credits	41,457		<b>41,457</b>	47,501		<b>47,501</b>
<b>Total</b>	<b>582,390</b>		<b>582,390</b>	<b>815,120</b>		<b>815,120</b>
<b>Total</b>	<b>1,182,250</b>	<b>6,318,383</b>	<b>7,500,632</b>	<b>1,451,687</b>	<b>5,035,490</b>	<b>6,487,177</b>
<b>Interest bearing debt as of 31.12. by currency</b>						
NOK			6,992,367			5,862,643
SEK			109,280			126,747
DKK			136,618			0
EUR			257,529			491,548
Other currencies			4,838			6,239
<b>Total</b>			<b>7,500,632</b>			<b>6,487,177</b>
<b>Net interest bearing debt (NIBD) as of 31.12.</b>						
Interest bearing debt			7,500,632			6,487,177
Bank deposits			-4,203,146			-2,966,409
<b>NIBD</b>			<b>3,297,487</b>			<b>3,520,768</b>

## NOTE 15 cont. Loans, mortgages and guarantees

All figures in NOK 1,000

Reconciliation of changes in NIBD	Assets	Current debt	Non-current debt incl. ST-portion				Total
	Bande posits	Overdrafts and other short term credit	Bond loans	Loans from credit inst.	Leases from credit inst.	Other loans	
<b>NIBD as of 01.01.2020</b>	<b>-3,031,052</b>	<b>585,126</b>	<b>0</b>	<b>4,027,759</b>	<b>1,056,654</b>	<b>2,943</b>	<b>2,641,431</b>
Change in bank deposits	64,643						64,643
Cash flows - in		229,994		1,657,920			1,887,914
Cash flows - out				-1,319,643	-245,418	-287	-1,565,348
New leases from credit institutions					467,941		467,941
Currency translation differences				10,526	1,072	109	11,707
Currency gain/loss on NIBD items in foreign currency				12,480			12,480
Other non-cash movements							0
<b>NIBD as of 31.12.2020</b>	<b>-2,966,409</b>	<b>815,120</b>	<b>0</b>	<b>4,389,042</b>	<b>1,280,249</b>	<b>2,765</b>	<b>3,520,768</b>
Change in bank deposits	-1,232,908						-1,232,908
Cash flows - in			1,500,000	671,814			2,171,814
Cash flows - out		-359,069	-7,875	-925,784	-249,877	-288	-1,542,893
Business combinations	-3,829	126,339		63,547	6,890		192,947
New leases from credit institutions					245,020		245,020
Terminated leases with credit institutions					-37,618		-37,618
Currency translation differences				-6,698	-8,136	-76	-14,910
Currency gain/loss on NIBD items in foreign currency				-5,039			-5,039
Other non-cash movements			306				306
<b>NIBD as of 31.12.2021</b>	<b>-4,203,146</b>	<b>582,390</b>	<b>1,492,431</b>	<b>4,186,882</b>	<b>1,236,528</b>	<b>2,402</b>	<b>3,297,487</b>

Reconciliation of cash flows out, as specified above, against the statement of cash flows	2021	2020
Cash flows out - related to downpayment on non-current interest bearing debt (according to table above)	-1,175,949	-1,565,348
Cash flow out - related to instalment on lease liabilities to others (according to note 8), not included in NIBD	-259,707	-221,066
<b>Downpayments of long-term debt (according to statment of cash flows)</b>	<b>-1,435,656</b>	<b>-1,786,414</b>

### Bond loans

The Group established 3 bond loans, each amounting to NOK 500 million, in the bond market the 17th of September 2021. The bonds are so called green bonds. This implies that the group have established a green financing framework which covers how the proceeds from the bond loans can be used. The framework is published on the Group's homepage on internet. At year end the Group has qualifying green investments that are significantly higher than the proceeds from the loan. Thus, the Group has already fulfilled it's obligations concerning type of investments.

All three bond loans have no installments during the duration of the loan. The loans have a duration of 5, 6 and 10 years. The loans with duration of 5 and 6 years have floating interest rate, with 4 terms each year. The loan with a duration of 10 years, has a fixed interest rate, with one annual termin. The bond loans are measured at amortized cost. The bond loans are unsecured. Fair value is approximately the same as net book value as of 31.12.2021.

Spesifikasjon	Value at drawing date			Amortizing effect of the period	Value as of 31.12.2021		
	Nominal value	Drawing costs	Net book value		Nominal value	Unamortized drawing costs	Net book value
Bond loan 1, NOK 500 mill, duration 5 years, floating interest	500,000	-2,625	497,375	131	500,000	-2,494	497,506
Bond loan 2, NOK 500 mill, duration 6 years, floating interest	500,000	-2,625	497,375	109	500,000	-2,516	497,484
Bond loan 3, NOK 500 mill, duration 10 years, fixed interest rate 3,35%	500,000	-2,625	497,375	66	500,000	-2,559	497,441
<b>Total</b>	<b>1,500,000</b>	<b>-7,875</b>	<b>1,492,125</b>	<b>306</b>	<b>1,500,000</b>	<b>-7,569</b>	<b>1,492,431</b>

Interests expensed, including amortizing effect	2021
Interests paid	3,981
Interests accrued	5,558
Amortizing effect	306
<b>Total</b>	<b>9,846</b>

### Payment profile financial liabilities and interest risk etc.

Payment profile financial liabilities	2022	2023	2024	2025	2026	Later	Total
<b>Instalment profile long-term debt</b>							
Instalments on bond loans					497,506	994,925	1,492,431
Instalments on loans from credit institutions	351,592	408,848	799,659	552,455	390,263	1,684,065	4,186,882
Instalments on leasing debt to credit institutions	246,755	301,438	287,091	159,735	90,978	150,531	1,236,528
Instalments on other long-term interest bearing debt	1,513	252	243	249	145	0	2,402
<b>Total instalments on long-term interest-bearing debt</b>	<b>599,860</b>	<b>710,538</b>	<b>1,086,993</b>	<b>712,439</b>	<b>978,892</b>	<b>2,829,521</b>	<b>6,918,243</b>
<b>Instalment profile on other long term liabilities</b>							
Instalments on lease liabilities to others than credit institutions	231,479	202,141	160,588	154,308	136,849	437,177	1,322,541
Instalments on other long-term non-interest bearing debt	4,030	5,376					9,406
<b>Total instalments on long-term non-interest bearing debt</b>	<b>235,509</b>	<b>207,517</b>	<b>160,588</b>	<b>154,308</b>	<b>136,849</b>	<b>437,177</b>	<b>1,331,947</b>
<b>Interest payment profile long-term debt</b>							
Interest on bond loans	36,732	36,732	36,783	36,732	34,049	87,714	268,742
Interest on loans from credit institutions	98,569	88,940	74,799	59,022	47,909	54,384	423,623
Interest on leasing debt to credit institutions	24,102	18,167	11,796	6,958	4,244	5,374	70,641
Interest on lease liabilities to others than credit institutions	48,272	39,600	32,345	26,047	20,224	69,233	235,721
Interest on other long-term interest-bearing debt	66	31	21	11	3		131
<b>Total</b>	<b>207,741</b>	<b>183,469</b>	<b>155,743</b>	<b>128,770</b>	<b>106,429</b>	<b>216,705</b>	<b>998,858</b>

\* The impact from interest swap contracts is included in the amounts.

Other short-term financial liabilities	2021	2020
Overdraft (interest bearing debt)	540,933	540,933
Other short term credits and loans (interest bearing debt)	41,457	41,457
Accrued interests	21,171	21,171
Trade payables	1,690,434	1,690,434
Other short-term liabilities, excl. tax payable and public duties payable	862,929	862,929
<b>Total</b>	<b>3,156,924</b>	<b>0</b>

Grand total	2022	2023	2024	2025	2026	Later	Total
	<b>4,200,034</b>	<b>1,101,524</b>	<b>1,403,324</b>	<b>995,517</b>	<b>1,222,170</b>	<b>3,483,403</b>	<b>12,405,972</b>

The Group's financial liabilities are classified according to payment profile. Classification is based on contractually agreed date of maturity. The financial liability from the interest rate swap defined as cash flow hedge is included in the estimated interest costs on the hedged item.

## NOTE 15 cont. Loans, mortgages and guarantees

All figures in NOK 1,000

Guaranties as of 31.12	2021	2020
<b>Guaranties on behalf of own liabilities</b>		
Guaranties given to suppliers	1,642	1,665
Guaranties given to finance and credit institutions	506,129	506,000
Guaranties given authorities regarding tax deduction from employees	23,984	9,000
Guaranties given to clearing centrals (Råfiskelaget, VPS, Fish Pool)	2,100	2,100
<b>Total</b>	<b>533,855</b>	<b>518,765</b>
<b>Guaranties on behalf of third party liabilities</b>		
Guaranties on behalf of associated companies	7,660	7,660
Guaranties on behalf of other third parties	2,050	1,520
<b>Total</b>	<b>9,710</b>	<b>9,180</b>
<b>Liquidity reserve as of 31.12</b>	<b>2021</b>	<b>2020</b>
Bank deposits	4,203,146	2,966,409
Unutilized drawing facilities	3,581,100	3,459,502
<b>Total</b>	<b>7,784,246</b>	<b>6,425,911</b>

Interest risk related to existing interest-bearing debt	2021	2022	2023	2024	2025	2026	Senere
Interest-bearing debt 01.01	7,500,632	6,318,382	5,607,844	4,520,851	3,808,413	2,829,521	
Instalments on long term interest bearing debt	-599,860	-710,538	-1,086,993	-712,439	-978,892	-2,829,521	
Instalments on short term interest bearing debt	-582,390						
<b>Interest-bearing debt 31.12</b>	<b>7,500,632</b>	<b>6,318,382</b>	<b>5,607,844</b>	<b>4,520,851</b>	<b>3,808,413</b>	<b>2,829,521</b>	<b>0</b>
<b>Interest-bearing debt 31.12 secured with fixed interest as of 31.12</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
NOK 500 mill, until 16.01.2022	497,441	497,703	497,966	498,228	498,491	498,753	499,016
NOK 500 mill, until 16.11.2021	500,000						
NOK 360.9 mill, 15.14.2020 - 15.04.2027	342,188	323,438	304,688	285,938	267,188	248,438	
NOK 360.9 mill, 15.14.2020 - 15.04.2027	342,188	323,438	304,688	285,938	267,188	248,438	
<b>Secured interest-bearing debt</b>	<b>1,681,816</b>	<b>1,144,578</b>	<b>1,107,341</b>	<b>1,070,103</b>	<b>1,032,866</b>	<b>995,628</b>	<b>499,016</b>
Unsecured interest-bearing debt	5,818,816	5,173,804	4,500,504	3,450,748	2,775,547	1,833,893	2,333,435
<b>Total interest-bearing debt</b>	<b>7,500,632</b>	<b>6,318,382</b>	<b>5,607,844</b>	<b>4,520,851</b>	<b>3,808,413</b>	<b>2,829,521</b>	<b>2,832,450</b>
Portion exposed to interest rate changes	78 %	82 %	80 %	76 %	73 %	65 %	82 %

The exposure of the group's borrowings to interest rate changes and the contractual repricing dates	2021	2020
6 months or less	500,000	
6-12 months		500,000
1-5 years		500,000
Over 5 years	1,181,816	721,875
<b>Total</b>	<b>1,681,816</b>	<b>1,721,875</b>

An increase (reduction) in the interest level of 1% would have caused an increase (reduction) in interest costs of NOK 57.4 million for 2022.

### Fair value, borrowing costs

The book value of long-term debt approximates fair value. There are no significant new loan charges that are not amortised over the life of the loan.

### Covenants

The Group's main borrowing conditions ("covenants") are to maintain an equity ratio of at least 25% - 30%. When calculating the equity ratio, the balance sheet value is adjusted for bank deposits and deferred tax associated with licences. There are also some capital adequacy requirements in some of the subsidiaries that are all 30% or

lower. Finally, there are requirements regarding a so-called "borrowing base" in Lerøy Midt AS, Lerøy Vest AS and Sjøtroll Havbruk AS for the short-term overdraft facilities. More specifically, this means that the utilisation of the facility must not exceed a certain level of one or more accounting lines. In this case the relevant accounting lines are inventory, trade receivables and other receivables.

None of the Group companies has entered into a position where they have become in breach of their covenants in 2021.

### Loans secured by mortgages and mortgaged assets

Loans secured by mortgages consists of	2021	2020
Long-term loans from credit institutions, etc.	4,186,882	4,370,880
Other long-term interest-bearing debt	1,182	0
Short-term debt to credit institutions (overdrafts)	540,933	767,619
Other short term interest bearing loans and credits	41,457	47,501
<b>Total liabilities secured by mortgages as of 31.12</b>	<b>4,770,453</b>	<b>5,186,000</b>

Mortgaged assets	2021	2020
Trade and other receivables	1,281,103	1,425,061
Shares in associates (Norskott Havbruk AS)	1,094,884	615,422
Biological assets and other goods	6,774,063	5,359,998
Fixed assets	5,500,143	6,354,994
Licences *	1,366,960	1,190,802
<b>Net book value on mortgaged assets as of 31.12</b>	<b>16,017,153</b>	<b>14,946,276</b>

\* Mortgaged licences concern licences owned by Lerøy Midt AS and Lerøy Vest AS



## NOTE 16 Pensions

All figures in NOK 1,000

All the norwegian companies in the Group satisfy the requirements in the Act relating to mandatory occupational pensions (Norwegian: OTP). The schemes are mainly established as defined contribution pension schemes. Most of the benefit shemes have been replaced with contribution shemes together with a paid-up-policy to the previous members. The remaining net liabilities are calculated based on common

actuarial assumptions. In addition some companies within the group have some small unsecured schemes which are financed by operations. These schemes are considered to be immaterial regarding further disclosure in the notes. Information on the pension cost for the year is also provided in the note on payroll costs.

Defined benefit scheme	2021	2020
Present value of future pension liabilities	5,650	4,503
Fair value of pension funds	-2,257	-1,833
<b>Net pension liabilities</b>	<b>3,393</b>	<b>2,670</b>

Change in capitalised liabilities	2021	2020
Carrying value as of 01.01	2,670	2,689
Costs booked during the year	1,074	244
Pension payments and payments of pension premiums	-351	-263
<b>Carrying value at 31.12. defined benefit scheme</b>	<b>3,393</b>	<b>2,670</b>

Total pension cost through profit or loss	2021	2020
Net pension cost, defined contribution scheme	135,803	103,765
Net pension cost, defined benefit scheme	1,074	244
<b>Total</b>	<b>136,877</b>	<b>104,009</b>

Total pension cost through comprehensive income	2021	2020
Net pension cost (before tax) from benefit plans - comprehensive income		
<b>Total pension cost through comprehensive income</b>	<b>0</b>	<b>0</b>

## NOTE 17 Taxation

All figures in NOK 1,000

Tax cost	2021	2020
Tax payable	555,057	355,789
Change in deferred tax	195,512	-159,116
<b>Total tax cost</b>	<b>750,569</b>	<b>196,674</b>

Expensed tax payable is higher than the Group's carried tax payable at 31 December. This is principally due to the fact that parts of the year's tax payable in foreign companies has been paid in advance at 31 December. In addition to some

additional tax paid during the year related to previous years. Tax on the Group's pre-tax profit deviates from what it would have been if the Group's weighted average tax rate had been applied. The difference is determined as follows:

	2021	2020
<b>Pre-tax profit/loss</b>	<b>3,531,665</b>	<b>986,884</b>
Tax based on tax rates in the various countries	770,631	215,075
22% of net permanent differences etc.	4,960	3,880
22% of share of profit/loss from associate	-26,731	-23,178
Other differences	1,709	897
<b>Tax cost</b>	<b>750,569</b>	<b>196,674</b>
Effective tax rate	21.3 %	19.9 %

Change in book value of deferred tax	2021	2020
Capitalised value 01.01	2,302,260	2,471,598
Business combination	18,800	0
Tax effect through total profit/loss (equity)	17,701	-10,222
Recognised change	195,512	-159,116
<b>Net capitalised value 31.12</b>	<b>2,534,273</b>	<b>2,302,260</b>
Capitalised deferred tax asset *	-40,847	-18,110
Capitalised deferred tax	2,575,120	2,320,370

\* Negative temporary differences that cannot be eliminated against positive temporary differences. Deferred tax asset is presented as a negative amount.

## NOTE 17 Taxation

All figures in NOK 1,000

	Licences and rights	Operating assets and leases	Goods/biological assets	Receivables	Other differences	Sum
<b>Deferred tax liabilities (+)</b>						
01.01.2020	1,111,784	132,043	1,213,737	0	66,015	2,523,579
Recognised in the period	131	1,984	-136,651	0	-9,312	-143,848
<b>31.12.2020</b>	<b>1,111,915</b>	<b>134,027</b>	<b>1,077,086</b>	<b>0</b>	<b>56,703</b>	<b>2,379,731</b>
Business combination (22%)	0	18,012	-1,215	0	1,683	18,480
Recognised in the period	3,332	35,195	207,507	0	4,060	250,094
Currency translation differences	0	0	0	0	320	320
<b>31.12.2021</b>	<b>1,115,247</b>	<b>187,234</b>	<b>1,283,378</b>	<b>0</b>	<b>62,766</b>	<b>2,648,625</b>

	Loss carryforward	Operating assets and leases	Goods/biological assets	Receivables	Other differences	Sum
<b>Deferred tax assets (-)</b>						
01.01.2020	-38,710	-5,132	0	-2,662	-5,477	-51,981
Recognised in the period	-5,136	-3,020	0	-8,392	1,280	-15,268
Deferred tax on records through other comprehensive income	0	0	0	0	-9,373	-9,373
Currency translation differences	0	0	0	0	-849	-849
<b>31.12.2020</b>	<b>-43,846</b>	<b>-8,152</b>	<b>0</b>	<b>-11,054</b>	<b>-14,419</b>	<b>-77,471</b>
Recognised in the period	27,197	-3,040	0	7,335	-86,074	-54,582
Deferred tax on records through other comprehensive income	0	0	0	0	17,701	17,701
<b>31.12.2021</b>	<b>-16,649</b>	<b>-11,192</b>	<b>0</b>	<b>-3,719</b>	<b>-82,792</b>	<b>-114,352</b>

Deferred tax	31.12.2021	31.12.2020
Deferred tax on positive temporary differences 31.12.	2,648,625	2,379,731
Deferred tax on negative temporary differences 31.12.	-114,352	-77,471
<b>Net</b>	<b>2,534,273</b>	<b>2,302,260</b>
Short-term tax positions	1,279,659	1,279,659
Long-term tax positions	1,254,614	1,022,601
<b>Total</b>	<b>2,534,273</b>	<b>2,302,260</b>

## NOTE 18 Other short-term debt

All figures in NOK 1,000

Other short-term debt	2021	2020
Fair value of financial instruments, with due date within a year	577	32,248
Change in value on hedged risk related to binding agreements	17,178	72,302
Onerous contracts (related to fair value adjustment of biological assets)	44,259	32
Accrued wages and holiday pay	398,861	326,638
Accrued interest costs	21,171	17,119
Accrued customer bonus	88,882	74,407
Accrued other expenses	262,726	269,952
Provisions and contingencies	50,306	35,123
Other short term debt (prepayments from customer etc)	140	2,718
<b>Total other short-term debt</b>	<b>884,100</b>	<b>830,540</b>

Accrued other expenses includes freight, claims, treatment expenses on fish in sea, clean up costs for closed sites, bonuses and various other operational and inventory related costs. Accrued freight on products sold is the the largest single item.

Provision for contingencies includes accrued contingent consideration regarding the acquisition of Seafood Danmark A/S, of NOK 49.1 million. See note on business combinations for details.

## NOTE 19

### Earnings per share

All figures in NOK 1,000, with exception of earnings per share

Earnings per share	2021	2020
<b>This year's earnings to LSG shareholders (NOK 1,000)</b>	<b>2,632,371</b>	<b>794,335</b>
Number of issued shares as of 31.12 (in 1,000)	595,774	595,774
Number of treasury shares as of 31.12 (in 1,000)	-298	-298
<b>Number of outstanding shares as of 31.12 (in 1,000)</b>	<b>595,476</b>	<b>595,476</b>
Average number of outstanding shares (in 1,000)	595,476	595,476
Average number of outstanding shares with dilution (in 1,000)	595,476	595,476
<b>Earnings per share</b>	<b>4.42</b>	<b>1.33</b>
Diluted earnings per share	4.42	1.33

#### Earnings per share since the date of listing

Year	After fair value adjustment			Before fair value adjustment *		
	Share of profit for the year to LSG shareholders	Earnings per share	Recommended dividend relative to profit	Share of profit for the year to LSG shareholders *	Earnings per share *	Recommended dividend relative to profit *
2021	2,632,371	4.42	57 %	1,834,661	3.08	81 %
2020	794,335	1.33	150 %	1,467,617	2.46	81 %
2019	1,857,172	3.12	48 %	2,073,426	3.48	43 %
2018	3,437,042	5.77	35 %	2,918,324	4.90	41 %
2017	1,749,494	2.94	51 %	2,919,657	4.90	31 %
2016	3,224,143	5.65	24 %	2,192,909	3.84	35 %
2015	1,179,718	2.16	56 %	1,057,767	1.94	62 %
2014	1,055,916	1.93	62 %	1,312,258	2.40	50 %
2013	1,733,352	3.18	31 %	1,152,700	2.11	47 %
2012	480,797	0.88	79 %	278,958	0.51	137 %
2011	382,705	0.70	100 %	825,625	1.51	46 %
2010	1,419,507	2.62	38 %	1,193,765	2.21	46 %
2009	729,488	1.36	51 %	685,940	1.28	55 %
2008	124,730	0.23	120 %	151,416	0.28	99 %
2007	277,014	0.57	35 %	279,611	0.58	34 %
2006	651,516	1.59	33 %	575,141	1.40	37 %
2005	319,312	0.87	22 %	248,443	0.67	29 %
2004	83,402	0.24	36 %	82,216	0.24	37 %
2003	30,518	0.12	68 %	30,518	0.12	68 %
2002	25,650	0.11	69 %	25,650	0.11	69 %
<b>Sum</b>	<b>22,188,182</b>	<b>39.80</b>	<b>48 %</b>	<b>21,306,602</b>	<b>29.01</b>	<b>50 %</b>

\* The amounts are adjusted with the LSG's shareholders (controlling interests) share of fair value adjustment related to biological assets. The adjustment is after tax. Included in the adjustment is also the Groups' share of such adjustments from associates (after tax). Earnings per share before fair value adjustment is an Alternative Performance Measure. For calculation see note on APM's.

## NOTE 20

### Dividend per share

All figures in NOK 1,000, with exception of earnings per share

#### Distributed dividend in current financial year

Distributed dividend in 2021, based on 2020 profit, was NOK 2.00 per share. This amounts to NOK 1 191 547.

#### Recommended dividend

Based on the 2021 profit, a corresponding dividend of NOK 2.50 per share is recommended for distribution in 2022. This amounts to NOK 1 489 434. A final decision will be made by the general meeting on 23 May 2022.

#### Dividend per aksje since the date of listing

Year	Dividend recommended			Dividend distributed		
	Number of issued shares 31.12 (in 1,000)	Recommended dividend per share	Recommended dividend	Number of shares as basis for distribution (in 1,000)	Dividend distributed per share	Dividend distributed
2021	595,774	2.50	1,489,434	595,774	2.00	1,191,547
2020	595,774	2.00	1,191,547	595,774	1.50	893,661
2019	595,774	1.50	893,661	595,774	2.00	1,191,547
2018	595,774	2.00	1,191,547	595,774	1.50	893,661
2017	595,774	1.50	893,661	595,774	1.30	774,506
2016	595,774	1.30	774,506	545,774	1.20	654,928
2015	545,774	1.20	654,928	545,774	1.20	654,928
2014	545,774	1.20	654,928	545,774	1.00	545,774
2013	545,774	1.00	545,774	545,774	0.70	382,042
2012	545,774	0.70	382,042	545,774	0.70	382,042
2011	545,774	0.70	382,042	545,774	1.00	545,774
2010	545,774	1.00	545,774	535,774	0.70	375,042
2009	535,774	0.70	375,042	535,774	0.28	150,017
2008	535,774	0.28	150,017	535,774	0.18	96,439
2007	535,774	0.18	96,439	535,774	0.40	214,309
2006	427,774	0.50	214,309	427,770	0.18	76,999
2005	393,774	0.18	70,879	378,848	0.08	30,308
2004	344,408	0.09	30,308	344,408	0.06	20,665
2003	344,408	0.06	20,664	294,408	0.06	17,664
2002	294,408	0.06	17,664	194,408	0.06	11,664
<b>Total</b>		<b>18.65</b>	<b>10,575,166</b>		<b>16.10</b>	<b>9,103,515</b>
Recommended dividend to be distributed in 2022:					2.50	1,489,434
<b>Accumulated dividend distributed, plus dividend recommended for distribution in 2022</b>					<b>18.60</b>	<b>10,592,950</b>



## NOTE 21

### Share capital and shareholder information

All figures in NOK 1,000

The share capital consists of	Total number of shares	Nominal value per share	Book value
Share capital 01.01.2021	595,773,680	0,10	59,577,368
<b>Share capital 31.12.2021</b>	<b>595,773,680</b>	<b>0,10</b>	<b>59,577,368</b>

Lerøy Seafood Group ASA had 19,056 shareholders at 31.12.21. The corresponding number at year end 2020 was 15,227. All shares confer the same rights in the company. End of 2021 it was 566 foreign shareholders. The correspondig number

at year end 2020 was 796. End of 2021 foreign shareholders owned 181,781,544 shares in total, representing 30.5% of the total capital. Corresponding numbers at year end 2020 was 144,245,745 shares, representing 24.2% of the total capital.

Overview of the 20 largest shareholders at 31,12	2021		2020	
	No, of shares	Ownership	No, of shares	Ownership
AUSTEVOLL SEAFOOD ASA	313,942,810	52.69 %	313,942,810	52.69 %
FOLKETRYGDFONDET	32,314,492	5.42 %	35,413,842	5.94 %
UBS AG	18,484,295	3.10 %		
State Street Bank and Trust Comp (OM80)	9,010,866	1.51 %	9,498,444	1.59 %
The Bank of New York Mellon SA/NV	7,559,304	1.27 %	6,932,098	1.16 %
PARETO AKSJE NORGE VERDIPAPIRFOND	7,398,809	1.24 %	7,179,409	1.21 %
FERD AS	6,682,048	1.12 %	6,811,248	1.14 %
Banque Degroof Petercam Lux, SA	6,627,179	1.11 %	7,873,207	1.32 %
BNP PARIBAS SECURITIES SERVICES	5,532,810	0.93 %	6,361,787	1.07 %
State Street Bank and Trust Comp (OMNIBUS F, REF:OM06)	5,477,668	0.92 %	6,602,121	1.11 %
JPMorgan Chase Bank, N.A., London (USA)	4,769,577	0.80 %	4,595,280	0.77 %
JPMorgan Chase Bank, N.A., London (UK)	4,437,350	0.74 %	3,644,123	0.61 %
VERDIPAPIRFOND ODIN NORGE	4,263,903	0.72 %	4,263,903	0.72 %
SIX SIS AG	3,939,925	0.66 %	3,531,246	0.59 %
State Street Bank and Trust Comp	3,923,019	0.66 %	3,317,053	0.56 %
DANSKE INVEST NORSKE INSTIT, II,	3,797,761	0.64 %	4,398,211	0.74 %
The Bank of New York Mellon	3,774,621	0.63 %	3,816,291	0.64 %
J,P, Morgan Bank Luxembourg S,A,	3,376,556	0.57 %	3,910,086	0.66 %
CLEARSTREAM BANKING S,A,	3,282,868	0.55 %	3,838,554	0.64 %
VERDIPAPIRFONDET DNB NORGE	3,208,080	0.54 %	3,122,534	0.52 %
VERDIPAPIRFONDET KLP AKSJENORGE IN			3,115,240	0.52 %
<b>Total 20 largest shareholders</b>	<b>451,803,941</b>	<b>75.83 %</b>	<b>442,167,487</b>	<b>74.22 %</b>
Others	143,969,739	24.17 %	153,606,193	25.78 %
<b>Total share capital</b>	<b>595,773,680</b>	<b>100.00 %</b>	<b>595,773,680</b>	<b>100.00 %</b>

#### Shares owned by members of the Board and their related parties

Chairman of the Board Helge Singelstad and Board members Britt Kathrine Drivenes, Arne Møgster and Karoline Møgster have indirect ownership in Lerøy Seafood Group ASA through the parent company Austevoll Seafood ASA. Arne Møgster and Karoline Møgster own their shares through the ultimate parent company Laco AS.

Board member (employees' representative) Hans Petter Vestre owns 1,200 shares in Lerøy Seafood Group ASA at year end, which is the same number as the previous year.

#### Shares owned by the Executive Management and their related parties

Name	Position	2021	2020
Henning Beltestad	CEO	49.200	42.200
Sjur Malm	CFO	15.000	15.000
Bjarne Reinert	EVP Farming	2.800	0
Siren Grønhaug	EVP VAPSD	1.200	1.200
Ivar Wulff	EVP HR	0	0
<b>Total</b>		<b>68.200</b>	<b>58.400</b>

The Executive Vice President VAPSD has indirect ownership in Lerøy Seafood Group ASA through the parent company Austevoll Seafood ASA, where he owns 552 shares.

## NOTE 22

### Payroll costs, number of employees, remuneration, loans to staff, etc.

All figures in NOK 1,000

Payroll costs	2021	2020
Salary	2,693,567	2,428,749
Employer's national insurance contribution	228,712	212,182
Hired personnel	241,863	204,569
Pension costs	136,877	104,009
Other remuneration	67,557	35,934
Other personnel expenses	105,252	86,686
<b>Total</b>	<b>3,473,829</b>	<b>3,072,129</b>

Employees	2021	2020
Number of full-time equivalents	4,591	4,293
Number of employees	5,475	4,912
Number of men employed	3,452	3,120
Number of women employed	2,023	1,792
Percentage of women employed	36.9 %	36.5 %

Remuneration of senior executives in 2020	Salary	Bonus	Pension	Other	Total
CEO	3,292	3,000	172	11	<b>6,475</b>
CFO	2,644	1,964	176	10	<b>4,794</b>
EVP Farming	2,815	1,518	169	136	<b>4,638</b>
EVP Wildcatch *	2,317	2,000	107	11	<b>4,435</b>
EVP VAPSD	1,637	1,000	170	24	<b>2,831</b>
EVP HR	1,455	1,000	173	22	<b>2,650</b>

The Executive vice President Wildcatch, Webjørn Barstad, left the Group 31.11.2020. The position was not continued. Thus, the remuneration for 2020 includes only 11 months of the year.

Remuneration of senior executives in 2021	Salary	Bonus	Pension	Other	Total
CEO	3,564	3,000	174	11	<b>6,749</b>
CFO	2,719	1,785	175	21	<b>4,700</b>
EVP Farming	2,014	209	173	11	<b>2,407</b>
EVP VAPSD	2,198	1,000	172	30	<b>3,400</b>
EVP HR	1,974	1,000	174	30	<b>3,178</b>

New EVP Farming started in the position 01.01.2021.

No remuneration with mandatory reporting is paid to the Chairman of the Board. Lerøy Seafood Group ASA is invoiced for the services of the Chairman, and for consultancy fees from the Group's ultimate parent company, Laco AS, where the Chairman of the Board is an employee. See also on transactions with related parties. Remuneration of other board members totalled NOK 1250 in 2021 (equally distributed). The remuneration in 2020 was NOK 1 245. The number of Board members is also the same as it was previous year.

Remuneration of the nomination committee is increased compared to the previous year, and amounts to NOK 135 in 2021, compared to NOK 105 in 2020. As for the members of the Board, the remuneration per member is equally distributed.

Remuneration of the audit committee is increased compared to the previous year, and amounts to NOK 170 in 2021, compared to NOK 100 in 2020. The remuneration per member is equally distributed.

A description of the main principles for the company's salary policy is included in the guidelines on the determination of salaries and other remuneration to senior executives which is the correct name according to asal § 6-16 a.

#### Mandates granted to the Board of Directors

Mandates are granted to the Board of Directors in accordance with the Public Limited Companies Act (Norway), cf. in particular chapters 8, 9 and 10 of the Act.

The first time the Board was authorised to acquire the company's own shares was at the ordinary general meeting on 12 May 2000. This mandate has been replaced with a new mandate at the ordinary general meeting on 26 May 2021. The mandate remains valid for 18 months from the date on which the resolution was adopted. The Board has authority to acquire up to 50 million shares, each with a face value of NOK 0.1. The lowest price to be paid is NOK 1 per share, and the highest price per share is NOK 100. The mandate has not been exercised in 2021. Renewal of the mandate will be recommended to the general meeting on 23 May 2022.

The Board has authority to increase the share capital by up to NOK 5,000,000 by issuing up to 50,000,000 shares in Lerøy Seafood Group ASA, each with a nominal value of NOK 0.1, through one or more private placings with external investors, employees and some of the company's shareholders. This type of mandate was first established by the ordinary general meeting of 4 May 1999 and subsequently renewed by the ordinary general meeting on 26 May 2021, and is to remain

valid for 24 months from the date on which the resolution was adopted. The mandate was not exercised in 2021. It will be recommended that an equivalent mandate be approved by the ordinary general meeting on 23 May 2022.

The Board's powers to distribute shares has a maximum validity exceeding a year, and are not limited to only certain expressed purposes as recommended in the NUES. This is mainly for operational reasons, but also in order to clearly show that the company is growth oriented and that shares are regarded as an important means of payment. This practice is established to ensure an optimum strategic business development for the company. However the Board has established the practice of having the mandates renewed at each ordinary general meeting.

#### Loans to employees

No loans have been granted to the CEO, Chairman of the Board or other related parties. No single loan or guarantee to employees has been granted for more than 5% of the company's equity.

#### Auditor

The Group auditor is PricewaterhouseCoopers AS. Fees invoiced from the Group auditor also include the law firm PricewaterhouseCoopers AS and other PricewaterhouseCoopers companies abroad. The auditing fee for the Group's auditor specified below is the agreed fee for the audit of the present year. Other fees concern services received during 2021, and have been as follows:

Fees to auditor	2021	2020
Auditing fees Group auditor	8,168	6,683
Auditing fees other auditors	1,942	1,375
Other certification services Group auditor	123	747
Other certification services other auditors	153	160
Tax advice Group auditor	1,298	983
Tax advice other auditors	90	83
Other services Group auditor	2,290	2,169
Other services other auditors	729	
<b>Total</b>	<b>14,793</b>	<b>12,200</b>

Other services paid to group auditor for other services in 2021 consists of, among others, ESG related audits, various legal and technical advice (including technical advice related to transfer pricing documentation), HR related services and other.

## NOTE 23

### Items that are combined in the financial statements

All figures in NOK 1,000

#### Net financial items

Financial revenue	2021	2020
Interest revenue	29,193	25,550
Currency gain*	40,006	
Income from other investments	2,207	3,978
Other financial revenue	1,543	3,264
<b>Total financial revenue</b>	<b>72,950</b>	<b>32,792</b>
Financial costs	2021	2020
Interest costs (specified below)		
Currency loss		27,235
Other financial costs		
Total financial costs	22,205	11,231
<b>Sum finanskostnader</b>	<b>266,874</b>	<b>274,170</b>
<b>Net financial items</b>	<b>-193,924</b>	<b>-241,378</b>

\* Currency gains and losses related to purchases and sales are presented as a part of the accounting line for cost of materials. Net currency gain in 2021 is NOK 75.2 million. In 2020, net gain was NOK 39.9 million.

Other interest costs consist of	2021	2020
Interests on bond loans	9,846	
Interest on long term loans from credit institutions	97,738	108,045
Interest on interest swap agreements	35,660	30,053
Interest on lease liabilities to credit institutions	26,839	30,060
Interest on lease liabilities to others	54,899	47,305
Other interest cost	19,688	20,241
<b>Total</b>	<b>244,669</b>	<b>235,704</b>

## NOTE 24

### Currency translation differences

All figures in NOK 1,000

Assets and liabilities in foreign enterprises are converted to Norwegian krone according to the exchange rate on balance sheet date. Revenues and expenses from foreign enterprises are converted to Norwegian krone according to the average exchange rate. Translation differences are charged to comprehensive income.

In the event of a disposal of a foreign enterprise, the relevant accumulated translation differences allocated to the parent

company's owners are reversed over the income statement. The disposal of a foreign enterprise may take the form either of a whole or partial sale of a subsidiary, joint venture or associate. When selling shares in a subsidiary without losing control, the relative share of the translation difference is transferred to non-controlling interests in the equity statement. For other sale of shares without the loss of joint control or significant influence, the relative share of the accumulated translation difference is reversed over profit or loss.

	LSG shareholders	Non-controlling interests	Total
<b>Accumulated currency translation differences as of 01.01.20</b>	<b>95,526</b>	<b>0</b>	<b>95,526</b>
Translation differences related to subsidiaries	35,088		35,088
Translation differences from associates	9,583		9,583
Conversion differences that are reclassified to profit and loss in the period	-5		-5
Reclassification to (+) / from (-) cash flow hedges reserve	98		98
<b>Accumulated currency translation differences as of 31.12.20</b>	<b>140,290</b>	<b>0</b>	<b>140,290</b>
<b>Accumulated currency translation differences as of 01.01.21</b>	<b>140,290</b>	<b>0</b>	<b>140,290</b>
Translation differences related to subsidiaries	-60,848	423	-60,425
Translation differences from associates	7,591		7,591
Conversion differences that are reclassified to profit and loss in the period	-7,215		-7,215
<b>Accumulated currency translation differences as of 31.12.21</b>	<b>79,818</b>	<b>423</b>	<b>80,241</b>



## NOTE 25 Related parties

All figures in NOK 1,000

Lerøy Seafood Group ASA is a subsidiary of Austevoll Seafood ASA, which in turn is a subsidiary of Laco AS. Laco AS is the ultimate parent company. Transactions and intercompany accounts with other Group companies in the Laco AS corporation, not covered by Lerøy Seafood Group ASA, are classified as transactions and intercompany accounts with related parties. The same applies to associates of the above.

Associates owned by Lerøy Seafood Group, and non-controlling interests in subsidiaries, are also classified as related parties.

In addition, any companies owned by employees, in particular senior executives, are classified as related parties. No transactions of significance between such companies have been identified.

Transactions and intercompany accounts with associates and other identified related parties of Lerøy Seafood Group ASA are as follows:

2020	Ownership	Sales	Purchases	Receivables	Liabilities
<b>Transactions with parent company and its related parties</b>					
Laco AS	«Konsernspiss»		5,565		6,956
Fitjar Mekaniske Verksted AS	Laco AS (100 %)	15	19,342		1,916
Pelagia AS	Austevoll Seafood ASA (50%)	559	519		
Austevoll Seafood ASA	Laco AS (55,55 %)		120		
Hordafor AS	Pelagia AS (50 %)	40,577	17,281	11,416	864
Austevoll Laksepakkeri AS	Austevoll Seafood ASA (100 %)	1,563	179,223	226	20,587
Brødrene Birkeland Farming AS	Austevoll Seafood ASA (51,69 %)				
Kobbevik og Furuholmen Oppdrett AS	Brødrene Birkeland Farming AS (100 %)	134			
<b>Transactions with the Group's own associates and non-controlling interests (NCI) in subsidiaries</b>					
Norskott Havbruk AS	Lerøy Seafood Group ASA (50 %)	51			
Scottish Seafarms	Norskott Havbruk AS (100 %)		113,794		10,750
Seistar Holding AS konsern	Lerøy Seafood Group ASA (50 %)	784	144,024		767
Seafood Danmark AS konsern	Lerøy Seafood Group ASA (33,33 %)	26,866	8,042	5,946	
Sporbarhet AS	Lerøy Seafood Group ASA (27 %)		4,848		
Ocean Forrest AS	Lerøy Seafood Group ASA (50 %)	200	3,000	71	1,500
The Seafood Innovation Cluster	Lerøy Seafood Group ASA (20 %)		780		
Finnmark Kystfiske AS	Havfisk AS (48 %)		0	8,500	
Vestvågøy Kystrederi AS	Lerøy Havfisk AS (49,6%)		0		
Sørøya Isanlegg AS	Lerøy Norway Seafoods AS (44,7 %)	407	1,187	1,200	
Båtsfjord Laboratorium AS	Lerøy Norway Seafoods AS (33,5 %)		886		3
Båtsfjord Bedriftshelsetjeneste AS	Lerøy Norway Seafoods AS (28,2%)		43		
Itub AS	Lerøy Norway Seafoods AS (22,3 %)		8,548		403
Neset Kystfiske AS	Sørvær Kystfiskeinvest AS (34%)		0	560	
Romsdal Processing AS	Lerøy Aurora AS (50 %)		80,926	20	10,408
Kirkenes Processing AS	Lerøy Aurora AS (50 %)		17,210	7,493	3,500
Norway Salmon AS	Lerøy Midt AS (20 %)			2,000	
Dragøy Grossist AS	Lerøy Nord AS (34 %)		2,634		233
Vågen Fiskeriselskap AS	Sirevaag AS (49,9 %)			3,500	
IKE i datterselskaper					284
<b>Total transactions and intercompany accounts with all identified related parties</b>		<b>71,156</b>	<b>607,971</b>	<b>42,664</b>	<b>58,170</b>

NCI means "non controlling interests"

Dividend received from associated companies is specified in the note on associated companies

2021	Ownership	Sales	Purchases	Receivables	Liabilities
<b>Transactions with parent company and its related parties</b>					
Laco AS	"Konsernspiss"	0	5,108	0	0
Fitjar Mekaniske Verksted AS	Laco AS (100 %)	0	23,619	0	378
Pelagia AS	Austevoll Seafood ASA (50%)	0	50	0	0
Austevoll Seafood ASA	Laco AS (55,55 %)	46,051	26,300	2,370	1,033
Hordafor AS	Pelagia AS (50 %)	2,569	169,608	212	18,618
Austevoll Laksepakkeri AS	Austevoll Seafood ASA (100 %)	0	0	0	0
Brødrene Birkeland Farming AS	Austevoll Seafood ASA (51,69 %)	17,195	17,845	21,493	22,258
Kobbevik og Furuholmen Oppdrett AS	Brødrene Birkeland Farming AS (100 %)	0	3,652	0	2,848
<b>Transactions with the Group's own associates and non-controlling interests (NCI) in subsidiaries</b>					
Norskott Havbruk AS	Lerøy Seafood Group ASA (50 %)	52	0	0	0
Scottish Seafarms	Norskott Havbruk AS (100 %)	0	171,227	0	3,605
Seistar Holding AS konsern	Lerøy Seafood Group ASA (50 %)	9	169,205	0	835
Seafood Danmark AS konsern (t.o.m. 31.03.2021)	Lerøy Seafood Group ASA (33,33 %)	2,250	0	0	0
Sporbarhet AS	Lerøy Seafood Group ASA (27 %)	0	4,016	0	0
Ocean Forrest AS	Lerøy Seafood Group ASA (50 %)	70	3,000	1,522	0
The Seafood Innovation Cluster	Lerøy Seafood Group ASA (20 %)	0	726	0	12
Finnmark Kystfiske AS	Havfisk AS (48 %)	0	0	8,500	0
Vestvågøy Kystrederi AS	Lerøy Havfisk AS (49,6%)	0	0	0	0
Båtsfjord Laboratorium AS	Lerøy Norway Seafoods AS (33,5 %)	0	648	0	0
Båtsfjord Bedriftshelsetjeneste AS	Lerøy Norway Seafoods AS (28,2%)	0	16	0	0
Itub AS	Lerøy Norway Seafoods AS (22,3 %)	0	5,939	0	175
Neset Kystfiske AS	Sørvær Kystfiskeinvest AS (34%)	0	0	0	0
Holmen Fiske AS	Sørvær Kystfiskeinvest AS (34 %)	0	0	0	0
Romsdal Processing AS	Lerøy Aurora AS (50 %)	0	80,795	0	10,046
Kirkenes Processing AS	Lerøy Aurora AS (50 %)	0	29,371	7,436	127
Norway Salmon AS	Lerøy Midt AS (20 %)	0	0	2,000	0
Vågen Fiskeriselskap AS	Sirevaag AS (49,9 %)	0	0	4,500	0
<b>Total transactions and intercompany accounts with all identified related parties</b>		<b>68,196</b>	<b>711,134</b>	<b>48,033</b>	<b>59,935</b>

NCI means "non controlling interests"

Dividend received from associated companies is specified in the note on associated companies

The capital in the associated company Norskott Havbruk AS has been increased with NOK 305,5 million. See note on associates in annual financial statements for the group.

Lerøy Seafood Group ASA acquired Lerøy Årskog AS from the ultimate parent company Laco AS for NOK 38,9 million. The transaction was carried out after arm length principle. The transaction is further described in the Group note on acquisitions.

Lerøy Seafood Group (Lerøy Vest AS) leier brønnbåter av rederiet Seistar Holding. Leiekontraktene er behandlet etter IFRS 16, hvor eiekontrakter med varighet utover ett år er aktivert. Bokført verdi på bruksrett-eiendelene per 31.12 utgjør NOK 287,0 millioner. Bokført verdi på leieforpliktelsen utgjør NOK 299,4 millioner. Disse beløpene inngår ikke i tabellen ovenfor. Avdrag og renter på balanseførte leieavtaler med Seistar Holding utgjorde NOK 153,0 millioner, og inngår i varekjøpet i tabellen ovenfor.

## NOTE 26

### Events after balance sheet date

#### War in Ukraine

In February 2022 Russia attacked Ukraine, in an escalation of the ongoing conflict started in 2014. This war has several indirect and direct consequences for the Group. A direct consequence is that the Group's sale to Belarus has stopped, and that sales to Ukraine is not possible. In 2021 the Group's sale to Belarus was NOK 316 million, and to Ukraine NOK 493

million. The Group has no receivables on Belarus companies, and the financial exposure against Ukraine is less than NOK 5 million. The indirect consequences are several. The most important of these is probably price increases on raw materials necessary for the Group's production, including fuel and raw material to feed.

## NOTE 27

### Investigation by the competition authorities

#### Investigation by the competition authorities

On 20 February 2019, the EU's competition authorities ("the Commission") initiated investigations relating to the suspicion of restrictive practices involving collaboration on the salmon market. Lerøy Seafood Group ASA is one of the companies to be investigated. The US Department of Justice (DOJ) initiated investigations of the Norwegian salmon industry in November 2019. In that regard, Lerøy Seafood USA Inc., a tier subsidiary of Lerøy Seafood Group ASA, received a write of summons from the DOJ, with a request for information. It is unclear precisely what the above-mentioned authorities believe has occurred in the way of any illegal collaboration, when this may have occurred and any negative consequences. Lerøy Seafood Group ASA is assisting the authorities by facilitating an efficient execution of the proceedings. Case proceedings for this type of issue normally take up to several years, and it remains too early to say whether the issues may result in sanctions or other negative consequences for the companies involved.

In the wake of the European Commission's ongoing investigations, a number of Norwegian-owned aquaculture companies, including Lerøy Seafood Group companies, have been sued by customers in the USA and Canada. Several competing class actions have been issued, where some of these has been unified. The class actions are in the early stages, and it remains too early to say whether these issues may result in legally binding claims or other negative consequences for the companies involved.

The Group is of the opinion that any claim against Lerøy Seafood Group will be without grounds, and has therefore not made any provisions on the accounts in relation to these proceedings.

# Parent company financial statements

Parent company financial statements consist of

Income statement

Balance sheet

Statement of cash flows

Notes to the parent company financial statements

## Overview of the notes to the parent company financial statements

Note 1	Accounting policies
Note 2	Equity
Note 3	Transactions and balances with subsidiaries and associates
Note 4	Intangibles and fixed assets
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Note 8	Loans, mortgages and guarantees
Note 9	Interest rate swaps
Note 10	Taxation
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Note 12	Items that are combined in the financial statements
Note 13	Related parties

# Income statement

All figures in NOK 1,000 (period 01.01 - 31.12)

LERØY SEAFOOD GROUP ASA	Notes	2021	2020
<b>Operating revenue and costs</b>			
<b>Operating revenue</b>	<b>1</b>	<b>145,078</b>	<b>128,161</b>
Wages and other personnel costs	11	134,909	88,047
Other operating costs	4/11	224,540	155,825
Depreciation	4	2,080	1,889
<b>Total operating costs</b>		<b>361,529</b>	<b>245,761</b>
<b>Operating profit</b>		<b>-216,451</b>	<b>-117,600</b>
<b>Financial revenue and costs</b>			
Income from investments in subsidiaries	3	2,083,575	936,826
Income from investments in associates	3	13,514	26,950
Income from investments in other shares	3	1,570	3,695
Change in fair value of financial instruments at fair value	9	28,716	1,299
Impairment loss on financial assets	5	-134,850	-160,617
Other financial items, net	12	-17,190	5,312
<b>Profit before tax</b>		<b>1,758,884</b>	<b>695,865</b>
Total tax cost (-)	10	-334,330	-127,298
<b>The year's profit</b>		<b>1,424,554</b>	<b>568,567</b>
<b>Information regarding</b>			
Transferred to (+) / from (-) other equity	2	-64,880	-622,981
Allocated to dividend	2	1,489,434	1,191,547



## Balance sheet

All figures in NOK 1,000

LERØY SEAFOOD GROUP ASA	Notes	2021	2020
<b>NON-CURRENT ASSETS</b>			
<b>Intangibles</b>			
Licences	4	54,803	54,803
<b>Total intangibles</b>		<b>54,803</b>	<b>54,803</b>
<b>Fixed assets</b>			
Buildings and real estate	4	1,562	1,562
Other fixtures	4	13,368	14,286
<b>Total fixed assets</b>		<b>14,930</b>	<b>15,848</b>
<b>Financial assets</b>			
Shares in subsidiaries	5	8,054,896	7,747,848
Shares in associates	6	555,455	327,125
Shares and investments in other companies	6	12,086	12,086
Loans to subsidiaries	3	134,522	91,020
Other long-term receivables	7	11,103	10,255
<b>Total non-current financial assets</b>		<b>8,768,063</b>	<b>8,188,334</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,837,796</b>	<b>8,258,985</b>
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Receivables from Group companies	3	2,329,200	1,824,024
Other receivables	7	19,891	22,397
<b>Total receivables</b>		<b>2,349,091</b>	<b>1,846,421</b>
<b>Cash and cash equivalents</b>		<b>2,618,029</b>	<b>1,971,930</b>
<b>TOTAL CURRENT ASSETS</b>		<b>4,967,120</b>	<b>3,818,351</b>
<b>TOTAL ASSETS</b>		<b>13,804,915</b>	<b>12,077,336</b>

LERØY SEAFOOD GROUP ASA	Notes	2021	2020
<b>Equity</b>			
Share capital	2	59,577	59,577
Treasury shares	2	-30	-30
Share premium reserve	2	4,778,346	4,778,346
Other paid in capital	2	104,572	104,572
<b>Total paid in capital</b>		<b>4,942,466</b>	<b>4,942,466</b>
Other equity	2	5,282,611	5,346,896
<b>Total retained earnings</b>		<b>5,282,611</b>	<b>5,346,896</b>
<b>TOTAL EQUITY</b>		<b>10,225,077</b>	<b>10,289,363</b>
<b>Long-term liabilities</b>			
Deferred tax asset	10	11,867	5,176
Other long-term liabilities	9	0	29,293
<b>Total long-term liabilities</b>		<b>11,867</b>	<b>34,470</b>
<b>Long-term debt</b>			
Bond loans	8	1,492,431	0
Mortgage debt	8	0	189,095
<b>Total long-term debt</b>		<b>1,492,431</b>	<b>189,095</b>
<b>Short-term debt</b>			
Trade payables		41,116	25,039
Taxes payable	10	293,094	77,424
Public duties payable		2,580	5,275
Allocated to dividend	2	1,489,434	1,191,547
Short-term Group debt	3	154,232	242,022
Other short-term debt	8	95,084	23,102
<b>Total short-term debt</b>		<b>2,075,540</b>	<b>1,564,409</b>
<b>TOTAL DEBT</b>		<b>3,579,838</b>	<b>1,787,974</b>
<b>TOTAL EQUITY AND DEBT</b>		<b>13,804,915</b>	<b>12,077,336</b>

Bergen, 22 April 2022

The Board of Directors of Lerøy Seafood Group ASA



Helge Singelstad  
Chairman



Karoline Møgster  
Board member



Arne Møgster  
Board member



Didrik Munch  
Board member



Britt Kathrine Drivenes  
Board member



Siri Lill Mannes  
Board member



Hans Petter Vestre  
Employees' representative



Henning Beltestad  
CEO  
Lerøy Seafood Group ASA

# Statement of cash flows

All figures in NOK 1,000 (period 01.01 - 31.12)

LERØY SEAFOOD GROUP ASA	2021	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Pre-tax result	1,758,884	695,865
Taxes paid during the period	-78,399	-305,004
Depreciation	2,080	1,889
Write-down of financial assets	134,850	160,617
Change in trade receivables	7,585	-11,497
Change in trade payables	16,077	-6,993
Effect from currency rate changes	-5,039	12,479
Items classified as investing activities	-2,097,089	-1,009,726
Change in financial instruments recognised at fair value	-28,716	-1,298
Other items classified as financing activities	11,226	-11,288
Change in other accruals	17,049	70,853
<b>Net cash flow from operating activities</b>	<b>-261,492</b>	<b>-404,104</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for acquisitions of fixed assets and intangibles	-1,162	-14,664
Payments for acquisitions of Group companies and associates	-502,089	-25,000
Payments for purchase of other shares	0	-2,049
Proceeds from previous year's accrual of group contributions and dividends from subsidiaries	1,050,411	1,469,682
Payment for previous year's accrual of group contribution to subsidiaries	-6,863	-5,412
Proceeds from dividends received during the year from associates	13,514	26,950
Proceeds/payments for short-term intragroup receivables (loans)	288,446	-245,632
Proceeds/payments for long-term intragroup receivables (loans)	-43,502	61,000
Proceeds/payments for other long-term receivables (loans)	0	-10,255
<b>Net cash flow from investing activities</b>	<b>798,754</b>	<b>1,254,620</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/payments for short-term credits	-53	0
Proceeds from establishing new long-term debt	1,500,000	0
Instalments paid on long-term liabilities	-184,056	-71,728
Net interest paid and financial expenses	-16,103	13,394
Payment of dividends	-1,191,547	-893,661
Proceeds from dividends on treasury shares	596	447
<b>Net cash flow from financing activities</b>	<b>108,836</b>	<b>-951,548</b>
<b>Net cash flow for the accounting period</b>	<b>646,099</b>	<b>-101,032</b>
Cash and cash equivalents at the start of the period	1,971,930	2,072,963
<b>Cash and cash equivalents at the end of the period</b>	<b>2,618,029</b>	<b>1,971,930</b>
<b>Consists of</b>		
Bank deposits etc.	2,618,029	1,971,930
Of which restricted funds	4,709	2,899
<b>In addition Lerøy Seafood Group ASA has the following cash capacity:</b>		
Unutilised overdraft/drawdown facilities	850,000	950,000
<b>Additional information</b>	<b>2021</b>	<b>2020</b>
<i>Net cash flow from operating activities can also be summarised as follows</i>		
Operating profit	-216,451	-117,600
Depreciation	2,080	1,889
Taxes paid during the period	-78,399	-305,004
Change in capital employed	31,278	16,611
<b>Net cash flow from operating activities</b>	<b>-261,492</b>	<b>-404,104</b>

## NOTE 1 Accounting policies

### (A) COMMENTS ON ACCOUNTING POLICIES

The financial statements have been prepared according to the regulations of the Accounting Act of 1998 and good accounting practice. All figures in the notes to the accounts are in NOK 1,000.

### (B) SALES REVENUE

Revenue is booked when earned. Sales of goods and services are therefore normally booked at the time of delivery. The operating revenues derives from fees from shared services delivered to group companies.

### (C) CLASSIFICATION AND ASSESSMENT OF BALANCE SHEET ITEMS

Current assets and short-term debt comprise normal items due for payment within one year after balance sheet date, and items related to the circulation of goods. Other items are classified as fixed assets/long-term debt.

Current assets are valued at the lowest of acquisition cost and fair value. Short-term debt is carried at nominal amount at the time it is established.

Fixed assets are valued at acquisition cost, but are written down to fair value when the fall in value is not expected to be temporary. Long-term debt is carried at nominal amount at the time it is established.

### (D) RECEIVABLES

Trade receivables and other receivables are carried on the balance sheet at nominal amount after deduction of provision for bad debts. Provision for bad debts is made according to individual assessments of the individual receivables.

### (E) SHORT-TERM INVESTMENTS

Short-term investments (shares and units classified as current assets) are valued at the lower of average acquisition cost and fair value on the balance sheet date. Dividends and other distributions received from the companies are booked as Other financial revenues.

### (F) LONG-TERM INVESTMENTS

Long-term investments (shares and units classified as fixed assets) are booked in the balance sheet at acquisition cost. The investments are written down to fair value if a decline in value is not considered to be temporary. Dividends and other distributions received from the companies are booked as Other financial revenues.

### (G) SUBSIDIARIES AND ASSOCIATES

Subsidiaries are companies in which the Group holds an controlling interest. This is the case for companies in which the Group holds an interest above 50%. In the company financial statements, the subsidiaries are valued according to the cost method.

Associates are companies in which the Group holds an interest of 20-50%, and where the investment is long-term and strategic. In the company financial statements, the associate are valued according to the cost method.

### (H) FIXED ASSETS

Fixed assets are booked in the financial statements at acquisition cost less accumulated depreciation. This depreciation is distributed linearly over assumed economic life. Similar policies apply to intangible assets.

### (I) TAX

Tax payable in the income statement includes both the tax payable during the period and changes in deferred tax. Deferred tax is calculated at a rate of 22% on the basis of the provisional differences that exist between accounting and taxable values, as well as the assessed deficit to be carried forward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences, which reverse or may reverse the figures in the same period, have been offset and booked at net value.

### (J) INTEREST RATE SWAPS (DERIVATIVES))

Hedge accounting has not been applied on the interest rate swaps in Lerøy Seafood Group ASA. The interest rate swaps are measured at fair value, and the change in value is recognised in the profit and loss statement as a financial item.

### (K) CURRENCY

The financial statements are presented in NOK, the functional currency for the company. Cash items in foreign currency are valued at the respective rates of exchange at the end of the financial year. See also item (V) in the consolidated accounts on derivatives, including currency forward contracts utilised to control currency risk.

## NOTE 2 Equity

All figures in NOK 1,000

2020	Share capital	Treasury shares	Share premium reserve	Other paid in capital	Other equity	Total equity
Equity as of 01.01.2020	59,577	-30	4,778,346	104,572	5,969,432	10,911,897
The year's result to equity					568,567	568,567
Dividend received on treasury shares					447	447
Group contribution given to subsidiaries					-162,737	-162,737
Change in value of shares in subsidiaries due to Group contribution					162,737	162,737
Provision for dividend (kr 2.00 per share)					-1,191,547	-1,191,547
<b>Equity as of 31.12.20</b>	<b>59,577</b>	<b>-30</b>	<b>4,778,346</b>	<b>104,572</b>	<b>5,346,897</b>	<b>10,289,362</b>

2021	Share capital	Treasury shares	Share premium reserve	Other paid in capital	Other equity	Total equity
Equity as of 01.01.2021	59,577	-30	4,778,346	104,572	5,346,897	10,289,362
The year's result to equity					1,424,554	1,424,554
Dividend received on treasury shares					596	596
Group contribution given to subsidiaries					-119,022	-119,022
Change in value of shares in subsidiaries due to Group contribution					119,022	119,022
Provision for dividend (kr 2.50 per share)					-1,489,434	-1,489,434
<b>Equity as of 31.12.21</b>	<b>59,577</b>	<b>-30</b>	<b>4,778,346</b>	<b>104,572</b>	<b>5,282,612</b>	<b>10,225,077</b>

Share capital	Total number of shares	Nominal value per share	Book value
Ordinary shares	595,773,680	0,10	59,577,368
<b>Total</b>	<b>595,773,680</b>		<b>59,577,368</b>

### Dividend

The Board of Directors will propose that the Annual General Meeting adopts a dividend payment of NOK 2.50 per share.

### Number of shareholders

Lerøy Seafood Group ASA had 19,056 shareholders as per 31.12.21. All shares confer the same rights in the company. An overview of share capital and the 20 largest shareholders are shown in the note on shareholders for the Group.

### Treasury shares

Lerøy Seafood Group ASA owns 297,760 treasury shares of a total number of 595,773,680 shares. The ratio of treasury shares is 0.05%. The purchase price paid for treasury shares is split into two different categories, where nominal value of treasury shares is included in "paid in capital" (- NOK 30,000), and the purchase price exceeding nominal value of treasury shares (- NOK 2,389,000) is included in "other equity". The average purchase price of own shares is NOK 8,12 per share.

## NOTE 3 Transactions and balances with subsidiaries and associates

All figures in NOK 1,000

Income from investments in subsidiaries	2021	2020
Intragroup contributions received from subsidiaries	1,717,360	684,196
Dividend received from subsidiaries	366,215	252,630
<b>Total income from investments in subsidiaries</b>	<b>2,083,575</b>	<b>936,826</b>

Intragroup contributions received from subsidiaries	2021	2020
Lerøy Midt AS	861,495	273,560
Lerøy Seafood AS	445,000	400,000
Lerøy Aurora AS	400,000	0
Laks- & Vildtcentralen AS	10,865	10,636
<b>Total intragroup contributions received from subsidiaries</b>	<b>1,717,360</b>	<b>684,196</b>

Dividend received from subsidiaries	2021	2020
Lerøy Havfisk AS	350,000	200,000
Lerøy Seafood Holding B.V.	8,283	11,210
Sjøtroll Havbruk AS	7,484	24,438
Norsk Oppdrettsservice AS	448	4,982
Laks- & Vildtcentralen AS	0	12,000
<b>Total dividend received from subsidiaries</b>	<b>366,215</b>	<b>252,630</b>

Income from investments in associates	2021	2020
Dividend received from Seafood Danmark A/S	13,514	23,950
Dividend received from Seistar Holding AS	0	3,000
<b>Total income from investments in associates</b>	<b>13,514</b>	<b>26,950</b>

Long-term loans to subsidiaries	2021	2020
Lerøy Seafood Italy SLR	81,833	60,433
Lerøy Turkey	17,094	4,923
Lerøy Alfheim AS	15,198	17,604
Lerøy Årskog AS	14,233	0
Sjømathuset AS	6,164	8,060
<b>Total long-term loans to subsidiaries</b>	<b>134,522</b>	<b>91,020</b>

Short-term receivables from subsidiaries	2021	2020
Intragroup contributions received from subsidiaries	1,717,360	684,196
Other short-term receivables from subsidiaries	611,840	1,139,828
<b>Total short-term receivables from subsidiaries</b>	<b>2,329,200</b>	<b>1,824,024</b>

### Intragroup contributions received from subsidiaries

For specification see table above in this note under headline Income from investments in subsidiaries.



## NOTE 3 cont.

### Transactions and balances with subsidiaries and associates

All figures in NOK 1,000

Other short-term receivables from subsidiaries	2021	2020
Lerøy Aurora AS	284,625	618,245
Lerøy Vest AS	105,277	192,335
Lerøy Norway Seafoods AS	101,607	248,446
Lerøy Sverige AB	47,347	48,797
Lerøy Årskog AS	45,254	0
Lerøy Fossen AS	17,847	17,142
Lerøy Midt AS	9,525	10,719
Lerøy Nord AS	306	306
Norsk Oppdrettsservice AS	33	0
Lerøy Delico AS	13	66
Lerøy Havfisk AS	6	0
Sjøtroll Havbruk AS	0	1,545
Lerøy Seafood Italy SLR	0	850
Laks- & Vildtcentralen AS	0	625
Sjømathuset AS	0	319
Lerøy Alfheim AS	0	253
Lerøy Trondheim AS	0	83
Lerøy Seafood USA Inc	0	53
Lerøy Sjømatgruppen AS	0	47
<b>Total other short-term receivables from subsidiaries</b>	<b>611,840</b>	<b>1,139,828</b>

Short-term debt to Group companies	2021	2020
Intragroup contributions distributed	152,592	208,637
Other short-term debt to Group companies	1,640	33,385
<b>Total short-term debt to Group companies</b>	<b>154,232</b>	<b>242,022</b>

Intragroup contributions distributed	2021	2020
Lerøy Norway Seafoods AS	118,474	199,656
Lerøy Fossen AS	13,868	2,118
Lerøy Finland OY	10,410	0
Lerøy Alfheim AS	7,683	6,200
Lerøy Trondheim AS	1,355	0
Lerøy Ocean Harvest AS	802	590
Lerøy & Strudshavn AS	0	37
Lerøy Quality Group AS	0	36
<b>Total</b>	<b>152,592</b>	<b>208,637</b>

Other short-term debt to Group companies	2021	2020
Lerøy Sverige AB	820	0
Lerøy Seafood AS	467	32,945
Lerøy Aurora AS (konsern)	124	124
Lerøy Alfheim AS	96	28
Sjømathuset AS	73	25
Lerøy Delico AS	49	0
Lerøy Midt AS	6	0
Lerøy Trondheim AS	4	0
Laks- & Vildtcentralen AS	2	0
Lerøy Vest AS	0	173
Sjøtroll Havbruk AS	0	89
<b>Total other short-term debt to Group companies</b>	<b>1,640</b>	<b>33,385</b>

## NOTE 4

### Intangibles, fixed assets and leases

All figures in NOK 1,000

#### Intangible assets

	Development licences
Capitalised expenses 2017	6,150
Capitalised expenses 2018	18,801
Capitalised expenses 2019	15,753
Capitalised expenses 2020	14,099
Capitalised expenses 2021	0
<b>Carrying value at 31.12</b>	<b>54,803</b>

The intangible assets consists of capitalized expenses related to development-licences based on the concept "Pipefarm". The project, and Lerøy Seafood Group ASA, has been awarded with a volume of 1350 MTB. The company is still in the process of deciding on whether the awarded volume should be accepted or not, and the project should be developed further. The development-licences have a definite life time of 5 years from date of acceptance, but on expiry date it will be subjected to renewal and tranformation to an ordinary

grow-out licence on request, for a fee amounting to NOK 10 million per licence equivalent (780 MTB). Depreciation will start after the award process is completed.

Due to the fact that the project is still not completed, the management has decided to expense further project costs until the project is finally completed. In 2021 it has been expensed NOK 4.7 million, related to the project.

#### Fixed assets

2020	Financial leases	Buildings (apartment)	Other fixtures	Total
Acquisition cost per 01.01	0	1,562	16,947	<b>18,509</b>
Additions	121	0	498	<b>619</b>
Disposals	0	0	0	<b>0</b>
<b>Acquisition cost per 31.12</b>	<b>121</b>	<b>1,562</b>	<b>17,445</b>	<b>19,128</b>
Accumulated depreciations 01.01	0	0	1,390	<b>1,390</b>
The year's depreciation	69	0	1,820	<b>1,889</b>
Disposal of accumulated depreciations	0	0	0	<b>0</b>
<b>Accumulated depreciations 31.12</b>	<b>69</b>	<b>0</b>	<b>3,210</b>	<b>3,279</b>
<b>Carrying value at 31.12</b>	<b>52</b>	<b>1,562</b>	<b>14,234</b>	<b>15,848</b>
Economic life time	2 years	Indefinite	3-5 years	
Depreciation plan	Linear	n/a	Lienar	

2021	Financial leases	Buildings (apartment)	Other fixtures	Total
Acquisition cost per 01.01	121	1,562	17,445	<b>19,128</b>
Additions	0	0	1,162	<b>1,162</b>
Disposals	0	0	0	<b>0</b>
<b>Acquisition cost per 31.12</b>	<b>121</b>	<b>1,562</b>	<b>18,607</b>	<b>20,290</b>
Accumulated depreciations 01.01	69	0	3,210	<b>3,279</b>
The year's depreciation	52	0	2,028	<b>2,080</b>
Disposal of accumulated depreciations	0	0	0	<b>0</b>
<b>Accumulated depreciations 31.12</b>	<b>121</b>	<b>0</b>	<b>5,238</b>	<b>5,359</b>
<b>Carrying value at 31.12</b>	<b>0</b>	<b>1,562</b>	<b>13,368</b>	<b>14,930</b>
Economic life time	2 years	Indefinite	3-5 years	
Depreciation plan	Linear	n/a	Lienar	

#### Leases

##### Leases recognised in the balance sheet

Leases wiht credit institutions are regarded as financial leases. Financial leases are recognised in the balance sheet, and depreciated over the lease period period. Financial leases are included in the fixed assets, and in other long term liabilities. At year end, the financial lease has expired.

##### Leases not recognised int the balance sheet

Leases wiht other than credit institutions are regarded as operational leases. Operational leases are expensed as over the lease period as rent. Head quarter office is rented externally from GC Rieber AS. The rental agreement is for 10 years, beginning December 2018, with an option for additional 10 years. Annual expensed rent amounts to NOK 12 million.

## NOTE 5

### Shares in subsidiaries

All figures in NOK 1,000

#### Changes in subsidiaries and ownership during the period:

Subsidiary	Country	Place of business	Acquisition year	Ownership / voting share 01.01	Additions (+)	Disposals (-)	Ownership / voting share 31.12
Lerøy Årskog AS	Norway	Fitjar	2021	0.0 %	100.0 %		100.0 %
Seafood Danmark A/S	Denmark	Hjørring	2021 *	0.0 %	77.6 %		77.6 %
Lerøy Seafood Italy SRL	Italy	Porto Viro	2019	100.0 %			100.0 %
Lerøy Ocean Harvest AS	Norway	Bergen	2018	100.0 %			100.0 %
Laks- & Vildtcentralen AS	Norway	Oslo	2018	100.0 %			100.0 %
Lerøy Havfisk AS	Norway	Ålesund	2016	100.0 %			100.0 %
Lerøy Norway Seafoods AS	Norway	Oslo	2016	100.0 %			100.0 %
Lerøy Turkey	Turkey	Istanbul	2015	100.0 %			100.0 %
Preline Fishfarming Sys. AS	Norway	Skien	2015	95.9 %			95.9 %
Lerøy Nord AS	Norway	Tromsø	2015	51.0 %			51.0 %
Norsk Oppdrettservice AS	Norway	Flekkefjord	2015	51.0 %			51.0 %
Lerøy Processing Spain SL	Spain	Madrid	2012	100.0 %			100.0 %
Rode Beheer B.V.	Netherlands	Urk	2012	100.0 %			100.0 %
Lerøy Finland OY	Finland	Turku	2011	100.0 %			100.0 %
Sjøtroll Havbruk AS	Norway	Austevoll	2010	50.7 %			50.7 %
Lerøy Vest AS	Norway	Bergen	2007	100.0 %			100.0 %
Lerøy Fossen AS	Norway	Bergen	2006	100.0 %			100.0 %
Sjømathuset AS	Norway	Oslo	2006	100.0 %			100.0 %
Lerøy Delico AS	Norway	Stavanger	2006	100.0 %			100.0 %
Lerøy Trondheim AS	Norway	Trondheim	2006	100.0 %			100.0 %
Lerøy Alfheim AS	Norway	Bergen	2005	100.0 %			100.0 %
Lerøy Portugal Lda	Portugal	Lisboa	2005	100.0 %			100.0 %
Lerøy Aurora AS	Norway	Tromsø	2005	100.0 %			100.0 %
Lerøy Midt AS	Norway	Hitra	2003	100.0 %			100.0 %
Lerøy Sverige AB	Sweden	Göteborg	2001	100.0 %			100.0 %
Lerøy Seafood AS	Norway	Bergen	1939 **	100.0 %			100.0 %
Lerøy & Strudshavn AS	Norway	Bergen	1927 **	100.0 %			100.0 %

\* This company was previously an associated company. Previous ownership, as associated company, was 33,3%.

\*\* The date for establishment. The companies were a part of the "old Lerøy-group" before LSG ASA was established in 1995

#### Change in book value of shares in subsidiaries

Subsidiary	Net book value in LSG ASA 01.01	Consideration paid for the new shares	Accrued contingent consideration	Historic purchase price on previous share holding	Increase in value from Group contributions	Impairment loss (-) / reversal of impairment loss (+)	Net book value in LSG ASA 31.12
Lerøy Havfisk AS	3,090,920						3,090,920
Lerøy Årskog AS	0	38,868				-96	38,772
Seafood Danmark A/S	0	157,722	49,117	77,170			284,009
Lerøy Vest AS	1,370,882						1,370,882
Lerøy Midt AS	1,135,230						1,135,230
Sjøtroll Havbruk AS	540,000						540,000
Lerøy Aurora AS	391,303						391,303
Rode Beheer B.V.	319,707						319,707
Lerøy Norway Seafoods AS	262,721				92,410	-81,705	273,426
Laks- & Vildtcentralen AS	115,000						115,000
Lerøy Sverige AB	80,349						80,349
Lerøy Fossen AS	73,071				10,817	-13,505	70,383
Lerøy Seafood AS	58,044				0		58,044
Lerøy Turkey	45,653					-17,286	28,367
Norsk Oppdrettservice AS	25,000						25,000
Lerøy Delico AS	22,070						22,070
Lerøy Finland OY	21,123				8,120	-1,042	28,201
Lerøy Processing Spain SL	124,548					-12,419	112,129
Lerøy Trondheim AS	20,011				1,057	-1,903	19,165
Preline Fishfarming Sys. AS	16,822					-674	16,148
Sjømathuset AS	13,925						13,925
Lerøy Alfheim AS	12,912				5,993	-5,429	13,476
Lerøy Portugal Lda	1						1
Lerøy Ocean Harvest AS	5,358				625	-765	5,219
Lerøy Nord AS	3,046						3,046
Lerøy & Strudshavn AS	153					-26	127
Lerøy Seafood Italy SRL	1						1
<b>Total</b>	<b>7,747,848</b>	<b>196,589</b>	<b>49,117</b>	<b>77,170</b>	<b>119,021</b>	<b>-134,850</b>	<b>8,054,896</b>

Shares in subsidiaries are valued based on the cost method. As a consequence subsidiaries with weak performance, receiving group contributions or increased equity, will obtain a higher net book value. Over time this may result in net book values (before impairments) higher than it would have

been by adapting the equity method. Due to this, all shares in subsidiaries that had a higher value (based on the cost method) compared with the equity method, have been impaired. The impairment will be reversed in a later period when the reason for the impairment is no longer present.



## NOTE 6

### Shares in associates and other shares

All figures in NOK 1,000

Associates	Place of business	Ownership / voting share 01.01	Ownership / voting share 31.12	Net book value 01.01	Additions (+)	Disposals (-)	Net book value 31.12
Norskott Havbruk AS	Bergen, Norway	50 %	50 %	163,273	305,500		468,773
Seistar Holding AS	Austevoll, Norway	50 %	50 %	86,500			86,500
Seafood Danmark A/S	Hirtshals, Denmark	33.33 %	33.33 %	77,170		-77,170	0
Sporbarhet AS	Trondheim, Norway	22 %	27 %	135			135
Ocean Forest AS	Bergen, Norway	50 %	50 %	30			30
The Seafood Innovation Cluster AS	Bergen, Norway	20 %	20 %	16			16
<b>Total</b>				<b>327,125</b>	<b>305,500</b>	<b>-77,170</b>	<b>555,454</b>

The Group increased its ownership in Seafood Danmark A/S from 33.3 % to 77.6 % the 1st of April 2021. Thus the shares has not been sold, but reclassified to subsidiaries.

For further information about associates and value according to equity method, see note on associates in the consolidated financial statements.

Other shares and investments	Net book value 01,01	Additions (+)	Disposals (-)	Net book value 31,12
DNB Private Equity	7,049	0	0	7,049
Folgefonn Invest AS	5,000	0	0	5,000
Various minor shareholdings	37	0	0	37
<b>Total</b>	<b>12,086</b>	<b>0</b>	<b>0</b>	<b>12,086</b>

Lerøy Seafood Group ASA has committed a total of NOK10 million related to the investment in DnB Private Equity.

## NOTE 7

### Other receivables

All figures in NOK 1,000

Other long-term receivables	2021	2020
<b>Consists of</b>		
Loans to employees	2,600	1,752
Other long-term receivables	8,503	8,503
<b>Total</b>	<b>11,103</b>	<b>10,255</b>

Other long-term receivables consists of a deposit account for leased office building.

Other receivables (short term)	2021	2020
<b>Consists of</b>		
Loans to employees	9	0
Loans to others	19,882	19,882
Other short-term receivables	0	2,515
<b>Total</b>	<b>19,891</b>	<b>22,397</b>

Loans to others includes a loan to the company Infront-X Solutions AS, amounting to NOK 19,715. The loan, which originally should have been settled, has been extended with one year. The debtor is a R&D company within programming, which currently is developing a software that Lerøy Seafood Group finds interesting. Lerøy Seafood Group consider the company to be well positioned for future profits. The value of the loan is considered to be existent. The loan is convertible, and can fully or partly be converted to shares at a later stage. After year end Infront-X Solutions AS has changed its name to Fiizk Digital Solutions AS. The company has also, after year end, announced that they will merge with another company.

## NOTE 8

### Loans, mortgages and guarantees

All figures in NOK 1,000

Long term loans	2021	2020
<b>Long-term interest-bearing debt</b>		
Bond loans	1,492,431	0
Loans from credit institutions	0	189,095
Leasing debt to credit institutions	0	53
<b>Total interest-bearing debt at 31.12</b>	<b>1,492,431</b>	<b>189,148</b>
Bank deposits	2,618,028	1,971,929
<b>Net interest-bearing debt at 31.12</b>	<b>-1,125,597</b>	<b>-1,782,781</b>
<b>Repayment profile interest-bearing debt</b>		
2021	0	31,569
2022	0	31,516
2023	0	31,516
2024	0	31,516
2025	0	31,516
2026	497,506	31,516
Later	994,925	0
<b>Total</b>	<b>1,492,431</b>	<b>189,148</b>

Loan from credit institution was fully settled in 2021. This was earlier settlement than scheduled.

#### Bond loans

The Group established 3 bond loans, each amounting to NOK 500 million, in the bond market the 17th of September 2021. The bonds are so called green bonds. This implies that the group have established a green financing framework which covers how the proceeds from the bond loans can be used. The framework is published on the Group's homepage on internet. At year end the Group has qualifying green investments that are significantly higher than the proceeds from the loan. Thus, the Group has already fulfilled its obligations concerning type of investments.

All three bond loans have no installments during the duration of the loan. The loans have a duration of 5, 6 and 10 years. The loans with duration of 5 and 6 years have floating interest rate, with 4 terms each year. The loan with a duration of 10 years, has a fixed interest rate, with one annual term. The bond loans are measured at amortized cost. The bond loans are unsecured.

Specification	Value at drawing date		
	Nominal value	Drawing costs	Net book value
Bond loan 1, NOK 500 mill, duration 5 years, floating interest	500,000	-2,625	497,375
Bond loan 2, NOK 500 mill, duration 6 years, floating interest	500,000	-2,625	497,375
Bond loan 3, NOK 500 mill, duration 10 years, fixed interest rate 3.35%	500,000	-2,625	497,375
<b>Total</b>	<b>1,500,000</b>	<b>-7,875</b>	<b>1,492,125</b>

Specification	Value as of 31.12.2021		
	Nominal value	Unamortized drawing costs	Net book value
Bond loan 1, NOK 500 mill, duration 5 years, floating interest	500,000	-2,494	497,506
Bond loan 2, NOK 500 mill, duration 6 years, floating interest	500,000	-2,516	497,484
Bond loan 3, NOK 500 mill, duration 10 years, fixed interest rate 3.35%	500,000	-2,559	497,441
<b>Total</b>	<b>1,500,000</b>	<b>-7,569</b>	<b>1,492,431</b>

Interests expensed, including amortizing effect	2021	2020
Interests paid	3,981	0
Interests accrued	5,558	0
Amortizing effect	306	0
<b>Total</b>	<b>9,846</b>	<b>0</b>

#### Loans from credit institutions

The loan from credit institution was fully settled in 2021, before mature date, in connection with the new bond loans.

At year end these loans were the only loans in the in the parent company. These loans are unsecured, and they have a financial covenant were the issuer shall ensure that the Group, on a consolidated basis, maintains an equity ratio of minimum 30%. In addition Lerøy Seafood Group ASA holds undrawn liquidity reserves with the same type of covenant.

#### Financial covenants

Lerøy Seafood Group ASA issued its first bond loans in 2021.

Mortgages and guaranties	2021	2020
<b>Debt secured by mortgages</b>		
Loans from credit institutions	0	189,095
Leasing debt to credit institutions	0	53
<b>Total mortgage-secured debt at 31.12</b>	<b>0</b>	<b>189,148</b>
<b>Mortgaged assets</b>		
Shares in subsidiaries	859,707	859,707
Shares in associates	468,773	163,273
<b>Total book value of mortgaged assets 31.12</b>	<b>1,328,480</b>	<b>1,022,980</b>
<b>Guarantees and sureties</b>	<b>32,100</b>	<b>32,100</b>

#### Mortgaged assets

The mortgage loans to credit institutions are settled. The pledged assets are still pledged as security for the overdraft loan facility. The overdraft facility is undrawn, and there is no debt to the credit institution at year end.

Lerøy Seafood Group ASA also has joint and several liability for outstanding VAT together with Lerøy Seafood AS, which is included in the joint VAT registration.

#### Guarantee and surety liability

Lerøy Seafood Group ASA has posted a guarantee of NOK 30,000 for Lerøy Aurora AS in favour of Innovasjon Norge. Lerøy Seafood Group ASA has also posted a guarantee of NOK 2,100 in favour of VPS/Nordea.

#### Other commitments

Lerøy Seafood Group ASA has entered into a 10 year rental agreement for the office facilities, which started to run from November 2018, with an option for additional 10 years. Annual minimum rent is approximately NOK 12,000.

#### Restricted funds

Restricted funds included in bank deposits equals to NOK 4,709.

Other short term debt	2021	2020
<b>Consist of</b>		
Salary and other personel expenses	23,682	17,476
Accrued interest expenses	8,266	5,574
Negative value on short term financial instruments	577	0
Accrued contingent consideration related to business combinations	49,117	0
Other short term liabilities	13,442	53
<b>Total</b>	<b>95,084</b>	<b>23,103</b>

## NOTE 9 Interest rate swaps

All figures in NOK 1,000

Lerøy Seafood Group ASA has had two interest rate swaps, each with a fixed amount of NOK 500 million and a duration of 10 years. The agreements are from 2011 and 2012. The first swap expired in 2021.

When the interest rate swaps (the hedging instruments) were entered into in 2011 and 2012, it was expected that the long-term bank debt (the hedged item) would be greater or equal to the signed interest rate swap during the complete period of 10 years. Hedge accounting (cash flow hedge) was

therefore chosen as the accounting policy.

Due to repayment of the bank loans during the period, without drawing new loans of similar size, the remaining total bank debt (hedging object) became significant lower than the hedging instrument, resulting in the fact that the hedging relationship ceased, first for the first agreement, and later for the second agreement. From 2018 the change in fair value on both interest rate swap agreements are booked through profit and loss, as a financial item.

Interest rate swaps	Agreement 1	Agreement 2	Total
Nominal amount	500,000	500,000	1,000,000
Start date	17.11.2011	17.01.2012	
Expiry date	16.11.2021	16.01.2022	
Duration	10 years	10 years	
Agreed fixed/average interest rate	3.55 %	3.29 %	3.42 %
<b>Book value 01.01.2020</b>			
Fair value of interest rate swaps as of 01.01	-15,909	-14,682	-30,591
Deferred tax related to the interest rate swaps, 22%	3,500	3,230	6,730
<b>Net (negative) value after tax, as of 31.12</b>	<b>-12,409</b>	<b>-11,452</b>	<b>-23,861</b>
<b>Changes in 2020 booked through profit and loss</b>			
Change in fair value of interest rate swaps in 2020	1,895	-596	1,299
Change in deferred tax related to the value change in the period, 22%	-417	131	-286
<b>Changes booked through profit and loss</b>	<b>1,478</b>	<b>-465</b>	<b>1,013</b>
<b>Book value 31.12.2020</b>			
Fair value of interest rate swaps as of 31.12.	-14,014	-15,279	-29,293
Deferred tax related to the interest rate swaps, 22%	3,083	3,361	6,444
<b>Net (negative) value after tax, as of 31.12.</b>	<b>-10,931</b>	<b>-11,917</b>	<b>-22,848</b>
<b>Interests on interest swap agreements 2020</b>			
Floating rate interests	4,115	4,255	8,369
Fixed rate interests	17,799	16,495	34,294
<b>Net paid</b>	<b>13,684</b>	<b>12,240</b>	<b>25,924</b>
<b>Changes in 2021 booked through profit and loss</b>			
Change in fair value of interest rate swaps in 2021	14,014	14,702	28,716
Change in deferred tax related to the value change in the period, 22%	-3,083	-3,234	-6,317
<b>Changes booked through profit and loss</b>	<b>10,931</b>	<b>11,467</b>	<b>22,398</b>
<b>Book value 31.12.2021</b>			
Fair value of interest rate swaps as of 31.12.	0	-577	-577
Deferred tax related to the interest rate swaps, 22%	0	127	127
<b>Net (negative) value after tax, as of 31.12.</b>	<b>0</b>	<b>-450</b>	<b>-450</b>
<b>Interests on interest swap agreements 2021</b>			
Floating rate interests	1,470	2,019	3,489
Fixed rate interests	15,610	16,450	32,060
<b>Net paid</b>	<b>14,140</b>	<b>14,431</b>	<b>28,571</b>

The first interest swap agreement expired in November 2021. The second agreement will expire in January 2022. The market to market value on the interest swap agreements as of 31.12 that comes from DNB, are applied as fair value. Fair value is basically the difference between floating rate and fixed rate, that will be paid from 31.12 and until expiry date.

## NOTE 10 Taxation

All figures in NOK 1,000

Calculation of tax payable cost	2021	2020
Profit before tax	1,758,884	695,864
Permanent differences	-243,633	-122,658
Change in temporary differences (through profit and loss)	-30,416	-17,875
<b>The year's taxation base for tax payable, before intragroup contributions paid</b>	<b>1,484,835</b>	<b>555,331</b>
Tax rate, nominal	22 %	22 %
<b>Tax payable cost</b>	<b>326,664</b>	<b>122,173</b>

Taxation base and calculation of tax payable	2021	2020
The year's taxation base for tax payable, before intragroup contributions paid	1,484,835	555,331
Intragroup contributions paid	-152,592	-208,637
<b>The year's taxation base for tax payable</b>	<b>1,332,243</b>	<b>346,694</b>
Tax rate, nominal	22 %	22 %
<b>Tax payable, after intragroup contributions paid</b>	<b>293,094</b>	<b>76,273</b>

Overview of temporary differences	2021	2020
Temporary differences where changes are recognised in profit and loss		
Intangibles	54,803	54,803
Buildings and other fixed assets	4,591	4,108
Financial instruments, total	-577	-29,293
Gain/loss account	-4,872	-6,090
<b>Temporary differences 31.12 where changes are recognised in profit and loss</b>	<b>53,945</b>	<b>23,529</b>
Change in temporary differences where changes are recognised in profit and loss	30,416	17,875

Permanent differences	2021	2020
Dividends received (including the 3% added on the tax base)	-380,609	-281,473
Other permanent differences	136,976	158,815
<b>Total permanent differences</b>	<b>-243,633</b>	<b>-122,658</b>

Tax payable booked in the balance sheet	2021	2020
Tax payable cost	326,664	122,173
Tax payable reduction from intragroup contributions paid	-33,570	-45,900
Tax payable accrued for changes previous years	0	1,151
<b>Tax payable in the balance sheet</b>	<b>293,094</b>	<b>77,424</b>



## NOTE 10 cont. Taxation

All figures in NOK 1,000

Deferred tax	2021	2020
Total temporary differences	53,945	23,529
Tax rate, nominal	22 %	22 %
<b>Deferred tax liability (+) / asset (-)</b>	<b>11,868</b>	<b>5,176</b>
<b>The year's tax cost consists of</b>		
Tax payable in the tax cost before intragroup contributions paid	326,664	122,173
Change in deferred tax where changes are recognised in profit and loss	6,691	3,932
Too much (-) or too little (+) allocated to tax previous year	975	1,193
<b>Total tax cost</b>	<b>334,330</b>	<b>127,298</b>
Effective tax rate	19,0 %	18,3 %
<b>Reconciliation of tax cost in the income statement</b>		
22% of profit before tax	386,954	153,090
22% of permanent differences	-53,599	-26,985
Estimation deviation previous years	975	1,193
<b>Total tax cost</b>	<b>334,330</b>	<b>127,298</b>
<b>Estimation deviation previous years consists of</b>		
Too little(+) / much(-) accrued tax payable previous year	0	42
Change in earlier years tax filing	0	1,151
Too little (+)/much (-) accrued deferred tax previous year	975	0
<b>Total</b>	<b>975</b>	<b>1,193</b>

## NOTE 11 Payroll costs, number of employees, remuneration, loans to staff, etc.

All figures in NOK 1,000

Payroll expenses	2021	2020
Salaries, holiday pay and bonuses	73,710	64,656
Employer's contribution	12,743	7,501
Hired personnel	9,741	10,106
Remuneration to the Board of Directors	1,250	1,245
Pension costs *)	6,782	3,053
Other remunerations / nomination committee	18,875	1,068
Other personnel costs	11,808	418
<b>Total</b>	<b>134,909</b>	<b>88,047</b>
* Defined contribution pension scheme		
Number of full-time equivalents:	88	43

For a specification of remuneration of senior executives in Lerøy Seafood Group ASA, see note on payroll expenses in the consolidated financial statements. The Chairman of the Board is hired in from Laco. The cost related to the Chairman

of the Board is included in the accounting item for hired personnel with NOK 5,1 million for 2021 and NOK 5,6 million for 2020. For total consulting fee paid to Laco, see note on transactions with related parties.

	2021	2020
Auditing fees Group auditor	1,825	1,194
Other services Group auditor	2,063	1,991
<b>Total</b>	<b>3,888</b>	<b>3,185</b>

Other services paid to group auditor for other services in 2021 consists of, among others, ESG related audits, various legal

and technical advice (including technical advice related to transfer pricing documentation), HR related services and other.

## NOTE 12

### Items that are combined in the financial statements

All figures in NOK 1,000

Financial revenue	2021	2020
Interest income from Group companies	25.786	29.867
Other interest income	17.043	17.850
Currency exchange gain	0	39.598
<b>Total financial revenue</b>	<b>42.829</b>	<b>87.315</b>
<b>Financial costs</b>	<b>2021</b>	<b>2020</b>
Interest cost	45.868	30.788
Currency exchange loss	5.964	45.574
Other financial costs	8.187	5.641
<b>Total financial costs</b>	<b>60.019</b>	<b>82.003</b>
<b>Other financial items, net</b>	<b>-17.190</b>	<b>5.312</b>
Unrealised currency gain(+)/loss(-) included above *	0	-9.825

\* Relates to a long term foreign exchange loan in euro

## NOTE 13

### Related parties

All figures in NOK 1,000

Lerøy Seafood Group ASA is a subsidiary of Austevoll Seafood ASA, which in turn is a subsidiary of Laco AS. Laco AS is the ultimate parent company. Transactions and intercompany accounts with other Group companies in the Laco AS corporation, not covered by Lerøy Seafood Group ASA, are classified as transactions and intercompany accounts with related parties. The same applies to associates of the above.

In addition, any companies owned by employees, in particular senior executives, are classified as related parties. No transactions of significance between such companies have been identified.

Transactions and intercompany accounts with associates and other identified related parties of Lerøy Seafood Group ASA are as follows:

Associates owned by Lerøy Seafood Group, and non-controlling interests in subsidiaries, are also classified as related parties.

2020	Ownership	Sales	Purchases	Receivables, excluding group contributions current year	Liabilities, excluding group contributions current year
<b>Transactions and balances with parent company and its related parties:</b>					
Laco AS	"Ultimate parent"	0	5,565	0	6,956
Austevoll Seafood ASA	Laco AS (55,55 %)	0	120	0	0
Austevoll Laksepakkeri AS	Austevoll Seafood ASA (100 %)	0	1,289	0	0
<b>Total</b>		<b>0</b>	<b>6,974</b>	<b>0</b>	<b>6,956</b>
<b>Transactions and balances with associated companies</b>					
Sporbarhet AS	Lerøy Seafood Group ASA (27 %)	0	4,848	0	0
Ocean Forrest AS	Lerøy Seafood Group ASA (50 %)	0	3,000	0	1,500
The Seafood Innovation Cluster	Lerøy Seafood Group ASA (20 %)	0	724	0	0
<b>Total</b>		<b>0</b>	<b>8,572</b>	<b>0</b>	<b>1,500</b>
<b>Transactions and balances with subsidiaries</b>					
Lerøy Norway Seafoods AS		3,300	0	248,446	0
Lerøy Aurora AS		20,960	1,286	618,245	124
Lerøy Midt AS		32,656	3,370	10,719	0
Lerøy Vest AS		20,182	3,229	192,335	173
Sjøtroll Havbruk AS		16,060	191	1,545	89
Lerøy Fossen AS		580	0	17,142	0
Lerøy Sjømatgruppen AS		150	200	47	0
Lerøy Alfheim AS		809	1,193	17,856	28
Lerøy Delico AS		210	79	66	0
Lerøy Trondheim AS		264	76	83	0
Lerøy Nord AS		0	0	306	0
Laks & Vildtcentralen AS		1,500	42	625	0
Sjømathuset AS		1,022	589	8,379	25
Lerøy Seafood AS		28,790	36,398	0	32,945
Hallvard Lerøy USA Inc		210	53	53	0
Lerøy Sverige AB		618	996	48,797	0
Lerøy Turkey		0	0	4,923	0
Lerøy Italy		850	0	61,284	0
<b>Total</b>		<b>128,161</b>	<b>47,702</b>	<b>1,230,849</b>	<b>33,384</b>

Dividends received from associated companies are specified in note 3 in the parent company annual accounts  
Group contributions current year are specified in note 3 in the parent company annual accounts

## NOTE 13 cont. Related parties

All figures in NOK 1,000

2021	Ownership	Sales	Purchases	Receivables, excluding group contributions current year	Liabilities, excluding group contributions current year
<b>Transactions and balances with parent company and its related parties:</b>					
Laco AS	"Konsernsjipp"	0	5,108	0	0
Austevoll Seafood ASA	Laco AS (55,55 %)	0	50	0	0
<b>Total</b>		<b>0</b>	<b>5,158</b>	<b>0</b>	<b>0</b>
<b>Transactions and balances with associated companies</b>					
Sporbarhet AS	Lerøy Seafood Group ASA (27 %)	0	4,016	0	0
Ocean Forrest AS	Lerøy Seafood Group ASA (50 %)	0	3,000	1,500	0
The Seafood Innovation Cluster	Lerøy Seafood Group ASA (20 %)	0	584	0	0
<b>Total</b>		<b>0</b>	<b>7,600</b>	<b>1,500</b>	<b>0</b>
<b>Transactions and balances with subsidiaries</b>					
Lerøy Havfisk AS		9	0	6	0
Lerøy Norway Seafoods AS		2,880	0	101,607	0
Lerøy Aurora AS		23,915	1,187	284,625	124
Lerøy Midt AS		36,456	2,187	9,525	6
Lerøy Vest AS		23,861	1,633	105,277	0
Sjøtroll Havbruk AS		17,292	144	0	0
Norsk Oppdrettsservice AS		33	0	33	0
Lerøy Sjøtroll Kjærelva AS		25	0	0	0
Lerøy Årskog AS		0	0	59,487	0
Lerøy Fossen AS		569	23	17,847	0
Lerøy Bulandet AS		27	0	0	0
Lerøy Sjømatgruppen AS		113	0	0	0
Lerøy Alfheim AS		486	1,511	15,198	96
Lerøy Delico AS		190	178	13	49
Lerøy Trondheim AS		213	24	0	4
Lerøy Nord AS		0	0	306	0
Laks & Vildtcentralen AS		500	34	0	2
Sjømathuset AS		1,158	891	6,164	73
Lerøy Seafood AS		36,430	24,297	0	467
Hallvard Lerøy USA Inc		157	0	0	0
Lerøy Sverige AB		464	3,871	47,347	820
Lerøy Turkey		0	0	17,094	0
Lerøy Italy		300	0	81,833	0
<b>Sum</b>		<b>145,078</b>	<b>35,980</b>	<b>746,361</b>	<b>1,640</b>

### Financial material transactions

Dividends received from associated companies are specified in note 3 in the parent company annual accounts

The capital in the associated company Norskott Havbruk AS has been increased with NOK 305,5 million. See note on associates in annual financial statements for the group.

Group contributions current year are specified in note 3 in the parent company annual accounts

Lerøy Seafood Group ASA acquired Lerøy Årskog AS from the ultimate parent company Laco AS for NOK 38,9 million. The transaction was carried out after arm length principle.

The transaction is further described in the Group note on acquisitions.

## Responsibility statement from the Board of Directors and CEO

We declare, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2021 are prepared in conformance with current, applicable accounting standards, and give a good and fair view of the company's and the Group's assets, liabilities, financial position and profit or loss as a whole. We also declare that the annual report gives a fair view of the company's and the Group's development and position, together with a description of the principle risks and uncertainties facing the entity and the Group.

Bergen, 22 April 2022

The Board of Directors of Lerøy Seafood Group ASA

Helge Singelstad  
Chair of the Board

Arne Møgster  
Board member

Britt Kathrine Drivenes  
Board member

Didrik Munch  
Board member

Karoline Møgster  
Board member

Siri Lill Mannes  
Board member

Hans Petter Vestre  
Board member





To the General Meeting of Lerøy Seafood Group ASA

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Lerøy Seafood Group ASA, which comprise:

- The parent company financial statements, which comprise the balance sheet as at 31 December 2021, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements, which comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity, 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 comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee.

#### Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 28 years from the election by the general meeting of the shareholders on 20 May 1994 for the accounting year 1994.

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T: 02316, org. no.: 987 009 713 VAT, [www.pwc.no](http://www.pwc.no)  
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

## Independent Auditor's Report - Lerøy Seafood Group ASA



#### 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. The Groups business activities are largely unchanged compared to last year. Measurement and valuation of biological assets contain approximately the same complexity and risks as previous year and have been in focus for the audit also this year.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Measurement of biological assets</b></p> <p>As described in the financial statements Lerøy Seafood Group ASA values biological assets to their fair value according to IAS 41. At the balance sheet date, the fair value of biological assets was MNOK 5 955, of which MNOK 4 504 is historical cost and MNOK 1 451 is adjustment to fair value.</p> <p>Biological assets comprise inventory of ova (eggs), juveniles, cleaner fish, brood stock and fish held for harvesting purposes (on growing stage) and relate to the segment Farming. Measured in fair value biological assets constitute approximately 17 % of the balance sheet as at 31 December 2021.</p> <p>Due to the nature and location of the inventory, it is impracticable to attend the physical inventory counting. Consequently, we have performed alternative audit procedures to obtain sufficient appropriate audit evidence regarding the existence and condition of the inventory. The group has established control procedures for measurement of both number of fish and biomass. However, a certain inherent risk of deviations exists in the measurement. We have therefore focused on measurement of the inventory of biological assets (number and biomass) in the audit, with emphasis on fish for harvesting purposes, which constitutes the main part of the Group's biological assets.</p>	<p>The Group's biomass system includes information about number of fish, average weight and biomass per site. We reconciled the movement in the inventory of fish held for harvesting purposes (in number and biomass) for the farming units in the period. The movement in number of fish is the total of smolt stocked, mortality, other loss and harvested fish whereas the movement in biomass is the total of stocked biomass, net growth in the period and harvested biomass. We focused particularly on number of smolt stocked and net growth in kilo. This has the most significant impact on the measuring at the balance sheet date.</p> <p>We reviewed the Group's routines connected to recording of number of smolt stocked. In order to assure the accuracy of the number of fish registered in the biomass system we tested if a selection of recorded smolt stocked from the production system agreed to the number of fish according to supporting documentation. Supporting documentation may for instance be invoice from smolt supplier, vaccination report or well boat count. We also reviewed and tested the Group's routines for continuous registration of mortality.</p> <p>The period's net growth corresponds to the feed used in the period divided by the feed conversion rate. The feed consumption is again closely related to the purchase of feed in the period. In order to estimate the feed consumption and the feed purchase in the period, we reviewed the Group's routines for reconciliation of feed inventory and tested a sample of feed purchase throughout the year against incoming invoice from the feed suppliers. Furthermore, we compared the accumulated feed conversion rate of the inventory against our expectation based on historic figures for the individual region. Where the feed conversion rate was significantly higher or lower than expected, we obtained further documentation and explanations. Our work substantiated that the net growth had been reasonably assessed.</p> <p>In order to challenge the historical accuracy of the Group's biomass estimates, we reviewed the harvest deviation for the period. Harvest deviation is defined as the difference between harvested biomass (in kilos and numbers) and estimated biomass according to the</p>

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## Independent Auditor's Report - Lerøy Seafood Group ASA



Group's biomass systems. We also reviewed harvest deviation after the balance sheet date to verify the correctness of fish ready to be harvested as at 31 December 2021. We found the deviations to be relatively limited overall and in accordance with expectations.

### Valuation of biological assets

The fluctuations in fair value estimate that arise for instance due to change in market prices may have a significant impact on the operating result for the period. Lerøy Seafood Group ASA therefore presents the effect of value adjustments connected to biological assets as a separate line item before the operating result.

We focused on the valuation of biological assets due to the size of the amount, the complexity and the judgement involved in the calculation and the impact of the value adjustment on the result for the year.

See the description of the measurement and valuation of biological assets in note 1 about accounting policies part I, note 3 about significant accounting estimates and assessments and note 11 about biological assets.

We reviewed the Group's structuring of calculation model for valuation by comparing it against the criteria in IAS 41 and IFRS 13 and found no obvious deviations. Furthermore, we examined whether the biomass and number of fish used in the Group's model for calculation of fair value of biological assets corresponded with the Group's biomass systems and tested if the model made mathematic calculations as intended.

After having tested if these basic elements were in place, we assessed whether the assumptions used by the Group in the model, were reasonable. We did this by discussing the assumptions with the Group and comparing them to among other things, historical data, available industry data and observable prices. We found the assumptions to be reasonable.

We assessed whether the disclosures in the notes appropriately explained the methods for measurement and valuation, and if the information was in accordance with the requirements in the accounting standards.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

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## Independent Auditor's Report - Lerøy Seafood Group ASA



### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 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 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.
- 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.

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## Independent Auditor's Report - Lerøy Seafood Group ASA



- 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 Audit Committee 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*

#### *Report on compliance with Regulation on European Single Electronic Format (ESEF)*

##### *Opinion*

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXJ2JK50-2021-12-31-no.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

##### *Management's Responsibilities*

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

##### *Auditor's Responsibilities*

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Bergen, 28 April 2022

**PricewaterhouseCoopers AS**

Hallvard Aarø  
State Authorised Public Accountant

*Note: This translation from Norwegian has been prepared for information purposes only.*

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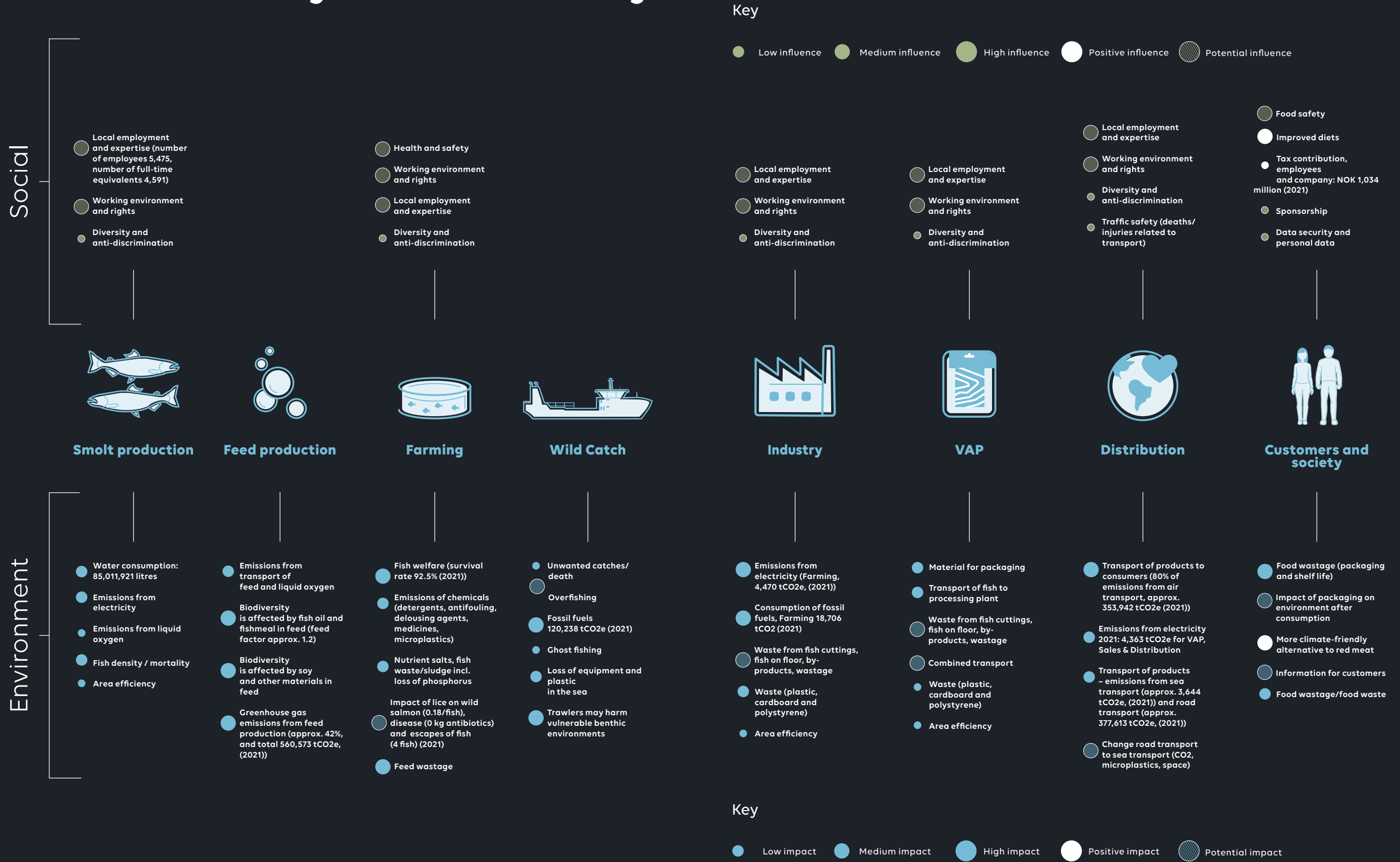
# 04

## ESG information

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# Value chain analysis, sustainability



# Social statement

for the period 1 January to 31 December

	2021	2020	2019		2021	2020	2019
<b>Employees</b>				<b>HSE</b>			
Employees, total (number)	5,475	4,912	4,693	Sick leave (%)	5.85	6.51	5.2
Employees, own (number)	4,770	4,366	4,217	Short-term sick leave (%)	2.44	2.69	2.21
Contract staff (number)	705	546	576	Long-term sick leave (%)	3.42	3.81	2.98
Employees, men (number)	3,452	3,120	3,035	LTI-H value (%)	15.33	17.23	12.2
Employees, women (number)	2,023	1,792	1,658	Injuries with absence (number)	123	129	84
Number of managers in the Group with responsibility for personnel	419	498	-	Injuries without absence (number)	144	181	169
<i>Percentage of female managers (%)</i>	23.39	17.07	24.38	Undesired incidents, Near misses (number)	680	652	746
<i>Percentage of male managers (%)</i>	76.61	82.93	70.63	Undesired incidents, Safety observations (number)	3,273	2,555	2,309
Percentage of employees who have left the company during the period, turnover (%)	13.9	13.64	-	Reported undesired incidents per man years, RUI (number)	0.86	-	-
<i>Percentage of women who have left the company (%)</i>	33.38	41.64	-	Fatal accidents (number)	1	0	0
<i>Percentage of men who have left the company (%)</i>	66.62	58.36	-	Percentage of companies with employee representatives on working environment committee (%)	50	56	-
<i>Percentage of employees younger than 30 who have left the company (%)</i>	36.53	37.31	-	Risk assessment completed in relation to risk of employees developing antibiotic resistance	Yes	Yes	Yes
<i>Percentage of employees aged 30-50 who have left the company (%)</i>	46.78	48.06	-				
<i>Percentage of employees older than 50 who have left the company (%)</i>	13.27	12.69	-	<b>Social responsibility</b>			
<i>Percentage of employees who have retired (%)</i>	3.42	2.39	-	Feedback from stakeholders, positive/negative (number)	54	27	14
Percentage of new recruits (%)	17.66	15.64	-	Incident of corruption (number)	0	0	0
<i>Percentage of new recruits, women (%)</i>	38.26	34.77	-	Fines (number)	1	6	4
<i>Percentage of new recruits, men (%)</i>	61.74	65.23	-	Whistleblowing cases (number)	9	8	2
<i>Percentage of new recruits younger than 30 (%)</i>	52.02	40.23	-				
<i>Percentage of new recruits aged 30-50 (%)</i>	39.61	40.23	-	New suppliers that were screened using environmental criteria (%)	11.5	-	-
<i>Percentage of new recruits older than 50 (%)</i>	8.38	7.68	-	New suppliers that were screened using social criteria (%)	11.5	-	-
Percentage of employees with occupational injury insurance (%)	100.00	100.00	100.00	Audits, supplier (number)	43	22	11
Members of trade unions (number)	1,587	1,635	-	Audits, internal (number)*	784	593	532
Percentage of employees covered by collective wage agreement (%)				Non-approved audits (number)	0	0	0
Norway	71.0	73.0	77.0	Product recalls (number)	5	0	0
International	48.0	61.0	54.3	Number of factories making ready-to-eat products, GFSI certification (%)	88	59	54
				Markets without market access (number)	1	1	1
Response rate to employee survey from GPTW, Great Place to Work (%)	83	86	82				
				Total tax contributions (NOK million)	1,034	1,063	1,299
<b>Training and further education</b>				Purchases in Norway, excl. intragroup purchases (NOK billion)	12.9	15.1	14.8
Training initiatives (number of hours)	54,134	31,395	24,423	Suppliers in Norway (number)	4,070	5,427	4,855
<i>Percentage of training focusing on HSE (%)</i>	18	12	-	Municipalities in Norway in which purchases have been made (number)	287	304	258
<i>Percentage of training as external courses (%)</i>	39	62	-				
<i>Percentage of training as in-house mandatory courses (%)</i>	28	5	-	Participation in collaborative groups for aquaculture	Yes	Yes	Yes
<i>Percentage of training in local language (%)</i>	14	1	-	Participation in collaborative fora for fisheries	Yes	Yes	Yes
<i>Percentage of other training (%)</i>	2	21	-	Support for humanitarian companies	Yes	Yes	Yes
Language lessons, employees (hours)	6,518	12,486	-				
Percentage of employees who have received training in business ethics (%)	100	100	100				
Apprentices (number)	133	125	97				
Trainees (number)	35	33	30				
Internships (number)	50	27	18				
Certificate of apprenticeship achieved with employer (number)	49	49	105				

\* Audits related to various certification schemes, agencies and internal routines.



# Environmental statement

for the period 1 January to 31 December

	2021	2020	2019
<b>Survival</b>			
Survival in sea (%)	92.5	92.2	93.4
Survival on land (%)	88.8	93.5	91.5
<b>Antibiotics</b>			
Antibiotics used in sea (kg active substance)			
Florfenicol	0	18.99	0
Antibiotics used on shore (kg active substance)	0	0	0
<b>Disease that has caused mortality</b>			
<i>Six significant mortality categories per year in sea:</i>			
Treatments (number of million fish/biomass tonnes)	-	1.2/3,373	1.5/3,790
CMS (number of million fish/biomass tonnes)	0.9/3,653	1.1/4,543	1.2/4,848
PD, Pancreas disease (number of million fish/biomass tonnes)	-	-	0.2/686
HSMB (number of million fish/biomass tonnes)	-	-	0.2/621
Bacterial wounds (number of million fish/biomass tonnes)	0.9/1,923	1.3/1,990	0.4/788
Puberty (number of million fish/biomass tonnes)	-	-	0.2/615
Mechanical injuries (number of million fish/biomass tonnes)	0.7/1,504	0.7/1,818	-
Loss of circulation (number of million fish biomass tonnes)	0.7/1,664	0.6/1,678	-
Gill infection (number of million fish/biomass tonnes)	-	0.6/1,440	-
Tenacibaculum (number of million fish/biomass tonnes)	1.0/229	-	-
Unspecified (number of million fish/biomass tonnes)	0.6/1,057	-	-
<b>Lice</b>			
Average number of fully grown lice per fish in LSG Farming (number)	0.18	0.16	0.15
Number of cages treated for lice (number)	1,576	1,428	830
Volume of delousing agents used via feed (kg active substance)			
Slice	14.08	23.30	30.40
Volume of delousing agents used via bath (kg active substance)			
Alphamax	0.83	0.64	0.18
Azasure	16.80	20.78	5.39
Salmosan	103.4	6.30	0.75
Ectosan	3,050	-	-
Hydrogen peroxide	1,728,720	1,243,608	532,982

Average number of fully grown lice per fish per company	2021				2020				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Lerøy Aurora	0.15	0.07	0.07	0.11	0.12	0.07	0.06	0.19	0.05	0.07	0.08	0.11
Lerøy Midt	0.17	0.10	0.28	0.18	0.12	0.08	0.23	0.17	0.08	0.11	0.19	0.19
Lerøy Sjøtroll	0.20	0.15	0.28	0.22	0.17	0.16	0.32	0.21	0.22	0.13	0.24	0.24
LSG Farming	0.18	0.12	0.24	0.18	0.14	0.11	0.22	0.19	0.14	0.11	0.19	0.19

	2021	2020	2019
<b>Biodiversity</b>			
Escapes of fish (number)	4	208	85
Average density, per cage (kg/m3)	8.70	8.40	8.83
Average fallow period (number of days)	142	138	140
Average MOM B score	1.49	1.37	1.55
Percentage of localities with GLOBAL G.A.P/ASC certificate for farming (%)	100	100	100
Percentage of localities taking part in zone collaboration (%)	100	100	100
<b>Fish feed</b>			
FFDRm, salmon	0.45	0.39	0.37
FFDRo, salmon	1.65	1.70	2.09
Percentage of marine raw materials/vegetable raw materials (%)	33/67	20/80	22/78
Percentage of Pro Terra certificate soy (%)	100	100	100
Percentage of traceable soy in value chain (%)	100	100	100
Share of deforestation-free soy protein concentrate from Brazil with traceability (%)	100	100	100
Total percentage of certified raw materials (%)	49.20	40.85	40.25
Percentage of certified marine raw materials (%)	92.50	90.50	89.53
<b>Wild Catch</b>			
Percentage of MSC-certified marine species caught (%)	93	86	91
<b>Water</b>			
Water consumption production facility (litres)	85,011,921	86,698,937	91,353,323
<b>Waste</b>			
Food waste industry: reduction in fish on floor and unsold products (kg)	167,383	176,868	-
Food waste wildcatch - increased production of meal, oil and ensilage (kg)	5,438,972	5,022,947	2,668,779
Percentage of non-organic waste, recycled, reused or recovered (%)	53.31	53.80	58.18
<b>Plastic consumption</b>			
Volume of plastic purchased (kg)	6,029,351	6,009,237	-
<b>Climate - GHG</b>			
Scope 1 (tCO2e)	141,523	127,810	118,785
Scope 2 (tCO2e)			
Location based Scope 2	9,581	9,937	7,033
Market based	49,209	50,410	28,443
Scope 3 (tCO2e)	1,157,174	1,284,642	1,292,739
<b>Transport</b>			
Percentage transported by road (%)	74.55	69.25	68.46
Percentage transported by sea (%)	14.38	12.57	13.15
Percentage transported by air (%)	11.07	8.53	9.52
Percentage of breaches of legislation and regulations related to the environment	1	0	0



# Materiality assessment

In accordance with the GRI Standard, Lerøy carried out its first materiality assessment in 2016. This was updated in 2020. The purpose of the assessment is to identify those topics related to sustainability that are of most importance for the company and our key stakeholders.

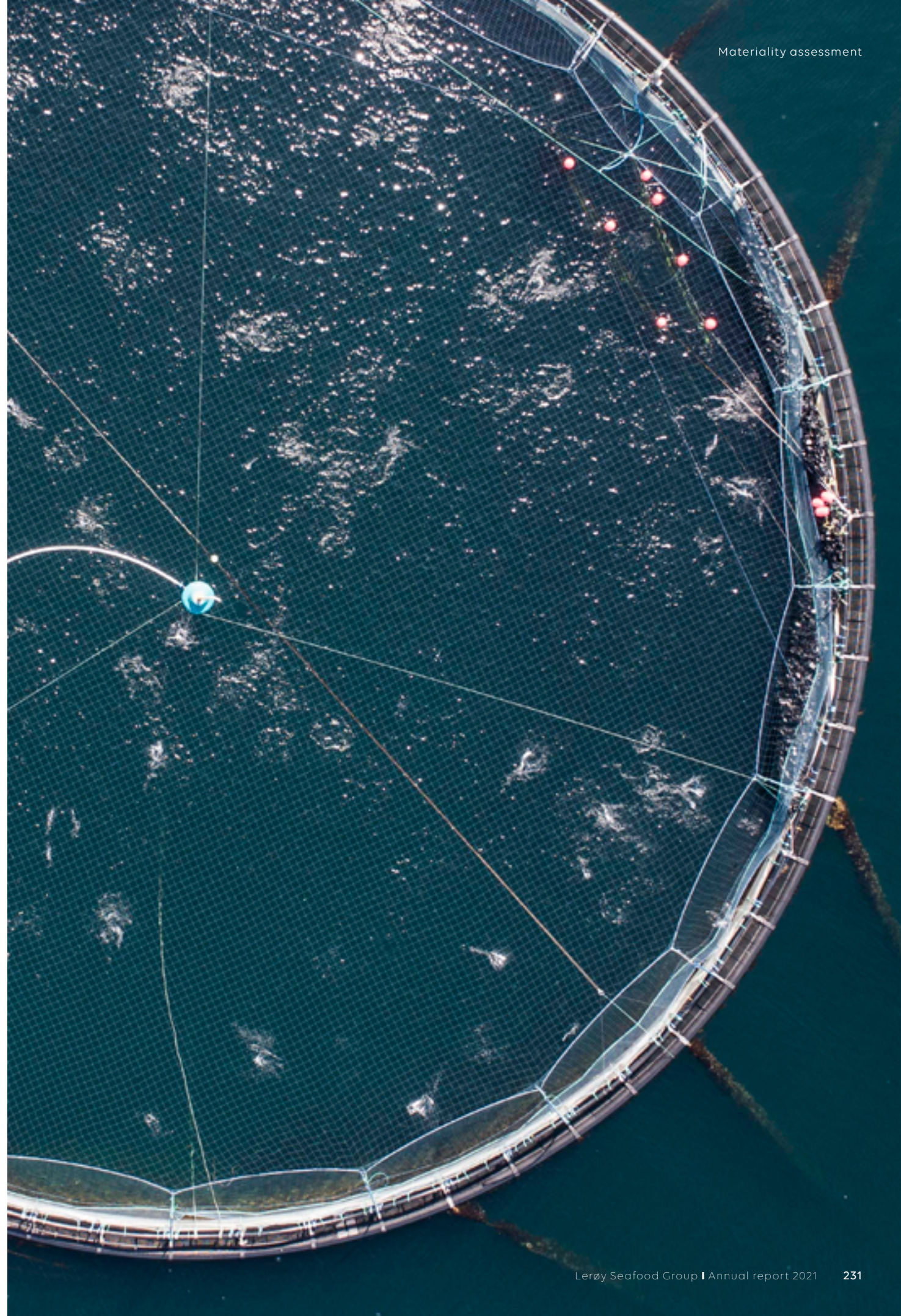
The results are based on feedback from our external and internal stakeholders, provided via interviews, dialogue and

meetings, in addition to feedback from customers, authorities, NGOs etc. Interest in various types of sustainability has seen explosive growth in recent years, with a knock-on effect on the areas where it is important for Lerøy to maintain focus going forward. The results from the materiality assessment are divided into six areas. The importance of these areas will vary for the different stakeholders. See the table on dialogue with stakeholders on page 235.

No changes have been made in this year's materiality assessment compared with the reporting for 2020. The materiality assessment is therefore identical to the one presented in the company's annual report for 2020. In connection with implementation of the revised GRI standard, a new materiality assessment will be conducted for the company in the autumn of 2022.



- Environment / Protect our ocean
- Climate / Improve our climate
- Employees / Empower our people
- Society / Strengthen our communities
- Product / Improve our health
- Finance / Ensure earnings and returns





# Global Reporting Initiative (GRI) table 2021

## Background

Lerøy Seafood Group has chosen to communicate its work on sustainability by reporting in accordance with the Global Reporting Initiative or GRI. The GRI standard is the leading standard for sustainability reporting and comprises different principles, guidelines and performance indicators that can be used by companies to measure and report on economic, environmental and social factors. This is an international standard that is widely used in relation to sustainability, and will therefore be familiar for many of our stakeholders.

The GRI standards are organised hierarchically, with two main components:

- Universal standards
- Topic-specific standards
  - Series 200: Economic
  - Series 300: Environmental
  - Series 400: Social



Universal standards are obligatory, while topic-specific standards are selected according to the nature of business and impact. The companies can choose between two levels of

ambition, and Lerøy has chosen to report in accordance with the "Core" reporting practice. This entails reporting according to the standards, describing elements such as type of operation, materiality, impact and how management manages risk.

The UN's 17 Sustainable Development Goals have boosted sustainable development, particularly in recent years. Like many other businesses, Lerøy has an active approach towards sustainability, and is a member of UN Global Compact, Norway.

## Scope

GRI reporting comprises all active companies with associated employees in the Group.

## Input

The information in the GRI table is sourced from our various business systems for reporting figures within the areas of finance, society and the environment. If the information is sourced from other external sources, this is specified.

## External verification

The GRI table is reviewed in house and presented to the Audit Committee and Board of Directors of Lerøy Seafood Group. To ensure that our reporting complies with expectations for the GRI standard and is correct, Lerøy has contracted a third-party company to review and verify our reporting. We have engaged PwC, who are also the Group's independent auditors, to conduct this review.

A selection of our indicators have been verified in connection with the review. This comprises the following indicators:

- Sick leave (%)
- Undesired incidents, Near misses (number)
- Undesired incidents, Safety observations (number)
- LTI-H value (%)
- Escapes of fish (number)
- Average number of fully grown lice per fish in LSG Farming (number)
- Antibiotics used in sea (kg active substance)
- Volume of delousing agents used via bath (kg active substance)
- Volume of delousing agents used via feed (kg active substance)
- Survival in sea (%)
- Average density per cage in the sea (kg/m<sup>3</sup>)
- Percentage of certified marine species caught (%)
- Average MOM B score
- FFDRm, salmon
- FFDRo, salmon
- Share of deforestation-free soy protein concentrate from Brazil with traceability (%)
- Percentage of certified marine raw materials (%)
- Percentage of new suppliers that were screened using environmental criteria (%)
- Percentage of new suppliers that were screened using social criteria (%)
- Climate accounts, Scope 1, 2 and 3

## Management

Lerøy's vision is: "We shall be the leading and most profitable global supplier of sustainable high-quality seafood." By preparing GRI reports, we can demonstrate our work within the three areas of sustainability: economic, environmental and social. By establishing specific targets within these different areas, we can continue to improve and demonstrate a clear direction in order to achieve our goals and vision.

## Focus areas relating to the materiality assessment

		AREA
Focus areas	Comments	Management tools
<b>ENVIRONMENT / PROTECT OUR OCEANS</b>		
- Escapes of fish (units)	One possible environmental impact of our operations is on wild salmon strains. We have a vision of zero impact on wild salmon and a sharp focus on minimising accidental releases	KPI Policy Procedures Risk analysis Reporting
- Number of cages treated for lice (number) - Average number of fully grown lice per fish in LSG Farming (number)	Impact on wild salmon is defined as a possible environmental impact from our operations, and where the authorities have imposed very strict requirements on the industry. Lerøy has an extensive framework for reducing the impact of lice	KPI Policy Procedures Risk analysis Reporting
- Average density per cage in the sea (kg/m <sup>3</sup> ) - Survival in sea (%)	Good fish welfare is essential for successful operations and profitability, and is closely monitored via a number of management tools	KPI Policy Procedures Risk analysis Reporting
- Antibiotics used in the sea (kg active substance) - Volume of delousing agents used via bath (kg active substance) - Volume of delousing agents used via feed (kg active substance)	Our goal is to avoid use of antibiotics, unless required for absolutely clear fish health reasons. In general, we aim to minimise use of medicines	KPI Policy Procedures Risk analysis Reporting
- Volume of plastic purchased (kg)	Plastic in the oceans is a global problem. We live by what is produced in the sea, and we want to help ensure that we lose as little plastic in the sea as possible	KPI Policy Procedures Reporting
- Wild Catch: Increase production of meal, oil and ensilage - VAP, Sales & Distribution: Reduce number of fish on floor and volume of unsold products	Lerøy's goal is to use the whole fish and minimise food waste throughout our value chain	KPI Policy Procedures Reporting
- Average MOM B score - Average fallow period (number of days) - Percentage of certified marine species caught (%)	We work hard to minimise the impact of our operations, and have a number of KPIs and policies within this area	KPI Policy Procedures Risk analysis Reporting
<b>CLIMATE / IMPROVE OUR CLIMATE</b>		
- Share of deforestation-free soy protein concentrate from Brazil with traceability (%)	We work hard to minimise the impact of our operations throughout our value chain. This includes the impact of fish feed	KPI Agreements Partnership
- Science-based targets: 46% reduction by 2030	Lerøy is working to cut greenhouse gas emissions throughout the value chain, including in the supplier chain	SBT Policy Agreements Partnership Reporting
- Percentage of certified marine raw materials (%) - Total percentage of certified raw materials (%) - FFDRm salmon - FFDRo salmon - Share of deforestation-free soy protein concentrate from Brazil with traceability (%)	Lerøy is working to cut greenhouse gas emissions, particularly in relation to raw materials for fish feed. This work comprises own projects and various collaboration projects	Policy Various collaboration projects



Focus areas relating to the materiality assessment, cont.

Focus areas	Comments	AREA Management tools
<b>PRODUCT / IMPROVE OUR HEALTH</b>		
- Measurement of traceability tests completed	Having a vertically integrated value chain is a key part of Lerøy's strategy, with traceability one of the benefits of integration	Policy Traceability test R&D activities
- Product recalls (number)	Food safety is the top priority for the Group, and absolutely essential for ensuring the all-important trust of consumers. Proper routines for product recalls are an element of the initiatives taken to ensure this	Policy Testing R&D activities Risk analyses
- Number of localities in Farming certified in accordance with ASC/GLOBALG.A.P. (%) - Percentage of certified marine species caught (%) - Percentage of factories with GFSI certificate (%)	Lerøy has a strong focus on the customer, and works hard to meet the consumers' needs, both current and future. Certification is an important element in this work	KPI Policy Various certification schemes
<b>SOCIETY / STRENGTHEN OUR COMMUNITIES</b>		
- Audits, supplier (number) - In-house audits (number) - Non-approved audits (number) - Percentage of new suppliers that were screened using environmental criteria (%) - Percentage of new suppliers that were screened using social criteria (%)	Lerøy is concerned with the footprint of all our operations, including that of our suppliers. Close follow-up and cooperation with our suppliers are essential if we are to achieve our goals	Policy Agreements Evaluation Audit
<b>EMPLOYEES / EMPOWER OUR PEOPLE</b>		
- Share of employees who have received training in business ethics (%)	It is important to comply with human rights legislation, and we have therefore prepared a code of conduct that all our employees and all persons working at our facilities are required to follow. Our suppliers and other partners shall also approve and comply with the code of conduct	Policy Supplier follow-up Procedures Internal routines
- Sick leave (%) - Undesired incidents, Near misses (number) - Undesired incidents, Safety observations (number) - LTI-H value %	Health, safety and the environment for everyone working at Lerøy have top priority. We shall avoid injuries and provide a workplace where there is room for everyone, with a good working environment	Policy Values Procedures
- Incident of corruption (number)	Compliance is an important focus area for Lerøy, and frameworks have been developed in a number of areas. This goes beyond the minimum requirement to comply at all times with all legislation and regulations. This applies to all our employees and to contract staff working for Lerøy	Policy Values Procedures Code of Conduct
<b>FINANCE / ENSURE EARNINGS AND RETURNS</b>		
- ROCE % - Equity ratio % - Dividends over time %	Financial sustainability and access to capital are premises for our operations, and are monitored on an ongoing basis at every level of the Group	Policy Vision Values Procedures Code of Conduct

Stakeholder dialogue

Lerøy's values are open, honest, responsible and creative. It is therefore very important for us to maintain positive and open dialogue with all our stakeholders. As such, Lerøy obtains knowledge of and familiarity with those areas of interest to our stakeholders and can communicate how we work on the different areas. By maintaining regular and positive dialogue, we work together on improvements within individual areas, which also strengthens expertise in the individual company. Dialogue with stakeholders is important and helps Lerøy make progress towards its goal of being the most sustainable supplier of high-quality seafood.

Lerøy carried out a materiality assessment in 2016 with a view to the company's reporting in accordance with the Global Reporting Initiative's (GRI) standard. This project included

interviews with external and internal stakeholders, and the work on the project identified those aspects that are important for achieving Lerøy's goals and, at the same time, which aspects are of interest to the stakeholders.

In the last few years, there has been an explosion of interest from different stakeholder groups, particularly regarding sustainability reporting. We respond to questions and take part in dialogue several times a week with different stakeholder groups. This is an ongoing process, where dialogue with different stakeholder groups is continuously updated through the year. The Group has therefore not implemented any special measures to identify our stakeholders as part of the reporting for 2021. We believe that our daily activities provide us with a good overview of the concerns of our most

important stakeholders.

Our overview of stakeholders was originally based on our 2016 review and our own experience over several years, gained from various types of dialogue with stakeholders. This includes collaboration projects, meetings, conferences, lectures, dialogue via different media, research by IPSOS on behalf of Lerøy, audits and other platforms.

The different stakeholders are selected on the basis of the impact they have on our operations and the economic, environmental and social impact Lerøy has on the stakeholders. In order to fulfil the requirements made by the different stakeholders for reporting, we have implemented indicators for the different areas. These are referred to in the GRI index.

Stakeholder dialogue

Stakeholder groups	Main focus of indicator	Collaboration platform	Year	Quarter	Week
<b>Financial institutions</b>	Earnings	Interim presentations/meetings			
	Compliance	Seminars	x		x
	Climate	Interim presentations			x
	Sustainability	Visits to facilities Web Dialogue	x		
<b>Insurance company</b>	Earnings	Meetings	x		
	Compliance	Seminars	x		
	Climate	Interim presentations			x
	Sustainability	Visits to facilities Web Dialogue	x		
<b>Shareholders Analysts Investors</b>	Earnings	Investor forum	x		
	Compliance	Conferences	x		
	Climate	Seminars	x		
	Risk	Web			
	Reputation Sustainability Dividends	Dialogue			x
<b>The Board of Directors</b>	Earnings	Meetings	x		
	Compliance	Seminars	x		
	Climate	Conversations	x		
	Risk				
	Reputation Sustainability Dividends				

# Global Reporting Initiative (GRI)

Stakeholder dialogue, cont.

Stakeholder groups	Main focus of indicator	Collaboration platform	Year	Quarter	Week
<b>Employees</b>	Sustainability	Intranet			x
	Earnings	Web			x
	Reputation	Newsletters			x
	Working environment	Reports		x	x
	Development	Meetings	x		
		E-learning	x		
<b>Authorities</b>	Compliance	Meetings	x		
	Climate	Presentations	x	x	
	Sustainability	Various fora	x		
	Employment	Collaboration projects	x		
	Taxes and duties	Audits	x		
	Food safety	Web			x
<b>Customers</b>	Product	Dialogue			x
	Food safety	Meetings	x		x
<b>Suppliers</b>	Sustainability	Seminars	x		
	Earnings	Project collaboration	x		
	Expertise	Partnership	x		
	Ethics	Web			x
	Product quality	Presentations	x	x	
	Certifications	Audits	x		
		Trade shows	x		
		Visits	x		
<b>Suppliers</b>	Earnings	Dialogue			x
	Ethics	Meetings			x
	Long-term perspective	Seminars		x	
		Project collaboration		x	
		Partnerships		x	
	Web			x	
	Presentations	x	x		
	Audits	x			
	Visits	x			
<b>NGOs</b>	Sustainability	Dialogue			x
		Meetings	x		
		Seminars	x		
		Presentations	x	x	
		Collaboration projects	x		
		Web			x
	Visits	x			
<b>Neighbours</b>	Local ripple effects	Dialogue	x		
		Meetings	x		
		Interim presentations	x	x	
		Web			x
<b>Local authorities</b>	Local ripple effects	Dialogue	x		
		Meetings	x		
		Presentations		x	
		Web			x
		Visits			
<b>Media</b>	Sustainability	Press releases		x	
		Current cases related to different topics			x
		Dialogue		x	
		Meetings		x	
		Visits		x	
		Environmental footprint	Web		x
	Travel		x		

NOTE

To follow the links in the GRI table, with additional URL, see our annual report:

<https://www.leroyseafood.com/en/investor/reports-and-webcast/annual-report-2021/>

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GRI 102: GENERAL DISCLOSURES 2016

Disclosure no.	Disclosure description	Response (page reference/ URLs)	Comment
<b>ORGANIZATIONAL PROFILE</b>			
102-1	Name of the organization	Annual report p.1	
102-2	Activities, brands, products and services	<a href="#">About us</a> <a href="#">Marked bans</a> <a href="#">Brands</a>	
102-3	Location of headquarters	Annual report p. 16-17	
102-4	Location of operations	<a href="#">About us</a> Annual report p. 16-17	
102-5	Ownership and legal form	Annual report p. 38; 124-125; 131-137; 180-181	
102-6	Markets served	<a href="#">About us</a>	
102-7	Scale of the organization	Annual report p. 16-17; 30-31; 58-65; 96-103	
102-8	Information on employees and other workers	<a href="#">Our employees</a>	
102-9	Supply chain	<a href="#">Sustainable Value Chain</a> <a href="#">Supplier evaluation</a>	
102-10	Significant changes to the organization and its supply chain	Annual report p. 14-15 <a href="#">Supplier evaluation</a>	
102-11	Precautionary Principle or approach	Annual report p. 24-25 <a href="#">Climate</a> <a href="#">External Initiatives</a>	Lerøy is a signatory of UN Global Compact (ref. principle no. 7 – business should support a precautionary approach to environmental challenges)
102-12	External initiatives	<a href="#">External Initiatives</a>	
102-13	Membership of associations	<a href="#">Membership of Associations</a>	
<b>STRATEGY</b>			
102-14	Statement from senior decision-maker	Annual report p. 20-21	
<b>ETHICS AND INTEGRITY</b>			
102-16	Values, principles, standards, and norms of behavior	Annual report p. 18-19 <a href="#">Business Code of Conduct</a> <a href="#">Compliance and Business Code of Conduct</a>	
<b>GOVERNANCE</b>			
102-18	Governance structure	Annual report p. 24-25; 44; 46-49	
<b>STAKEHOLDER ENGAGEMENT</b>			
102-40	List of stakeholder groups	Annual report p. 235-236	
102-41	Collective bargaining agreements	Annual report p. 226	
102-42	Identifying and selecting stakeholders	Annual report p. 230-236	
102-43	Approach to stakeholder engagement	Annual report p. 230-236	
102-44	Key topics and concerns raised	Annual report p.235-236	

## Global Reporting Initiative (GRI) cont.

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## GRI 102: GENERAL DISCLOSURES 2016

Disclosure no.	Disclosure description	Response (page reference/ URLs)	Comment
<b>REPORTING PRACTICE</b>			
102-45	Entities included in the consolidated financial statements	Annual report p. 124-125	
102-46	Defining report content and topic boundaries	Annual report p. 230-236	The report represents the Group's consolidated companies with employees and workers
102-47	List of material topics	Annual report p. 230	
102-48	Restatements of information		No restatements of information
102-49	Changes in reporting		No changes in the list of material topics or topic boundaries
102-50	Reporting period	Annual report p. 1	
102-51	Date of most recent report	Date published 30.04.2021	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	Annual report p. 252	
102-54	Claims of reporting in accordance with the GRI Standard	Annual report p. 237	
102-55	GRI Content index	Annual report p. 237-246	
102-56	External assurance	Annual report p. 232; 248-249	

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## GRI TOPIC SPECIFIC DISCLOSURES

Disclosure no.	Disclosure description	Response (page reference/ URLs)	Comment
<b>PROTECT OUR OCEANS</b>			
<b>Fish Health and Welfare</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Policy Fish Health and Welfare</a> <a href="#">Fish Health and Welfare</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">Policy Fish Health and Welfare</a> <a href="#">Fish Health and Welfare</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">KPI Fish Health and Fish Welfare</a> <a href="#">Fish Health and Welfare</a> Annual report p. 230-236	
Lerøy KPI	Average density per cage at sea (kg/m <sup>3</sup> )	<a href="#">Density</a> Annual report p. 229	KPI definition: Average density, per cage at sea (kg/m <sup>3</sup> )
Lerøy KPI	Survival in sea (%)	<a href="#">KPI Fish Health and Fish Welfare</a> Annual report p. 228	KPI definition: (1-12 months rolling mortality)*100 12 months rolling mortality= (total # of mortalities in sea last 12 month - total # of culled fish due to illness or similar and not in harvest figures)/ (closing # of fish in sea + total # of mortalities in last 12 months + total # harvested fish in last 12 months + total # of culled fish in sea)
<b>Sea Lice</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Policy for Control of Sea Lice</a> <a href="#">Sea Lice</a> <a href="#">KPI Sea Lice</a> Annual report p. 230-236.	
103-2	The Management Approach and its components	<a href="#">Policy for Control of Sea Lice</a> <a href="#">Sea Lice</a> <a href="#">KPI Sea Lice</a> Annual report p.230-236	
103-3	Evaluation of the Management Approach	<a href="#">Policy for Control of Sea Lice</a> <a href="#">Sea Lice</a> <a href="#">KPI Sea Lice</a> Annual report p.230-236	
Lerøy KPI	Number of cages treated (for sea lice)	Annual report p. 228	KPI definition: Total number of cages treated for lice in 2021
Lerøy KPI	Average number of fully grown lice per fish in LSG Farming	<a href="#">Sea Lice</a> <a href="#">KPI Sea Lice</a> Annual report p. 228	KPI definition: Average result of all countings of adult female lice per fish, in all companies
<b>Use of drugs and chemicals</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Policy for Use of Drugs and Chemicals</a> Annual report p.230-236	
103-2	The Management Approach and its components	<a href="#">Policy for Use of Drugs and Chemicals</a> <a href="#">Antibiotics</a> Annual report p.230-236	
103-3	Evaluation of the Management Approach	<a href="#">Policy for Use of Drugs and Chemicals</a> <a href="#">Antibiotics</a> <a href="#">KPI Use of Drugs and Chemicals</a> Annual report p.230-236	
Lerøy KPI	Antibiotics used in sea (kg active substance)	<a href="#">Antibiotics</a> Annual report p. 228	KPI definition: Antibiotics used in sea (kg active substance)
Lerøy KPI	Volume of delousing agents used via bath (kg active substance)	<a href="#">Use of Drugs and Chemicals</a> Annual report p. 228	KPI definition: Amount of (kg), active substance used as delousing agent via bath
Lerøy KPI	Volume of delousing agents via feed (kg active substance)	Annual report p. 228 <a href="#">Use of Drugs and Chemicals</a>	KPI definition: Amount of (kg), active substance used as delousing agent in feed



Global Reporting Initiative (GRI) cont.

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GRI TOPIC SPECIFIC DISCLOSURES

Disclosure no.	Disclosure description	Response (page reference/ URLs)	Comment
<b>Fish Escape (Accidental Releases)</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Policy escapes</a> <a href="#">KPI Escapes (accidental release)</a> Annual report p.230-236	
103-2	The Management Approach and its components	<a href="#">Policy escapes</a> <a href="#">KPI Escapes (accidental release)</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">Policy escapes</a> <a href="#">KPI Escapes (accidental release)</a> Annual report p. 230-236	
<b>Lerøy KPI</b>	Escapes (number)	<a href="#">Accidental Releases</a> <a href="#">KPI Escapes (accidental release)</a> Annual report p. 229	Total number of fish escaped
<b>Food Waste</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Policy for Food Waste</a> <a href="#">50/50-5 Food Waste</a> <a href="#">KPI Food Waste</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">Policy for Food Waste</a> <a href="#">50/50-5 Food Waste</a> <a href="#">KPI Food Waste</a> Annual report p.230-236	
103-3	Evaluation of the Management Approach	<a href="#">Policy for Food Waste</a> <a href="#">50/50-5 Food Waste</a> <a href="#">KPI Food Waste</a> Annual report p.230-236	
<b>Lerøy KPI</b>	Wild catch: Increase production of fishmeal, oil and silage	<a href="#">Policy for Food Waste</a> <a href="#">50/50-5 Food Waste</a> <a href="#">KPI Food Waste</a> Annual report p. 229	
<b>Lerøy KPI</b>	VAP, Sales and Distribution: Reduce the amount of floor fish as well as amount of unsold products	<a href="#">50/50-5 Food Waste</a> <a href="#">KPI Food Waste</a> Annual report p. 229	
<b>Biodiversity - Seabed conditions</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">KPI Biodiversity</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">MOMB</a> <a href="#">KPI Biodiversity</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">MOMB</a> <a href="#">KPI Biodiversity</a> Annual report p. 230-236.	
<b>GRI 304 Biodiversity (2016)</b>			
304-2	Significant impacts of activities, products, and services on biodiversity	<a href="#">MOMB</a> <a href="#">KPI Biodiversity</a> <a href="#">Certification farming</a> <a href="#">KPI Certifications</a>	
<b>Lerøy KPI</b>	Average MOM B score	<a href="#">MOMB</a> <a href="#">KPI Biodiversity</a> Annual report p. 229	KPI definition: Average result MOM B samples (based on surveys performed in calendar year for locations in use in calendar year).
<b>Lerøy KPI</b>	Average fallow period (number of days)	<a href="#">KPI Biodiversity</a> Annual report p. 229	KPI definition: Average number of fallow days

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GRI TOPIC SPECIFIC DISCLOSURES

Disclosure no.	Disclosure description	Response (page reference/ URLs)	Comment
<b>Biodiversity - species diversity</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Certification fisheries</a> <a href="#">KPI Certifications</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">Certification fisheries</a> <a href="#">KPI Certifications</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">Certification fisheries</a> <a href="#">KPI Certifications</a> Annual report p. 230-236	
<b>GRI 304 Biodiversity (2016)</b>			
304-2	Significant impacts of activities, products, and services on biodiversity	<a href="#">Certification fisheries</a> <a href="#">Quatas</a> <a href="#">Ghost fishing</a> <a href="#">Impact on red list species, protected areas and Trawling</a>	
<b>Lerøy KPI</b>	Percentage of certified marine species caught (%)	<a href="#">KPI Certifications</a> Annual report p. 229	KPI definition: Percentage of MSC certified species caught in 2021
<b>GRI 306 Waste (2020)</b>			
103-1	Explanation of the material topic and its boundary	<a href="#">Safeguarding local environment</a> <a href="#">KPI Non Organic waste</a>	
103-2	The Management Approach and its components	<a href="#">Safeguarding local environment</a> <a href="#">Policy: Waste management and sorting</a> <a href="#">KPI Non Organic waste</a>	
103-3	Evaluation of the Management Approach	<a href="#">KPI Non Organic waste</a> <a href="#">Safeguarding local environment</a>	
306-1	Waste generation and significant waste-related impact	<a href="#">Safeguarding local environment</a>	
306-2	Management of significant waste-related impact	<a href="#">Safeguarding local environment</a>	
306-3	Waste generated	<a href="#">Safeguarding local environment</a> <a href="#">KPI Non Organic waste</a>	
<b>Plastic Management</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Plastic Policy</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">Plastic Policy</a> <a href="#">Plastic</a> <a href="#">50/50-5 Plastic</a> <a href="#">KPI Plastic</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">KPI Plastic</a> Annual report p.230-236	
<b>Lerøy KPI</b>	Volume of plastic purchased (kg)	<a href="#">50/50-5 Plastic</a> <a href="#">KPI Plastic</a> Annual report p.229	

Global Reporting Initiative (GRI) cont.

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GRI TOPIC SPECIFIC DISCLOSURES

Disclosure no.	Disclosure description	Response (page reference/ URLs)	Comment
<b>IMPROVE OUR CLIMATE</b>			
<b>Deforestation</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">KPI Deforestation</a> <a href="#">Raw Material Requirements</a> <a href="#">KPI raw material fish feed</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">KPI Deforestation</a> <a href="#">Raw Material Requirements</a> <a href="#">KPI raw material fish feed</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">KPI Deforestation</a> <a href="#">Raw Material Requirements</a> <a href="#">KPI raw material fish feed</a> Annual report p.230-236	
<b>Lerøy KPI</b>	Share of deforestation-free soy protein concentrate from Brazil with traceability (%)	<a href="#">KPI Deforestation</a> Annual report p. 229	KPI definition: Share of deforestation-free soy protein concentrate from Brazil, with traceability out of total volume of soy protein concentrate purchased from Brazil (%)
<b>Raw Material Fish Feed</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Fish Feed Policy</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">Fish Feed Policy</a> <a href="#">Fish Feed</a> <a href="#">KPI Fish Feed Raw Materials</a> Annual report p.230-236	
103-3	Evaluation of the Management Approach	<a href="#">Fish Feed Policy</a> <a href="#">Fish Feed</a> <a href="#">KPI Fish Feed Raw Materials</a> Annual report p. 230-236.	
<b>Lerøy KPI</b>	Percentage of certified marine raw materials (%)	<a href="#">Fish Feed</a> <a href="#">Certified Marine Feed Ingredients</a> Annual report p.229	KPI definition: Share of IFFO standard certified marine raw materials used in feed in 2021
<b>Lerøy KPI</b>	Total percentage of certified raw materials (%)	Annual report p. 229 <a href="#">Certified Marine Feed Ingredients</a>	KPI definition: Total share of certified raw materials in feed
<b>Lerøy KPI</b>	FFDRm, salmon	<a href="#">FFDR Salmon</a> Annual report p. 229	KPI definition: FFDRm= (%fishmeal in feed from forage fisheries) * (eFCR)/24
<b>Lerøy KPI</b>	FFDRo, salmon	<a href="#">FFDR Salmon</a> Annual report p. 229	KPI definition: FFDRo= (% fishoil in feed from forage fisheries) * ( eFCR)/ 5,0 or 7,0 depending on the species
<b>Lerøy KPI</b>	Share of deforestation free soy protein concentrate from Brazil with traceability (%)	<a href="#">KPI Deforestation</a> Annual report p.229	KPI definition: Share of deforestation-free soy protein concentrate from Brazil, with traceability out of total volume of soy protein concentrate purchased from Brazil (%)
<b>Emissions</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Climate Policy</a> <a href="#">Climate</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">Climate Policy</a> <a href="#">Climate</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">Climate Policy</a> <a href="#">Climate</a> <a href="#">Climate Scenario Analysis</a> <a href="#">Emissions of Greenhouse Gases</a> Annual report p. 230-236	

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GRI TOPIC SPECIFIC DISCLOSURES

Disclosure no.	Disclosure description	Response (page reference/ URLs)	Comment
<b>GRI 305: Emissions (2016)</b>			
305-1	Direct (Scope 1) GHG emissions	<a href="#">Climate Policy</a> <a href="#">Climate</a> Annual report p. 229	
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Climate Policy</a> <a href="#">Climate</a> Annual report p. 229	
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Climate</a> Annual report p. 229	
305-4	GHG emissions intensity	<a href="#">Climate</a>	
<b>EMPOWER OUR PEOPLE</b>			
<b>Compliance and Business Code of Conduct</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Business Ethics and Anti-Corruption</a> <a href="#">Business Code of Conduct</a> <a href="#">Whistleblowing Policy</a> <a href="#">Human Rights Policy</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">Business Ethics and Anti-Corruption</a> <a href="#">Business Code of Conduct</a> <a href="#">Whistleblowing Policy</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">Business Ethics and Anti-Corruption</a> <a href="#">People</a> <a href="#">Whistleblowing</a> Annual report p. 230-236	
<b>Lerøy KPI</b>	Percentage of employees who have received training in business ethics (%)	<a href="#">Business Ethics and Anti-Corruption</a> <a href="#">People</a> <a href="#">Whistleblowing</a> Annual report p. 226	KPI definition: Number of employees who have received training in business ethics
<b>Anti-Corruption</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Business Ethics and Anti-Corruption</a> <a href="#">Business Code of Conduct</a> <a href="#">Whistleblowing policy</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">Business Ethics and Anti-Corruption</a> <a href="#">Business Code of Conduct</a> <a href="#">Whistleblowing policy</a> <a href="#">Anti-Corruption</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">Business Ethics and Anti-Corruption</a> <a href="#">Business Code of Conduct</a> <a href="#">Whistleblowing polic</a> <a href="#">Policy for Anti-Corruption</a> Annual report p. 230-236	
<b>GRI 205: Anti-Corruption (2016)</b>			
205-3	Confirmed incidents of corruption and actions taken	<a href="#">Business Ethics and Anti-Corruption</a> Annual report p. 227	
<b>Health, Safety and Environment (HSE)</b> GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	
103-2	The Management Approach and its components	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	
103-3	Evaluation of the Management Approach	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	

Global Reporting Initiative (GRI) cont.

THIS REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE GRI STANDARDS: CORE OPTION

GRI TOPIC SPECIFIC DISCLOSURES

Disclosure no.	Disclosure description	Response (page reference/ URLs)	Comment
<b>GRI: 403: Occupational Health and Safety (2018)</b>			
403-1	Occupational health and safety management system	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	
403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	
403-3	Occupational health services	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	
403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	
403-5	Worker training on occupational health and safety	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	
403-6	Promotion of worker health	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	
403-8	Workers covered by an occupational health and safety management system	<a href="#">HSE Policy</a> <a href="#">HSE</a> <a href="#">KPI HSE</a>	
Lerøy KPI	Sick leave (%)	Annual report p. 226-227 <a href="#">KPI HSE</a>	KPI definition: Sick leave percentage – number of sick days x 100/number of possible working days
Lerøy KPI	Undesired incidents, Near accidents (number)	Annual report p. 226-227 <a href="#">KPI HSE</a>	KPI definition: Number of all registered near misses in Lerøy QMS (Quality management system)
Lerøy KPI	Undesired incidents, Safety observations (number)	Annual report p. 226-227 <a href="#">KPI HSE</a>	KPI definition: Number of all registered safety observations in Lerøy QMS (Quality management system)
Lerøy KPI	LTI-H value (%)	Annual report p. 226-227 <a href="#">KPI HSE</a>	KPI definition: Frequency of injuries H1/LTI = Number of injuries with absence x 1 000 000/ Total number of working hours

IMPROVE OUR HEALTH

Product traceability  
GRI Management Approach (2016)

103-1	Explanation of the material topic and its boundary	<a href="#">Food Safety Policy</a> <a href="#">Food Safety</a> <a href="#">KPI Traceability</a> Annual report p. 230-236	
103-2	The Management Approach and its components	<a href="#">Food Safety Policy</a> <a href="#">Food Safety</a> <a href="#">Traceability</a> <a href="#">KPI Traceability</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">Food Safety Policy</a> <a href="#">Food Safety</a> <a href="#">Traceability</a> <a href="#">KPI Traceability</a> Annual report p.230-236	
Lerøy KPI	Traceability tests conducted for production facilities.	<a href="#">Food Safety</a> <a href="#">Traceability</a> <a href="#">KPI Traceability</a>	

THIS REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE GRI STANDARDS: CORE OPTION

GRI TOPIC SPECIFIC DISCLOSURES

Disclosure no.	Disclosure description	Response (page reference/ URLs)	Comment
<b>Product recall GRI Management Approach (2016)</b>			
103-1	Explanation of the material topic and its boundary	<a href="#">Food Safety Policy</a> <a href="#">Product Recall</a> <a href="#">KPI Product Recall</a> Annual report p.230-236	
103-2	The Management Approach and its components	<a href="#">Food Safety Policy</a> <a href="#">Product Recall</a> <a href="#">KPI Product Recall</a> Annual report p.230-236	
103-3	Evaluation of the Management Approach	<a href="#">Food Safety Policy</a> <a href="#">Product Recall</a> <a href="#">KPI Product Recall</a> Annual report p.230-236	
<b>GRI 416: Customer Health and Safety (2016)</b>			
416-1	Assessment of the health and safety impacts of products and services categories	<a href="#">Healthy products</a>	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<a href="#">Ensure food safety</a> <a href="#">KPI Product Recall</a>	
Lerøy KPI	Product recalls (number)	<a href="#">Product Recall</a> <a href="#">KPI Product Recall</a> Annual report p. 227	
<b>Certifications GRI Management Approach (2016)</b>			
103-1	Explanation of the material topic and its boundary	<a href="#">Food Safety Policy</a> <a href="#">KPI Certifications</a> <a href="#">Internal Audits and Certifications</a> Annual report p.230-236	
103-2	The Management Approach and its components	<a href="#">Food Safety Policy</a> <a href="#">KPI Certifications</a> <a href="#">Internal Audits and Certifications</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">Food Safety Policy</a> <a href="#">KPI Certifications</a> <a href="#">Internal Audits and Certifications</a> Annual report p. 230-236	
Lerøy KPI	Percentage of locations with Global Gap/ASC certificate (%)	<a href="#">KPI Certifications</a> <a href="#">Internal Audits and Certifications</a> <a href="#">ASC and GlobalGAP</a> Annual report p. 229	
Lerøy KPI	Percentage of certified marine species caught (%)	<a href="#">Fisheries</a> <a href="#">KPI Certifications</a> Annual report p.229	KPI definition: Percentage of MSC certified marine caught in 2021
Lerøy KPI	Percentage of factories with GFSI certificate (%)	<a href="#">Internal Audits and Certifications</a> <a href="#">KPI Certifications</a> <a href="#">Our Certifications</a> Annual report p. 227	



## Global Reporting Initiative (GRI) cont.

THIS REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE GRI STANDARDS: CORE OPTION

## GRI TOPIC SPECIFIC DISCLOSURES

Disclosure no.	Disclosure description	Response (page reference/ URLs)	Comment
<b>STRENGTHEN OUR COMMUNITIES</b>			
Supplier Management GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	<a href="#">Sustainable Value Chain</a> <a href="#">KPI Supplier evaluation</a> <a href="#">Procurement Policy</a> Annual report p. 230-236.	
103-2	The Management Approach and its components	<a href="#">Sustainable Value Chain</a> <a href="#">KPI Supplier evaluation</a> <a href="#">Procurement Policy</a> Annual report p. 230-236	
103-3	Evaluation of the Management Approach	<a href="#">Sustainable Value Chain</a> <a href="#">KPI Supplier evaluation</a> <a href="#">Procurement Policy</a> Annual report p. 230-236	
GRI 308: Supplier Environmental Assessment (2016)			
308-1	New suppliers that were screened using environmental criteria (%)	<a href="#">Sustainable Value Chain</a> <a href="#">KPI Supplier evaluation</a> <a href="#">Procurement Policy</a>	
GRI 414: Supplier Social Assessment (2016)			
414-1	New suppliers that were screened using social criteria (%)	<a href="#">Sustainable Value Chain</a> <a href="#">KPI Supplier evaluation</a> <a href="#">Procurement Policy</a>	
<b>ENSURE EARNINGS AND RETURNS</b>			
Ensure Earnings and Returns GRI Management Approach (2016)			
103-1	Explanation of the material topic and its boundary	Annual report p. 26-27, 58-65, 230-236	
103-2	The Management Approach and its components	Annual report p. 70-77, 230-236	
103-3	Evaluation of the Management Approach	Annual report p.30-57, 230-236	
Lerøy KPI	ROCE (%)	Annual report p. 26-27	
Lerøy KPI	Equity ratio (%)	Annual report p. 26-27	
Lerøy KPI	Dividends over time (%)	Annual report p. 26-27	
GRI 201: Economic Performance (2016)			
201-1	Direct economic value generated and distributed	Annual report p.26-27, 70-77, 96-103, 126-130 <a href="#">Direct economic value generated and distributed</a> <a href="#">Strengthen our communities</a>	





To the Board of Directors of Lerøy Seafood Group ASA

### Independent statement regarding Lerøy Seafood Group ASA's sustainability reporting

We have been engaged by Lerøy Seafood Group ASA to examine whether the Group's sustainability reporting is conducted in accordance with the Global Reporting Initiative (GRI) Standards Core Option, and to examine whether selected sustainability performance indicators are calculated, estimated and reported in accordance with the definitions and explanations provided in relation to each sustainability indicator.

- Lerøy Seafood Group ASA's GRI Table for 2021 is an overview of the principles, aspects and indicators from the GRI guidelines that Lerøy Seafood Group ASA has used to report on sustainability. The GRI Table for 2021 also contains a reference to where the material sustainability information is reported within the Annual report for 2021 (Annual Report 2021) or at Lerøy Seafood Group ASA's website. We examined whether Lerøy Seafood Group ASA had developed a GRI Table for 2021 and whether mandatory disclosures were presented in accordance with the Standards published by The Global Reporting Initiative ([www.globalreporting.org/standards](http://www.globalreporting.org/standards)) (criteria).
- Sustainability performance indicators are indicators that Lerøy Seafood Group ASA measure and control. These are included in the GRI Table for 2021 together with the definition and explanation of how they are measured (criteria). We have for selected sustainability indicators examined whether these are calculated, estimated and reported in accordance with the criteria. The sustainability indicators selected for verification are presented on p. 232 Global Reporting Initiative (GRI) table 2021, paragraph "External Verification" in the Annual Report 2021.

#### Tasks and responsibilities of management

Management is responsible for Lerøy Seafood Group ASA's Sustainability Reporting for 2021 and that the GRI Table for 2021 is developed in accordance with the Standards published by the GRI. Management is also responsible for the sustainability indicators and that these are calculated, estimated and reported in accordance with the definitions given. Their responsibility includes to implement such internal control as management determines is necessary to enable development and reporting of the GRI Table and to enable correct calculation, estimation and reporting of the sustainability indicators in the Annual Report 2021.

#### Our independence and quality control

We are independent of the company in accordance with applicable laws and regulations and the Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our independent statement, and we have fulfilled our ethical obligations in accordance with these requirements and IESBA Code. We use ISQC 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and maintain a comprehensive quality control system including documented policies and procedures of the ethical standards, professional standards and applicable legal and regulatory requirements.

#### The Auditors responsibilities

Our responsibility is to express a limited assurance conclusion on Lerøy Seafood Group ASA's sustainability reporting based on our procedures. We have performed our limited assurance engagement in accordance with the Standard on Assurance Engagements ISAE 3000: "Assurance engagements other than audits or review of historical financial information", issued by the International Auditing and Assurance Standards Board. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement, both with respect of risk assessment procedures, understanding of internal controls and procedures performed to address the identified risks.

Our work involves performing procedures to obtain evidence that Lerøy Seafood Group ASA's GRI Table 2021 and sustainability performance indicators are developed and presented in accordance with GRI Standards Core Option and the criteria for reporting and measurement set out in the GRI Table. The procedures selected depend on our judgment, including assessments of the risks that the sustainability reporting as a whole are free from material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the GRI Index 2021 and the selected sustainability indicators. We design procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our procedures also include an assessment of whether the applied criteria are appropriate and an assessment of the overall presentation of the GRI Index 2021 and the selected sustainability performance indicators.

Our procedures include meetings and interviews with representatives from Lerøy Seafood Group ASA responsible for the key areas covered by the sustainability reporting, evaluating internal controls and procedures for reporting sustainability indicators, collecting and reviewing relevant supporting information and data which substantiates the calculation and estimation of selected sustainability performance indicators, evaluating the completeness of the selected sustainability indicators and controlling whether the calculation and estimation of the selected sustainability performance indicators are accurate.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe

- that Lerøy Seafood Group ASA's GRI Table for 2021 is not prepared, in all material respects, in accordance with the Global Reporting Initiative Standards Core Option, and
- that the calculation, estimation and reporting of the selected sustainability performance indicators presented on page 232 in the Annual Report for 2021 are not prepared, in all material respects, in accordance with the definitions and explanations provided in relation to each sustainability indicator presented in the GRI Table.

Bergen, April 28, 2022

**PricewaterhouseCoopers AS**

Hanne Sælemyr Johansen

State authorised public accountant

*Note: This translation from Norwegian has been prepared for information purposes only.*

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Statsautoriserede revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



# Gender balance in our companies

Company	Number of women	Number of men	Temporary employees, women	Temporary employees, men	Part-time employees, women	Part-time employees, men	Total part-time	Parental leave (Average number of weeks)	
								Women	Men
Laks- & Vildtcentralen	6	48	0	10	0	5	5	0	14
Lerøy Alfheim	1	14	0	0	0	0	0	0	0
Lerøy Aurora	109	384	0	0	11	26	37	15.25	9.33
Lerøy Finland	20	16	0	1	1	2	3	NA	NA
Lerøy Fossen	67	42	0	0	8	1	9	0	8.5
Lerøy Portugal	14	41	4	19	0	0	0	NA	NA
Lerøy Processing Spain	239	127	33	17	17	7	24	NA	NA
Lerøy Seafood Group	29	59	0	1	0	0	0	1.50	12.71
Lerøy Seafood Holding B.V.	268	204	206	103	215	112	327	NA	NA
Lerøy Seafood Italy SRL	8	10	5	3	1	0	1	NA	NA
Lerøy Seafood USA Inc	2	4	0	0	0	0	0	NA	NA
Lerøy Sjømatgruppen AS	1	2	0	0	0	0	0	0	0
Lerøy Vest AS	59	224	0	0	29	42	71	21.30	10.91
Lerøy Sjøtroll Kjærelva AS	9	23	0	0	4	5	9	0	0
Sjøtroll Havbruk AS	71	243	0	0	12	43	55	16.48	12.88
Lerøy Seafood AB	27	75	0	2	0	6	6	NA	NA
Lerøy Trondheim AS	2	8	0	0	1	1	2	0	18.40
Lerøy Turkey	37	33	22	9	0	0	0	NA	NA
Norsk Oppdrettsservice AS	12	25	0	0	3	1	4	0	0
SAS Lerøy Seafood France	2	6	0	1	0	0	0	NA	NA
SAS Eurosalmon	30	27	6	5	1	2	3	NA	NA
SAS Lerøy Fish Cut	51	56	8	11	2	0	2	NA	NA
Seafood Danmark A/S	250	203	46	33	7	5	12	NA	NA
Sjømathuset AS	66	99	1	12	19	9	28	16.86	10.73
Lerøy Bulandet AS	24	21	0	1	7	2	9	9.50	15.50
Lerøy Delico AS	3	15	0	0	3	3	6	0	0
Lerøy Midt AS	181	502	30	60	17	54	71	16.94	11.39
Lerøy Seafood AS	93	82	1	1	13	11	24	33.92	4.40
Lerøy Smøgen Seafood AB	56	90	10	11	0	0	0	NA	NA
Lerøy Sverige AB	2	3	0	0	0	0	0	NA	NA
Sirevaag AS	4	6	1	0	1	1	2	0	0
Lerøy Norway Seafoods AS	252	380	5	27	45	79	124	12.39	3.93
Lerøy Havfisk AS	28	380	0	0	0	0	0	33.00	0
<b>TOTAL</b>	<b>2023</b>	<b>3452</b>	<b>378</b>	<b>327</b>	<b>417</b>	<b>417</b>	<b>834</b>		

As a new employee, I feel that I'm looked after and included in all aspects, both internally and across the companies in the Lerøy Seafood Group.

**May Linn Kjerringvåg**  
HR consultant, Lerøy Midt AS



Having a Lerøy-run management programme has been incredibly valuable. Meeting colleagues across the value chain lets us see we have shared challenges that we can better resolve together. The programme is really good, and the networking is really important too.

**Hege Torvund Nilsen**  
Head of Finance, Sales and Distribution, Lerøy Seafood Group ASA



Taking part in the "Manager in Lerøy" programme is really exciting. You get to meet people from different localities and can share ideas and experience across the organisation. It's an important programme with good input and new information, and is useful for developing as a manager.

**Eirik Fosse**  
Team Manager Sales & Distribution Nordic Region



Being able to present a strategic task to the Group management is really inspiring. They listened to everything we had to say, and there was positive discussion on various topics. This is a technique I'll use with our employees, to try to give the same feeling of being heard and having chance to share their interests and concerns. This is the key to open and inclusive management.

**Håvard Hårstad**  
Production Manager, consumer products in Lerøy Aurora



As a works technician at one of Lerøy Midt's localities for fish for consumers, I work closely with production, and find it very rewarding to see the development from the time when the smolt are released to the sea until they are ready for harvest.

**Julia Grødahl Hogsneset**  
Operating technician, Lerøy Midt





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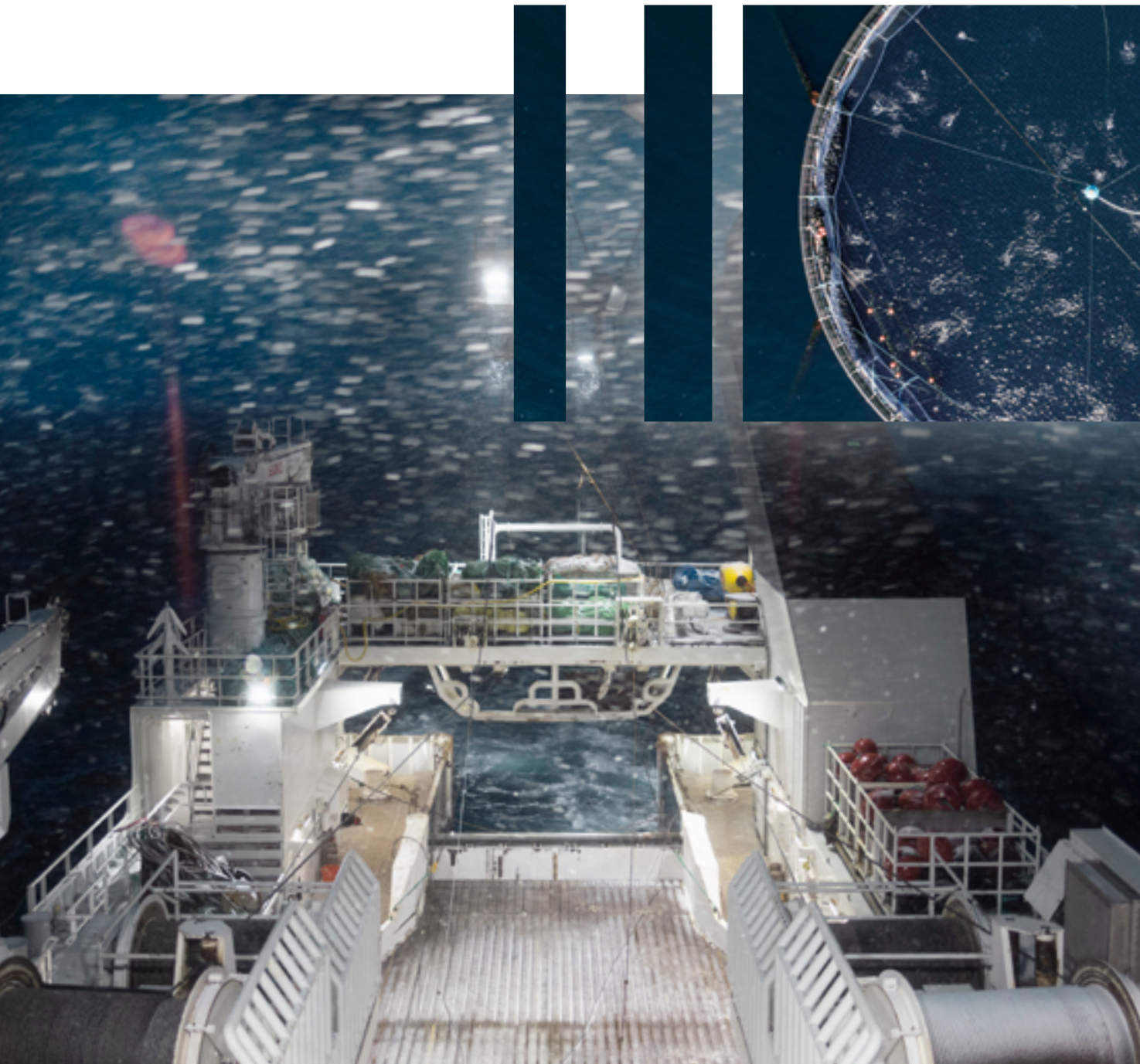
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