

Consolidated financial statements 2020

Consolidated financial statements consist of

85	Key figures
86	Income statement
87	Statement of comprehensive income
88	Statement of financial positions
90	Statement of cash flows
91	Statement of changes in equity
92	Notes to the consolidated financial statements

Overview of notes to the consolidated financial statements

92	Note 1	Accounting policies
103	Note 2	Alternative performance measures
105	Note 3	Significant accounting estimates and assessments
109	Note 4	Consolidated companies and allocation to operating segment
111	Note 5	Operating revenue and segment information
116	Note 6	Business combinations and transactions with non-controlling interests
117	Note 7	Intangible assets
124	Note 8	Leases
127	Note 9	Fixed assets
128	Note 10	Associates and other investments
132	Note 11	Biological assets
137	Note 12	Other inventories
138	Note 13	Receivables
141	Note 14	Financial instruments
146	Note 15	Loans, mortgages and guarantees
151	Note 16	Pensions
152	Note 17	Taxation
154	Note 18	Other short-term debt
155	Note 19	Earnings per share
156	Note 20	Dividend per share
157	Note 21	Share capital and shareholder information
159	Note 22	Payroll costs, number of employees, remuneration, loans to staff, etc.
161	Note 23	Items that are combined in the financial statements
162	Note 24	Currency translation differences
163	Note 25	Related parties
165	Note 26	Events after balance sheet date
165	Note 27	Investigation by the competition authorities

Key Figures for Lerøy Seafood Group Consolidated

(All figures in NOK 1,000)

	2020	2019
LSG stock price last annual trading day	60.56	58.30
Dividend paid per share (distribution year)	1.50	2.00
Dividend per share for payment following year	2.00	1.50
Cash flow from operating activities per share	3.97	4.80
Diluted cash flow from operating activities per share	3,520,768	2,641,431
NIBD	58.5 %	58.8 %
Equity ratio		
	170,849	158,178
Harvest volume (GWT)	68,419	62,497
Catch volume in tonnes (HOG)		
	19,959,652	20,426,902
Operating revenue		
Key figures before fair value adjustments related to biological assets	3,108,795	3,746,276
EBITDA before fair value adjustments	1,949,655	2,734,235
Operating profit (EBIT) before fair value adjustments	1,869,301	2,717,911
Pre-tax profit before fair value adjustments	9.8 %	13.4 %
Operating margin before fair value adjustments	9.4 %	13.3 %
Profit margin before fair value adjustments (pre-tax)	10.5 %	15.5 %
ROCE before fair value adjustments (annualised)	2.46	3.48
Earnings per share before fair value adjustments	11.4	17.3
EBIT/kg before fair value adjustments	10.2	15.5
EBIT/kg exclusive Wildcatch, before fair value adjustments		
Fair value adjustments related to biological assets	-826,751	-333,703
Fair value adjustments related to consolidated companies' inventory (before tax)	-55,666	-18,726
Fair value adjustments related to associates' inventory (after tax)		
Key figures after fair value adjustments related to biological assets	2,280,492	3,412,573
EBITDA	1,122,903	2,400,532
Operating profit (EBIT)	986,884	2,365,482
Pre-tax profit	5.6 %	11.8 %
Operating margin	4.9 %	11.6 %
Profit margin (pre-tax)	5.9 %	12.9 %
ROCE	1.33	3.12
Earnings per share		

Income statement

(All figures in NOK 1,000) (period 1.1 - 31.12)

Lerøy Sefood Group (Consolidated)	Notes	2020	2019
Operating revenue and expenses			
Operating revenue	5/25	19,959,652	20,426,902
Other gains and losses	5	6,569	27,245
Cost of materials	25	11,344,160	11,289,347
Change in stock of biological assets at cost, raw materials and finished products	23	-237,156	-106,155
Salaries and other personnel costs	16/22	3,072,129	2,933,409
Other operating expenses	22	2,678,293	2,591,271
EBITDA before fair value adjustments related to biological assets		3,108,795	3,746,276
Depreciations on intangibles	7	31,921	31,802
Depreciation on right of use assets	8	458,202	426,654
Depreciation on fixed assets	9	667,466	553,585
Impairment loss	7	1,551	0
Operating profit before fair value adjustments related to biological assets		1,949,655	2,734,235
Fair value adjustments related to biological assets	11	-826,751	-333,703
Operating profit (EBIT)		1,122,903	2,400,532
Associates and net financial items			
Income from associates	5/10	105,359	179,749
Net financial items	23	-241,378	-214,799
Profit before tax		986,884	2,365,482
Taxation	17	-196,674	-495,743
Annual profit		790,209	1,869,739
Of which controlling interests		794,335	1,857,172
Of which non-controlling interests		-4,126	12,567
Earnings per share	19	1.33	3.12
Diluted earnings per share	19	1.33	3.12

Statement of comprehensive income

(All figures in NOK 1,000) (period 1.1 - 31.12)

Lerøy Sefood Group (Consolidated)	Notes	2020	2019
Profit for the year		790,209	1,869,739
Estimate differences pension plans (including associates)	10/16	0	-793
Conversion differences that are reclassified to profit and loss in the period	24	-5	15
Items that will not be reclassified to the income statement		-5	-778
Translation differences related to subsidiaries	24	35,088	-12,819
Translation differences from associates	10/24	9,583	24,559
Change in value of financial instruments (cash flow hedges)	14	-34,429	25,711
Change in value from associates	10	-4,947	-3,530
Items that may subsequently be reclassified to the income statement		5,295	33,921
Other comprehensive income for the year		5,290	33,143
Comprehensive income for the year		795,500	1,902,882
Of which controlling interests		799,625	1,890,315
Of which non-controlling interests		-4,126	12,567

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 Sefood Group (Consolidated)	Notes	31.12.20	31.12.19
Non-current assets			
Deferred tax asset	17	18,110	2,932
Intangibles	7	8,307,280	8,150,610
Right-of-use assets	8/15	2,429,037	2,378,102
Fixed assets	9/15	6,797,080	6,230,105
Shares in associates	5/10/15	1,055,463	950,017
Other investments	10/14	15,917	13,825
Non-current receivables	13	79,287	71,233
Total non-current assets		18,702,174	17,796,824
Current assets			
Biological assets	11/15	4,913,512	5,574,921
Other inventories	12/15	1,094,571	1,031,155
Trade receivables	13/14/15	1,867,505	2,244,348
Other current receivables	13/14/15	618,928	511,131
Cash and cash equivalents	14/15	2,966,409	3,031,052
Total current assets		11,460,925	12,392,607
Total assets		30,163,099	30,189,431

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

Lerøy Seafood Group (Consolidated)	Notes	31.12.20	31.12.19
EQUITY			
Share capital	21	59,577	59,577
Treasury shares	21	-30	-30
Share premium reserve		4,778,346	4,778,346
Total paid-in capital		4,837,893	4,837,893
Retained earnings		11,919,158	12,012,739
Non-controlling interests		875,718	912,674
TOTAL EQUITY		17,632,769	17,763,305
LONG-TERM LIABILITIES			
Pension liabilities	16	2,670	2,689
Deferred tax	17	2,320,370	2,474,530
Lease liabilities to credit institutions	8/15	1,041,812	838,270
Lease liabilities to others	8/15	858,164	1,041,322
Loans from credit institutions	15	3,992,432	3,628,044
Other long-term loans	15	1,246	1,449
Other long-term liabilities	14/15	34,176	30,857
Total long-term liabilities		8,250,871	8,017,161
SHORT-TERM LIABILITIES			
Short-term part of long term loans and leases	15	837,138	816,679
Overdrafts and other short term loans	15	815,120	585,128
Trade payables	14	1,194,471	1,554,071
Public duties payable		252,629	279,333
Tax payable	17	349,562	448,813
Other short-term liabilities	14/15/18	830,540	724,941
Total short-term liabilities		4,279,459	4,408,965
TOTAL LIABILITIES		12,530,330	12,426,126
SUM EQUITY AND LIABILITIES		30,163,099	30,189,431

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

Bergen, 14 April 2021

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 Sefood Group (Consolidated)	Share capital	Treasury shares	Share premium reserve	Currency translation differences	Cash flow hedges reserve	Other retained earnings	Non- controlling interests ^{*)}	Total equity
Equity 01.01.19	59,577	-30	4,778,346	83,771	-44,742	11,275,967	981,401	17,134,291
Annual profit 2019					0	1,857,172	12,567	1,869,739
Comprehensive income for the year				11,755	25,711	-4,323	0	33,143
Total profit/loss 2019	0	0	0	11,755	25,711	1,852,849	12,567	1,902,882
Transactions with shareholders								
Dividend payments						-1,191,547	-81,295	-1,272,842
Dividend paid on treasury shares						596		596
Redemption of non-controlling interests						-1,620		-1,620
Total transactions with shareholders	0	0	0	0	0	-1,192,572	-81,295	-1,273,867
Equity 31.12.19	59,577	-30	4,778,346	95,526	-19,031	11,936,244	912,673	17,763,305
Annual profit 2020					0	794,335	-4,126	790,209
Comprehensive income for the year				44,666	-34,380	-4,995	0	5,290
Total profit/loss 2020	0	0	0	44,666	-34,380	789,340	-4,126	795,500
Transactions with shareholders								
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				-1,515	1,515	0	0	0
Total transactions with shareholders	0	0	0	-1,515	1,515	-893,207	-32,829	-926,036
Equity 31.12.20	59,577	-30	4,778,346	138,677	-51,896	11,832,377	875,719	17,632,769

^{*)} 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 1.1 - 31.12)

Lerøy Sefood Group (Consolidated)	Notes	2020	2019
Cash flows from operating activities			
Profit before tax		986,883	2,365,482
Taxes paid during the period		-452,693	-690,520
Other gains and losses		-6,570	-27,245
Depreciation	7	1,551	0
Impairment loss	10	-105,358	-179,749
Profit impact associates	10	-105,358	-179,749
Change in fair value adjustments related to biological assets	11	826,751	332,946
Change in inventories/biological assets	11/23	-255,243	-101,136
Change in trade receivables	13	376,843	-91,933
Change in trade payables		-359,600	67,952
Change in net pension liabilities	16	-20	-877
Net financial items classified as financing activities	23	241,378	214,799
Change in other accruals		-44,661	-43,080
Net cash flow from operating activities		2,366,851	2,858,680
Proceeds from sale of fixed assets			
Payments for acquisitions of fixed assets	8	10,892	238,012
Proceeds from sale of right of use assets	8	-1,194,622	-1,430,998
Proceeds from sale of intangible assets	8	1,260	12,292
Payments for acquisitions of intangible assets	7	0	13,495
Proceeds from sale of shares in associates and other businesses	7	-182,787	-15,799
Payments for acquisitions of shares in associates and other businesses	10	0	2,763
Dividend payments received from associates	10	-27,086	-439
Payments for acquisition of Group companies and redemption of minorities	10	28,752	266,452
Interest payments received	6	-1,516	0
Proceeds/payments on other loans (short and long-term)	23	25,550	37,550
Net cash flow from investing activities		-14,656	642
Netto kontantstrøm fra investeringsaktiviteter		-1,354,214	-876,029
Cash flows from financing activities			
Movement in short-term interest-bearing debt	15	229,994	143,958
Proceeds from establishing new long-term debt	15	1,657,920	120,674
Downpayments of long-term debt	15	-1,786,414	-725,812
Interest paid and other financial expenses	23	-254,450	-254,328
Dividends paid (net, after dividend on treasury shares)	20	-924,332	-1,272,246
Net cash flow from financing activities		-1,077,281	-1,987,753
Net cash flow in the accounting period		-64,643	-5,102
Cash and cash equivalents at start of period		3,031,052	3,036,154
Cash and cash equivalents at end of period		2,966,408	3,031,052
<i>This consists of</i>			
Bank deposits, etc.		2,966,408	3,031,052
Of which restricted funds		157,865	132,277
Unutilised overdraft/drawdown facilities		3,459,502	3,610,461

NOTE 1

Accounting policies

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 2020 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.

The financial statements were submitted by the Board of Directors on 14 April 2021.

(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. The financial statements are based on all compulsory accounting standards (IFRS).

(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 assessment 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. Accounting policies for 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 transferred to the Group 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 ascribed to specific assets represents goodwill. Acquisitions effectuated before 1 January 2004 have not been corrected as a consequence of the transition to IFRS (use option exercised). 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. IFRS 10 and IFRS 3 are mainly based on an entity definition when measuring assets and liabilities in connection with acquisitions which provide control. The one exception is goodwill where there is a use option per acquisition such that companies can choose to recognise only the controlling interest's share or 100%.

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' 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 from the sale of goods 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

Operating segments are reported at a more aggregated level than for internal reporting to the corporate management due to similar economic characteristics such as organisational structure and commercial risk. The Group's operating 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 operating 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.

Farming is reported as a main segment but with three separate operating segments. These are (1) the North Norway region, comprising the Lerøy Aurora AS group, (2) the Central Norway region, comprising only Lerøy Midt AS, and (3) the West Norway region (also known as Lerøy Sjøtroll), comprising Lerøy Vest AS, Sjøtroll Havbruk AS, Lerøy Kjærrelva 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 operating segment. This segment comprises several individual entities. These are merged into one operating segment due to similarities such as same branch, commercial risk and uniform processes. The norwegian units are: Lerøy Seafood AS, Lerøy Fossen AS, Bulandet Fiskeindustri AS, Lerøy Sjømatgruppen AS, Lerøy Alfheim AS, Lerøy Trondheim AS, Lerøy Delico AS group, Lerøy Nord AS, Laks- & Vildcentralen AS, Sjømathuset AS, Lerøy Quality Group AS og Lerøy & Strudshavn AS. The foreign units are: Røde Beheer BV group, Lerøy Sverige AB group, SAS Lerøy Seafood France group, Lerøy Seafood USA Inc, Lerøy Processing Spain S.L, Lerøy Portugal Lda, Lerøy Finland OY, Lerøy Turkey, Lerøy Germany GmbH and Leroy Italy Srl.

Lerøy 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. 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. Deferred tax in connection with licenses is charged against goodwill. When assessing the need to write down the value of goodwill, this is allocated to applicable cash-generating units.

NOTE 1 cont.

Accounting policies

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

Until 01.01.2019 fixed assets have included both own fixed assets and financial leases. The new standard on leases, IFRS 16, which was implemented 01.01.2019, the distinction between operational and financial leases has ceased to exist for the lessee. According to the new standard all leases shall be recognised in the balance sheet. Leased assets are

named right-of-use assets in the new standard. The group has chosen to present fixed assets and right-of-use assets as two individual elements in the statement of financial positions. On the date of implementation all leases previously recognised in the statement of financial positions (financial leases) were regrouped from fixed asset to right-of-use assets. In addition, the operational leases, previously only specified in the notes, were recognised in the statement of financial positions.

Fixed assets

Fixed assets are recorded in the financial statements 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

The Group adopted IFRS 16 Leases from 1 January 2019 using the modified retrospective approach. As a result, the historic comparable figures were not restated. For leases which had previously been classified as operating leases under the principles of IAS 17, the lease liability upon adoption of IFRS 16 is measured as the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. Extension periods are included in the leasing calculation when they are reasonably certain to be exercised. The associated right-of-use assets were 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 leases that were previously classified as financial leasing under IAS 17, the book value of the right-of-use asset and lease liability is brought forward at the date of implementation of IFRS 16 (1 January 2019). Accumulated depreciations on leased assets as of implementation date (depreciations according to IAS 17) were not transferred to the new group with right-of-use assets.

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 NOK 50 each. 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.

(1) 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, utilised 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 utilised 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 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 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. No deductions are made for sales expenses, as these are not observable on the market. Such expenses are also deemed immaterial. 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

NOTE 1 cont.

Accounting policies

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, the fair value adjustment of the biological assets 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. Receivables and payables in foreign currency are translated at the respective rates of exchange on the balance sheet date.

(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 under Financial items, while the assets are shown in the balance Sheet under Financial assets. The Group's share of unrealised intercompany profit on transactions 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 if the entity does not have sufficient means to pay all employees their pension benefits associated with earned pensions in the current or earlier periods.

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 assets as adjusted for non-recognised estimate differences and non-

recognised costs associated with pension benefits earned in earlier periods. 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. For licenses acquired prior to 1 January 2004, the effect of deferred tax is charged against equity. For licenses acquired by means of business acquisitions after 1 January 2004, deferred tax is included in goodwill. 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, if relevant, 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

NOTE 1 cont.

Accounting policies

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 for the Group and are shown separately with the deduction of cash and cash equivalents in the company acquired. 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

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. An overview of the effect of such agreements is provided in the [note on financial instruments](#).

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 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 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, 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

NOTE 1 cont.

Accounting policies

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 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. North Norway has been allocated with permission to percentage growth conditional on a low level of lice. Enterprises in this region that satisfy the specified conditions can purchase increased volume capacity. The Group has utilised this option, buying a 5% increase in volume for a total of eight licenses in 2017, and a further increase in volume of 2% for all licenses in this region in 2018. There are also some licenses that, for historical reasons, have a MAB limit different from 780 tonnes. LSG with its subsidiaries 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 are currently operational.

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. 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.

NOTE 1 cont.

Accounting policies

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

a) 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.

b) the entity can document fulfilment of the license conditions,

c) 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 2020

IASB and EU have not implemented any new standards that have been mandatory to adopt in 2020.

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 2020 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:

	2020	2019
Operating profit (EBIT)	1,122,903	2,400,532
- Fair value adjustments	826,751	333,703
= EBIT before fair value adjustments	1,949,655	2,734,235

Fair value adjustments consists of:

1. Change in fair value adjustment on fish in sea
2. Change in fair value adjustment on roe, fry and cleaning fish^{*)}
3. Change in fair value adjustment on onerous contracts (salmon and trout)
4. 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.

^{**)} In 2020 all changes in fair value on Fish Pool contracts have been recognised in other comprehensive income (cash flow hedging).

See note on biological assets for more details.

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).

	2020	2019
EBIT	1,122,903	2,400,532
- Depreciations (intangibles, RoU assets and fixed assets)	667,466	553,585
= EBITDA	1,790,369	2,954,117
- Fair value adjustments	826,751	333,703
= EBITDA before fair value adjustments	2,617,120	3,287,820

NOTE 2 cont.

Alternative performance measures

EBITDA 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:

	2020	2019
Profit before tax	986,884	2,365,482
- Fair value adjustments	826,751	333,703
- Fair value adj. incl. in income from AC ^{*)}	55,666	18,726
= Profit before tax and fair value adjustments	1,869,301	2,717,911

^{*)} See note on associated companies for more details

Net-interest-bearing debt (NIBD)

NIBD is an APM utilised 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. The Group therefore defines NIBD 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. This implies that long-term interest-bearing receivables (assets) and other lease commitments with the exception of leasing debt to credit institutions (liability) are not included. The latter component comprises most of the new lease commitments carried in connection with implementation of IFRS 16. The following components from the statement of financial position are included:

	31.12.20	31.12.19
Loans from credit institutions ^{*)}	4,389,042	4,027,759
+ Lease liabilities to credit institutions ^{*)}	1,280,249	1,056,654
+ Other long term loans ^{*)}	2,765	2,943
+ Overdrafts and other short term credits	815,120	585,128
- Cash and cash equivalents	-2,966,409	-3,031,052
= Net interest bearing debt (NIBD)^{*)}	3,520,768	2,641,433

^{*)} Both long-term and short-term portion

^{**)} See note on loans, mortgages and guarantees for an overview of changes during the period

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.

(A) 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 observable 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

NOTE 3 cont.

Significant accounting estimates and assessments

(All figures in NOK 1,000)

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

In 2020 a 5% monthly discount rate has been applied, the same as in 2019. 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 margins are an important parameter. The forward price on salmon has a direct impact on the future expected margins. The price level on atlantic salmon and trout is at a lower level as of 31.12.2020 compared with 31.12.2019. Normally the price level increases in the last months of the year, and especially the last few weeks of December. This expected price increase was absent end of 2020. It is assumed that an unexpected low price level at date for measurement will not lead to a simultaneously reduction in hypothetical license lease price for fish in sea, but instead a step by step reduction 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. The point of time when the unexpected price difference became clear, is therefore of relevance. Due to the fact that it was close to year end when the unexpected price difference became clear, the discount rate applied remains unchanged as of 31.12.2020.

In practice this means that the lower price level has led to a corresponding drop in fair value on fish in sea, without any of the effect allocated to fair value on licenses. In case the unexpected low price level should continue into 2021, some of the effect will be allocated to fair value on licenses, through a reduction in discounting rate for 2021. A reduction in fair value on licenses will normally not impact the annual accounts since licenses are not recognised at fair value in the statement of financial position. This approach prevents to smooth out the volatility in fair value on biological assets, by allocating too much of the unexpected price difference at measurement date to other assets in the statement of financial positions that are not measured at fair value.

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

			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
Average price per kg (NOK)	44.4	-5.00	3,252,974	3,545,135	3,854,165	4,170,154	4,486,805
	47.4	-2.00	3,630,731	3,942,542	4,272,534	4,610,082	4,948,347
	48.4	-1.00	3,756,650	4,075,011	4,411,991	4,756,724	5,102,194
	49.4	-	3,882,568	4,207,480	4,551,447	4,903,367	5,256,042
	50.4	1.00	4,008,487	4,339,949	4,690,903	5,050,010	5,409,889
	51.4	2.00	4,134,406	4,472,418	4,830,360	5,196,653	5,563,737
	54.4	5.00	4,512,163	4,869,825	5,248,729	5,636,581	6,025,279

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

			Monthly discount rate (%)				
			3.0 %	4.0 %	5.0 %	6.0 %	7.0 %
			Change in monthly discount rate (%)				
			-2.0 %	-1.0 %	0.0 %	1.0 %	2.0 %
Average price per kg (NOK)	44.4	-5.00	4,401,396	4,113,965	3,854,165	3,618,745	3,404,888
	47.4	-2.00	4,888,042	4,564,637	4,272,534	4,008,034	3,767,939
	48.4	-1.00	5,050,257	4,714,862	4,411,991	4,137,797	3,888,955
	49.4	-	5,212,472	4,865,086	4,551,447	4,267,560	4,009,972
	50.4	1.00	5,374,687	5,015,310	4,690,903	4,397,324	4,130,989
	51.4	2.00	5,536,902	5,165,535	4,830,360	4,527,087	4,252,006
	54.4	5.00	6,023,548	5,616,207	5,248,729	4,916,376	4,615,057

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.

NOTE 3 cont.

Significant accounting estimates and assessments

(All figures in NOK 1,000)

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

		Number of fish in stock (million fish)						
		52.8	54.4	55.5	56.6	58.3		
		Change in number of fish in stock						
		-5 %	-2 %	0 %	2 %	5 %		
Average price per kg (NOK)	44.4	Change in price per kg (NOK)	-5.00	3,547,696	3,731,577	3,854,165	3,976,753	4,160,635
	47.4		-2.00	3,945,146	4,141,579	4,272,534	4,403,490	4,599,923
	48.4		-1.00	4,077,630	4,278,246	4,411,991	4,545,735	4,746,352
	49.4		-	4,210,113	4,414,913	4,551,447	4,687,981	4,892,781
	50.4		1.00	4,342,597	4,551,581	4,690,903	4,830,226	5,039,210
	51.4		2.00	4,475,080	4,688,248	4,830,360	4,972,471	5,185,639
	54.4		5.00	4,872,531	5,098,249	5,248,729	5,399,208	5,624,927

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

		Monthly discount rate (%)						
		3.0 %	4.0 %	5.0 %	6.0 %	7.0 %		
		Change in monthly discount rate (%)						
		-2.0 %	-1.0 %	0.0 %	1.0 %	2.0 %		
Number of fish in stock (in millions)	52.8	Change in number of fish	-5 %	4,814,017	4,496,756	4,210,113	3,950,480	3,714,734
	54.4		-2 %	5,053,090	4,717,754	4,414,913	4,140,728	3,891,877
	55.0		-1 %	5,132,781	4,791,420	4,483,180	4,204,144	3,950,925
	55.5		-	5,212,472	4,865,086	4,551,447	4,267,560	4,009,972
	56.1		1 %	5,292,163	4,938,752	4,619,714	4,330,977	4,069,020
	56.6		2 %	5,371,854	5,012,418	4,687,981	4,394,393	4,128,068
	58.3		5 %	5,610,927	5,233,416	4,892,781	4,584,641	4,305,210

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.

(B) Estimated impairment of goodwill and other intangible assets

The Group performs tests to assess impairment of goodwill and other intangible assets, see note on intangible assets. The tests are based on the Group's expected future earnings

as a cash-generating unit, as well as on the synergies that may be realised in the Group. Negative changes in market conditions may lead to reduced estimates of future earnings, and may therefore generate a need for write-downs.

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
Wildcatch						
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 %
Sørvær Kystfiskeinvest AS	Lerøy Norway Seafoods AS	Norway	Hasvik	2016	51 %	51 %
SAS Norway Seafoods	Lerøy Norway Seafoods AS	France		2016	100 %	100 %
Farming						
Lerøy Aurora AS	Lerøy Seafood Group ASA	Norway	Tromsø	2005	100 %	100 %
Lerøy Laksefjord AS	Lerøy Aurora AS	Norway	Lebesby	2005	100 %	100 %
Senja Akvakultursenter AS	Lerøy Aurora AS	Norway	Tromsø	2015	100 %	100 %
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 %

NOTE 4 cont. Consolidated companies and allocation to operating segment

(All figures in NOK 1,000)

Company	Ownership	Country	Registered business premises	Year of acquisition	Share 01.01	Share 31.12	
Value-added processing (VAP), sales and distribution							
Lerøy Bulandet AS ^{**)}	Lerøy Seafood AS	Norway	Askvoll	2005	79 %	83 %	¹⁾
Laks- & Vildtcentralen AS	Lerøy Seafood Group ASA	Norway	Oslo	2018	100 %	100 %	
Lerøy Seafood USA Inc	Lerøy Seafood AS	USA	North 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	Rode Beheer B.V.	Germany	Witten	2015	50 %	100 %	²⁾
Lerøy Germany GmbH	Lerøy Seafood AS	Germany	Witten	2016	50 %	0 %	²⁾
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	Gothenburg	2001	100 %	100 %	
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 %	
Lerøy Nordhav AB	Lerøy Sverige AB	Sweden	Lomma	2001	100 %	0 %	⁴⁾
Lerøy Portugal Lda	Lerøy Seafood Group ASA	Portugal	Lisboa	2005	100 %	100 %	
Lerøy Processing Spain SL	Lerøy Seafood Group ASA	Spain	Madrid	2012	100 %	100 %	
Lerøy Processing Canarias SL	Lerøy Processing Spain SL	Spain	Canarias	2020	0 %	100 %	³⁾
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 Stockholm AB	Lerøy Sverige AB	Sweden	Stockholm	2001	100 %	0 %	⁴⁾
Lerøy Sverige AB	Lerøy Seafood Group ASA	Sweden	Gothenburg	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 %	
Rode Beheer B.V.	Lerøy Seafood Group ASA	Netherlands	Urk	2012	100 %	100 %	
Rode Retail B.V.	Rode Beheer B.V.	Netherlands	Urk	2012	100 %	100 %	
Rode Vaestgoed B.V.	Rode Beheer B.V.	Netherlands	Urk	2012	100 %	100 %	
Rode Vis B.V.	Rode Beheer B.V.	Netherlands	Urk	2012	100 %	100 %	
Rode Vis International AS	Rode Beheer B.V.	Norway	Bergen	2012	100 %	100 %	
Royal Frozen Seafood B.V.	Rode Beheer 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 %	
Not allocated							
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) Parent–subsidiary business combination

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

^{**)} The name has been changed from Bulandet Fiskeindustri AS to Lerøy Bulandet in 2020.

NOTE 5

Operating revenues/segment information

(All figures in NOK 1,000)

Operating revenue	2020	2019
Sale of goods and services	19,944,210	20,386,404
Damages received	107	99
Other operating revenue	15,335	40,399
Total operating revenue	19,959,652	20,426,902
Other gains and losses	2020	2019
Gain from disposal of fixed assets	6,569	14,245
Gain from disposal of intangibles	0	13,000
Total other gains	6,569	27,245

Operating 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. With the exception of Farming, each business segment is also an operating segment. Farming is divided into three individual operating segments (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 segment is described in the note on accounting principles.

NOTE 5 cont.

Operating revenues/segment information

(All figures in NOK 1,000)

2019	Wildcatch	Farming	VAPSD	Elimination/ unallocated	Group
2019	875,033	363,832	19,188,037	0	20,426,902
External operating revenue	1,669,068	8,695,988	200,083	-10,565,139	0
Internal operating revenue	2,544,101	9,059,820	19,388,120	-10,565,139	20,426,902
Total operating revenue	13,000	12,037	2,591	-382	27,245
Other gains and losses	2,263,804	7,006,877	18,910,844	-10,461,613	17,719,912
Operating expenses	293,297	2,064,980	479,867	-103,908	2,734,235
Operating profit (EBIT) before fair value adjustments	0	-349,342	15,639	0	-333,703
Total fair value adjustments related to biological assets	293,297	1,715,638	495,506	-103,908	2,400,532
Operating profit	3,022	159,850	16,877	0	179,749
Profit from associates	-46,254	-137,015	-37,141	5,611	-214,799
Net financial items	250,065	1,738,473	475,242	-98,297	2,365,482
Profit before tax					-495,743
Tax cost					1,869,739
The year's result	11.5 %	22.8 %	2.5 %	1.0 %	13.4 %
Operating margin before fair value adjustments	62,496				62,496
Catch volume (HOG) in tonnes		158,178			158,178
EBIT ^{*)} /kg harvested salmon and trout	1.9	13.1	3.0	-0.7	17.3
EBIT ^{*)} in Wildcatch / catch volume in kg	4.7			-0.1	4.5
EBIT ^{*)} other segments /kg salmon & trout		13.1	3.0	-0.6	15.5
Assets excluding associates	6,249,283	16,848,625	4,968,992	1,172,514	29,239,414
Associates	21,339	800,138	128,540	0	950,017
Total assets	6,270,622	17,648,763	5,097,532	1,172,514	30,189,431
Total liabilities	2,856,865	9,049,175	3,264,645	-2,744,557	12,426,128
NIBD	848,545	3,687,884	-55,421	-1,839,577	2,641,431
Net investments in intangibles and fixed assets^{***)}	304,631	1,019,155	106,811	28,911	1,459,508
Depreciations on intangibles	28,400	1,020	2,381	0	31,801
Depreciation on right of use assets from credit institutions	17,565	193,566	13,881	0	225,011
Depreciation on fixed assets	113,003	351,325	87,868	1,390	553,585
Total depreciations exclusive RoU assets from others	158,967	545,911	104,129	1,390	810,398
Depreciation on right of use assets from others	3,743	161,639	28,317	7,944	201,643
Total depreciation	162,710	707,550	132,446	9,334	1,012,041

*) Verdijusteringer knyttet til biologiske eiendeler

**) Hensyntatt lagerendring og tilhørende eliminerings av interfortjeneste

***) Investeringene består av netto tilgang (1) varige driftsmidler, (2) immaterielle eiendeler og (3) bruksretteiendeler leid fra kredittinstitusjoner. Med netto tilgang menes brutto tilgang minus mottatt vederlag for solgte driftsmidler.

Bruksretteiendeler leid fra andre enn kredittinstitusjoner ansees ikke som investeringer, og er derfor ikke inkludert.

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
Total operating revenue	2,574,057	9,089,134	18,886,219	-10,589,758	19,959,652
Other gains and losses	5,302	607	659	0	6,569
Operating expenses	2,374,381	7,708,256	18,411,408	-10,477,479	18,016,566
Operating profit (EBIT) before fair value adjustments	204,978	1,381,485	475,470	-112,279	1,949,655
Total fair value adjustments related to biological assets	0	-826,751	0	0	-826,751
Operating profit	204,978	554,734	475,470	-112,279	1,122,903
Profit from associates	2,175	71,041	32,142	0	105,359
Net financial items	-38,569	-136,894	-42,888	-23,027	-241,378
Profit before tax	168,585	488,881	464,724	-135,306	986,884
Tax cost					-196,674
The year's result					790,209
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
Total assets	6,516,130	17,205,242	5,152,757	1,288,970	30,163,099
Total liabilities	3,050,330	8,474,125	3,234,774	-2,228,899	12,530,330
NIBD	1,104,387	4,197,332	13,841	-1,794,792	3,520,768
Net investments in intangibles and fixed assets^{***)}	426,423	1,127,839	264,215	14,719	1,833,196
Depreciations on intangibles	28,400	983	2,538	0	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
Total depreciations exclusive RoU assets from others	189,986	625,331	119,438	1,889	936,644
Depreciation on right of use assets from others	3,284	182,233	27,483	7,944	220,945
Total depreciation	193,270	807,564	146,921	9,834	1,157,589

*) 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.

NOTE 5 cont.

Operating revenues/segment information

(All figures in NOK 1,000)

Specification per operating segment within Farming

	North region (Lerøy Aurora)	Central region (Lerøy Midt)	West region (Lerøy Sjøtroll)	Elimination (group purchases/ sales)	Total Farming
2019					
External operating revenue	282,180	44,009	37,642		363,832
Internal operating revenue	1,851,613	3,752,494	3,195,671	-103,789	8,695,988
Total operating revenue	2,133,793	3,796,503	3,233,313	-103,789	9,059,820
Other gains and losses	172	9,951	1,914	0	12,037
Operating expenses	1,431,571	2,872,643	2,810,425	-107,763	7,006,876
Operating profit (EBIT) before fair value adjustments	702,394	933,811	424,802	3,973	2,064,980
Volume salmon (GWT) ¹⁾	32,758	64,786	31,156		128,699
Volume trout (GWT)			29,479		29,479
Total volume	32,758	64,786	60,635		158,178
EBIT/kg **	21.4	14.4	7.0	0.0	13.1
2020					
External operating revenue	265,572	53,964	37,108	0	356,643
Internal operating revenue	1,711,155	3,679,933	3,416,603	-75,201	8,732,491
Total operating revenue	1,976,727	3,733,897	3,453,711	-75,201	9,089,134
Other gains and losses	-777	329	1,055	0	607
Operating expenses	1,541,874	2,945,896	3,295,483	-74,997	7,708,256
Operating profit (EBIT) before fair value adjustments	434,076	788,330	159,283	-204	1,381,485
Volume salmon (GWT) ¹⁾	34,986	67,906	39,949		142,841
Volume trout (GWT)			28,007		28,007
Total volume	34,986	67,906	67,957		170,849
EBIT/kg ***	12.4	11.6	2.3	-0.0	8.1

*) 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	2020	%	2019	%
Whole salmon	7,626,623	38.2	7,809,266	38.2
Processed salmon	5,028,634	25.2	4,698,506	23.0
Whitefish	3,364,016	16.9	3,521,372	17.2
Trout	1,894,768	9.5	1,820,936	8.9
Shellfish	867,367	4.3	1,124,252	5.5
Pelagic	83,354	0.4	96,054	0.5
Other	1,094,892	5.5	1,356,518	6.6
Total operating revenue	19,959,652	100.0	20,426,902	100.0

Information on currency

Operating revenue in NOK by currency

Driftsinntekter	2020	%	2019	%
NOK	4,610,800	23.1	6,887,150	33.7
SEK	1,521,865	7.6	1,287,310	6.3
GBP	200,239	1.0	491,796	2.4
EUR	9,139,666	45.8	7,491,644	36.7
USD	3,333,440	16.7	3,087,950	15.1
JPY	897,849	4.5	877,109	4.3
Other currency	255,795	1.3	303,944	1.5
Total operating revenue	19,959,652	100.0	20,426,902	100.0

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. Significant individual transactions are translated at transaction date rate.

Information on geographic areas

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

Operating revenue	2020	%	2019	%
EU	19,959,652	100.0	20,426,902	100.0
Norway	3,996,937	20.0	3,845,273	18.8
Asia	3,322,732	16.6	3,291,352	16.1
USA & Canada	851,006	4.3	1,007,012	4.9
Rest of Europe	1,396,749	7.0	849,347	4.2
Other	164,441	0.8	190,570	0.9
Total operating revenue	19,959,652	100.0	20,426,902	100.0

Eiendeler	2020	%	2019	%
Norway ^{*)}	28,103,881	93.2	28,263,382	93.6
EU	1,940,382	6.4	1,774,742	5.9
Other countries	118,836	0.4	151,307	0.5
Total assets	30,163,099	100.0	30,189,431	100.0

^{*)} Most of the trade receivables in the subsidiary Lerøy Seafood AS are from customers abroad. At year-end, this amounted to NOK 872,597 out of NOK 1,010,065 (NOK 1,010,634 out of NOK 1,134,254 previous year). Most of the trade receivables are covered by credit insurance.

Net investments	2020	%	2019	%
Norway	1,606,210	87.6	1,373,480	94.1
EU	225,910	12.3	85,952	5.9
Other countries	1,076	0.1	76	0.0
Total net investments	1,833,196	100.0	1,459,508	100.0

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 2020

There has not been any business combinations in 2020. The group acquired additional 4.4% of shares in the subsidiary Lerøy Bulandet AS from transactions with non-controlling interests. Consideration paid was NOK 1,523.

Business combinations in 2021 (events after balance sheet date)

The Group has increased its share holding in the associated company Dragøy Grossist AS the 1st of January 2021, from 34% to 51%. The company is from this date a subsidiary of Lerøy Nord AS. The company will be consolidated from 01.01.2021.

It is expected that the Group will obtain the final necessary approvals from the Competition Authorities to increase its share holding in the associated company Seafood Danmark A/S, bringing the ownership up from 33.33% to above 50%. Seafood Danmark A/S will after the transaction become a subsidiary of Lerøy Seafood Group ASA. Seafood Danmark A/S including its subsidiaries, will be consolidated from date of control.

NOTE 7

Intangible assets

(All figures in NOK 1,000)

Reconciliation carrying value, gross value and life

2019	Goodwill	Licences	Other rights	Total
As of 1 January				
Acquisition cost	2,218,430	5,984,638	73,113	8,276,181
Accumulated amortisation		-66,265	-43,840	-110,105
Carrying value as of 01.01.	2,218,430	5,918,373	29,273	8,166,076
Movements during the year				
Carrying value as of 01.01	2,218,430	5,918,372	29,273	8,166,075
Translation differences	-2,160	0	-58	-2,218
Additions from business combinations	3,251	0	0	3,251
Acquisition of intangible assets		15,753	45	15,798
Reclassification (to right-of-use assets)			-495	-495
Amortisation for the year		-28,400	-3,402	-31,802
Carrying value as of 31.12.	2,219,521	5,905,725	25,363	8,150,609
As of 31 December				
Acquisition cost	2,219,521	6,000,390	72,599	8,292,510
Accumulated amortisation		-94,664	-47,236	-141,900
Carrying value as of 31.12.	2,219,521	5,905,726	25,363	8,150,610
Assets with unlimited useful life	2,219,521	5,586,327	2,100	7,807,948
Assets with limited useful life		319,399	23,263	342,662
Carrying value as of 31.12.	2,219,521	5,905,726	25,363	8,150,610
2020				
Movements during the year				
Carrying value as of 01.01	2,219,521	5,905,726	25,363	8,150,610
Translation differences	7,212	0	143	7,355
Additions from business combinations ^{*)}	-37	0	0	-37
Acquisition of intangible assets		179,940	2,884	182,824
Reclassification (to right-of-use assets)			0	0
Impairment loss of the year ^{**)}		-28,400	-3,521	-31,921
	-1,551			-1,551
Carrying value as of 31.12.	2,225,145	6,057,266	24,869	8,307,280
As of 31 December				
Acquisition cost	2,225,145	6,180,330	73,280	8,478,755
Accumulated amortisation		-123,064	-48,411	-171,475
Carrying value as of 31.12.	2,225,145	6,057,266	24,869	8,307,280
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
Carrying value as of 31.12.	2,225,145	6,057,266	24,869	8,307,280

^{*)} Estimation deviation from previous year

^{**)} TNOK -1,551 is an impairment loss on acquired goodwill in 2019, related to Goda Salatprodukter AB.

NOTE 7 cont.

Intangible assets

(All figures in NOK 1,000)

Specification of intangible assets per acquisition, per segment

31.12.2019	Region	Acquisition year	Goodwill	Licences	Other rights	Total
Wildcatch						
Lerøy Havfisk AS		2016		3.600.800	⁵⁾	3.600.800
Lerøy Norway Seafoods AS		2017	2.646		100	2.746
Total			2.646	3.600.800	100	3.603.546
Farming						
Lerøy Midt AS group	Central	2003, 2006	¹⁾ 956,509	644,100		1,600,609
Lerøy Vest AS	West	2007	535,001	507,718	14,562	³⁾ 1,057,281
Sjøtroll Havbruk AS	West	2010	205,954	673,513		879,467
Lerøy Aurora AS group	North	2005, 2014	²⁾ 134,567	398,891	2,000	535,458
Norsk Oppdrettservice AS	West	2015	13,295	40,000		53,295
Total			1,845,326	2,264,222	16,562	4,126,110
VAP, sales and distribution			⁴⁾ 371,550	0	8,701	³⁾ 380,251
Lerøy Seafood Group ASA		2017-2019		40,704	⁶⁾	40,704
Total			2,219,521	5,905,726	25,363	8,150,610
31.12.2019						
31.12.2019	Region	Acquisition year	Goodwill	Licences	Other rights	Total
Wildcatch						
Lerøy Havfisk AS		2016		3,572,400	⁵⁾	3,572,400
Lerøy Norway Seafoods AS		2017	2,646		100	2,746
Total			2,646	3,572,400	100	3,575,146
Farming						
Lerøy Midt AS	Midt	2003, 2006	¹⁾ 956,509	700,260		1,656,769
Lerøy Vest AS	Vest	2007	535,001	507,718	13,579	³⁾ 1,056,298
Sjøtroll Havbruk AS	Vest	2010	205,954	673,513		879,467
Lerøy Aurora AS group	Nord	2005, 2014	²⁾ 134,567	508,572	2,000	645,139
Norsk Oppdrettservice AS	Vest	2015	13,295	40,000		53,295
Total			1,845,326	2,430,063	15,579	4,290,968
VAP, sales and distribution			⁴⁾ 377,175	0	9,189	³⁾ 386,365
Lerøy Seafood Group ASA		2017-2020		54,803	⁶⁾	54,803
Total			2,225,147	6,057,265	24,869	8,307,280

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 the 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.

Licences

Licences in the Farming segment

The net book value of licences in the Farming segment is NOK 2 484 865 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.

Grow-out licences	Lerøy Vest and Sjøtroll Havbruk		Lerøy Midt		Lerøy Aurora		Total Group	
	Number	Volume (GWT)	Number	Volume (GWT)	Number	Volume (GWT)	Number	Volume (GWT)
Changes in 2020								
Status as of 01.01	57	44,980	53	41,340	25	24,898	135	111,218
Temporary deductions in PA 4 and PA 5		-967		-374		0		-1,341
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
Status as of 31.12	57	44,013	53	41,317	25	25,502	135	110,832
Grow-out licences as of 31.12 per production area (PA)								
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
Status as of 31.12	57	44,013	53	41,317	25	25,502	135	110,832

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. 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. The color will be subjected to a new evaluation in 2022.

Salmon and trout licences	Lerøy Vest and Sjøtroll Havbruk		Lerøy Midt		Lerøy Aurora		Total Group	
	Number	Volume (GWT)	Number	Volume (GWT)	Number	Volume (GWT)	Number	Volume (GWT)
Grow-out licences	57	44,013	53	41,317	25	25,502	135	110,832
Slaughter cage licences	1	780	1	780	2	1,800	5	4,140
R&D licences 1)			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 2)	1	780	1	780	1	390	3	1,950
Parent fish licences 3)	2	1,560	2	1,560	1	780	5	3,900
Total number and volume	63	48,693	61	47,557	31	30,032	156	127,062

1) **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. The 3 R&D licences allocated to Lerøy Midt in the table above is attached to a specific project that ended in March 2021, and is therefore expired from April 2021.

2) **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.

3) **The parent fish licence** allocated on Lerøy Aurora in the table above legally belongs to Lerøy Midt AS (group company), but is operated by Lerøy Aurora.

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.

NOTE 7 cont.

Intangible assets

(All figures in NOK 1,000)

Other farming licences	Norsk Op- pdretts-service		Lerøy Vest and Sjøtroll Havbruk		Lerøy Midt		Lerøy Aurora		Total Group	
	Number	Volume (million in- dividuals)	Number	Volume (million in- dividuals)	Number	Volume (million in- dividuals)	Number	Volume (million in- dividuals)	Number	Volume (million in- dividuals)
Juvenile fish licences			14	41.9	7	27.5	1	11.5	22	80.9
Cleaner fish licences	2	4.0	1	2.5	2	5.0	1	2.5	6	14.0
Total	2	4.0	15	44.4	9	32.5	2	14.0	28	94.9

The Group has also licences to cultivate seaweed in connection with two localities for the production of salmon. The licences permit cultivation of 420 and 480 decares (approx. 105 and

120 acres) respectively. The licences have initially been awarded for a period of 10 years and will be subject to evaluation by the authorities at the end of period.

Licences in the Wildcatch segment

Licences (quotas) for wildcatch	NBV in acquired company on date of acquisition	Excess value iden- tified 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		-123,064	291,000
Total	753,870	2,941,594	-123,064	3,572,400

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 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 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 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.

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 2020 (2019), 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 2020 (2019), one cod licence entitled the holder to fish for an annual volume of 1,196 (1,109) tonnes of cod, 474 (430) tonnes of haddock and 440 (380) tonnes of saithe in the zone north of 62 degrees latitude. When compared with the final volumes per quota, after re-allocations, in 2019 (2018), this is a change of +8% (-10%) for cod, +10% (+2%) for haddock and +16% (-26%) 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 Lerrøy 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		0	2,000		2,000
Other rights		100			100
Total		100	2,000	0	2,100
Accumulated purchase price		100	2,000	0	2,100
Limited	straight line depr.				
Water rights	25 years		13,579		13,579
Contracts with customers	10 years			4,250	4,250
Other rights (software etc.)	3 - 5 years			4,939	4,939
Total		0	13,579	9,189	22,769
Accumulated purchase price		0	44,973	28,307	73,280
Accumulated amortisation		0	-31,394	-17,017	-48,411
Total other rights		100	15,579	9,189	24,869

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.

The table below displays the distribution of goodwill and intangible assets with an indefinite useful life per CGU.

Farming

Impairment tests of goodwill and intangible assets with an indefinite useful life have been summarised below for each CGU in the segment.

In the region for North Norway, Lerøy Aurora AS Group is defined as one CGU. The Group operates as one unit. This cash-generating unit is referred to as "Lerøy Aurora".

The region of Central Norway comprises only one company, Lerøy Midt AS, defined as one CGU. This cash-generating unit is referred to as "Lerøy Midt".

The region for West Norway has five units – Lerøy Vest AS, Sjøtroll Havbruk AS, Lerøy Sjøtroll Kjærelva AS, Norsk Oppdrettservice AS and Lerøy Ocean Harvest AS – which have been combined to one CGU. The two units Lerøy Vest AS and Sjøtroll Havbruk AS, which comprise most of the CGU, are managed according to a joint operation agreement from 2014, which means that they have a joint management and operate in practice as one unit. In addition the cleaner

fish production company Norsk Oppdrettservice AS, the smolt production company Lerøy Sjøtroll Kjærelva AS, and the R&D company Lerøy Ocean Harvest AS are included in the same CGU, due to the fact that these are small sized companies, which more or less sell all their products internally within the same CGU, and with basically the same management.

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 Norway Seafoods Group 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 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. In order to simplify matters and by requirement, the impairment test of goodwill is summarised for the segment in total, with the exception of the foreign subsidiary Rode Beheer BV (group), which is presented separately due to its size.

Book value of intangible assets per CGU	Goodwill	Licences	Other rights	Total
Lerøy Havfisk AS and Lerøy Norway Seafoods AS	2,646	3,572,400 ²⁾	100	3,575,146
Farming - region Northern Norway	134,567	508,572	2,000	645,139
Farming - region Central Norway	956,509	700,260	-	1,656,769
Farming - region Western Norway	754,250	1,221,231	13,579 ¹⁾	1,989,060
Rode Beheer BV Group	148,553	-	-	148,553
Other VAP, sales and distribution companies	228,623	-	9,189 ¹⁾	237,812
Lerøy Seafood Group ASA	-	54,803 ³⁾	-	54,803
Total	2,225,147	6,057,265	24,869	8,307,280
"Book value of intangible assets that are amortised:				313,769
"				7,993,512
Book value of intangible assets that are not amortised but tested for impairment:				
Total				8,307,280

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 years. The analysis is based on the budget for the next year and the estimated profit/loss over the following four years. A terminal value is estimated for the period following the next five years. 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 2020. 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 7.4% and 30.2%.

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 practically no growth in production at all. The model is based on an assumption of zero growth in volume, which is a very conservative projection in a long-term perspective. It is probable that such a low growth rate would result in a margin expansion, a condition which is barely covered by the model. The remaining CGUs in the Farming segment have a critical value between 19% and 30%. The Farming segment requires an EBIT in the terminal element of an amount from NOK - 0.3 to NOK 1.9 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.

Key premises and sensitivity estimates

Key premises	2020	2019
Discount rate (WACC) before tax	6.67 %	7.63 %
Discount rate (WACC) after tax	6.05 %	6.80 %
Nominal rate of growth	1% - 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	Bokført verdi som testes	Kritisk verdi i terminal-leddet (v/benyttet WACC)	Kritisk WACC	Benyttet WACC
Lerøy Havfisk AS and Lerøy Norway Seafoods AS	3,284,146	7.8 % ⁶⁾	7.4 %	6.7 %
Farming - region Northern Norway	645,139	-0.3 ⁴⁾	30.2 %	6.7 %
Farming - region Central Norway	1,656,769	1.0 ⁴⁾	23.6 %	6.7 %
Farming - region Western Norway	1,975,481	1.9 ⁴⁾	18.6 %	6.7 %
Total	4,277,388	1.0 ⁴⁾	23.2 %	6.7 %
Lerøy Seafood Group ASA	54,803	1.9 ^{4,5)}	18.6 %	6.7 %
Rode Beheer BV Group	148,553	2.1 % ⁶⁾	8.6 %	6.7 %
Other VAPSD	228,623	0.0 % ⁶⁾	28.8 %	6.7 %
Total	377,175	0.1 % ⁶⁾	22.7 %	6.7 %
Total	7,993,512			6.7 %

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. Thus the same parameters as for region Western Norway have been applied.

6) The terminal values for Wild Catch and 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.

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 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

Right-of-use assets**Right-of-use assets by groups in the notes and agreement partners**

2019	Real estate	Real estate	Vessels	Machines, fixtures, equip., etc.	Total right of use assets	Of which from	
						Credit institution	Others
At 01.01.2019							
Implementation effect of IFRS 16 (operational leases according to IAS 17)	49,807	529,034	705,290	125,944	1,410,075	87,463	1,322,612
Reclassified from fixed assets (financial leases according to IAS 17)		15,257		1,007,822	1,023,079	1,009,255	13,824
Carried value 01.01.	49,807	544,291	705,290	1,133,766	2,433,154	1,096,718	1,336,436
Financial year 2019							
Carried value 01.01.	49,807	544,291	705,290	1,133,766	2,433,154	1,096,718	1,336,436
Translation differences		-739		-357	-1,096	-365	-731
Addition of new right-of-use assets		651	107,826	276,510	384,987	276,510	108,477
Disposals				-12,290	-12,290	-12,291	1
Depreciation for the year	-3,899	-56,698	-141,046	-225,011	-426,654	-225,011	-201,643
Carried value 31.12.	45,908	487,505	672,071	1,172,618	2,378,102	1,135,561	1,242,541
As of 31 December 2019							
Acquisition cost ^{*)}	49,807	544,271	813,117	1,397,584	2,804,779	1,360,526	1,444,253
Accumulated depreciation ^{*)}	-3,899	-56,767	-141,046	-224,966	-426,678	-224,965	-201,713
Carried value 31.12.	45,908	487,505	672,071	1,172,618	2,378,102	1,135,561	1,242,541
Book value of mortgaged assets					1,135,561	1,135,561	0
2020	Real estate	Real estate	Vessels	Machines, fixtures, equip., etc.	Total right of use assets	Of which from	
						Credit institution	Others
Financial year 2020							
Carried value 01.01.	45,908	487,505	672,071	1,172,618	2,378,102	1,135,561	1,242,541
Reclassification	-1,798	1,796		2	0	18,759	-18,759
Translation differences		3,016		1,125	4,141	1,215	2,926
Addition of new right-of-use assets		105,312	26,229	374,772	506,313	467,940	38,373
Disposals				-1,317	-1,317	-1,317	
Depreciation for the year	-3,838	-55,525	-141,746	-257,094	-458,202	-237,257	-220,945
Carried value 31.12.19	40,272	542,103	556,555	1,290,106	2,429,037	1,384,901	1,044,136
As of 31 December 2019							
Acquisition cost ^{*)}	47,991	655,099	839,346	1,771,958	3,314,394	1,845,663	1,468,731
Accumulated depreciation ^{*)}	-7,719	-112,996	-282,792	-481,852	-885,358	-460,762	-424,596
Carried value 31.12.19	40,272	542,103	556,555	1,290,106	2,429,037	1,384,901	1,044,136
Book value of mortgaged assets					1,384,901	1,384,901	0

*) Including translation differences

NOTE 8 cont.

LEASES

(All figures in NOK 1,000)

Lease liabilities

Lease liabilities is divided into long-term and short-term, and by lessor category

2019	Total lease liabilities	To credit institutions			To others		
		Total credit institutions	Short term portion	Long term portion	Total credit institutions	Short term portion	Long term portion
Per 1. januar 2019							
Leieforpliktelser 01.01.2019 før IFRS 16 implementering	940.718	926.893	185.048	741.845	13.825	700	13.125
IFRS 16 implementeringseffekt 01.01.2019	1.410.075	87.474			1.322.601		
Balanseført verdi 01.01.	2.350.793	1.014.367			1.336.426		
Regnskapsåret 2019							
Balanseført verdi 01.01.	2.350.793	1.014.367			1.336.426		
Omregningsdifferanser	-1.024	-374			-650		
Ny leasinggjeld	384.987	276.510			108.477		
Avdrag leasinggjeld	-439.692	-233.849			-205.843		
Balanseført verdi 31.12.	2.295.064	1.056.654	218.384	838.271	1.238.410	197.088	1.041.322

2020	Total lease liabilities	To credit institutions			To others		
		Total credit institutions	Short term portion	Long term portion	Total credit institutions	Short term portion	Long term portion
Financial year 2020							
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	0	0	176,445	-176,445	0	183,481	-183,481
Translation differences	4,090	1,072	0	1,072	3,018	0	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	0	-221,066	-221,066	0
Carried value 31.12.	2,338,983	1,280,250	238,437	1,041,813	1,058,734	200,571	858,163

Payment profile on instalments and interests, see note 15.

Lease payments

2020	Accounting	2020			2019		
		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	24,403	2,521	21,882	250	0	250
Instalments paid	Reduction in debt	466,484	245,418	221,066	439,692	233,849	205,843
Interest costs paid	Financial cost	77,365	30,060	47,305	80,925	31,540	49,385
Outgoing cash flows related to leases		568,252	277,999	290,253	520,867	265,389	255,478
Lease costs paid on non-carried agreements comprise							
Lease on agreements with exemption for short-term agreements		17,866	0	17,866	15,050	0	15,050
Lease on agreements with exemption for low value assets		4,482	2,521	1,961	4,200	2,000	2,200
Expenses related to variable lease, not included in the carried amount		2,055	0	2,055	0	0	0
Income from sub-lease		0	0	0	0	0	0
Gain/loss from sale and leaseback agreements		0	0	0	0	0	0
Total		24,403	2,521	21,882	19,250	2,000	17,250

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.

NOTE 9

Fixed assets and right-of-use assets

(All figures in NOK 1,000)

2019	Prepay- ments to suppliers	Projects in progress	Real estate	Buildings	Vessels (fishing boats)	Machines, fixtures, equip., etc.	Total
1 January 2019							
Acquisition cost	111,743	541,821	218,641	2,207,916	1,398,027	5,889,939	10,368,087
Accumulated depreciation			0	-433,560	-127,638	-3,163,489	-3,724,687
Accumulated impairment loss			0	-15,791	0	-20,661	-36,452
Carrying value 01.01.	111,743	541,821	218,641	1,758,565	1,270,389	2,705,789	6,606,948
Financial year 2019							
Carrying value 01.01.	111,743	541,821	218,641	1,758,565	1,270,389	2,705,789	6,606,948
Reclassification to right-of-use assets (IFRS 16)				-15,257		-1,007,822	-1,023,079
Reclassification between categories				350,000		-350,000	0
Allocation of completed projects in progress		-541,821	25,000	400,000		116,821	0
Foreign currency translation differences	-7	-244	-420	-4,172		-2,818	-7,660
Operating assets acquired	22,676	206,076	18,381	895,934	63,036	224,895	1,430,998
Disposal	-227		-2,720	-15,658	0	-204,912	-223,517
Depreciation for the year			0	-357,305	-89,723	-106,557	-553,585
Carrying value 31.12.	134,185	205,832	258,882	3,012,107	1,243,702	1,375,396	6,230,105
31 December 2019							
Acquisition cost	134,185	205,832	258,882	3,793,075	1,461,064	3,446,759	9,299,797
Accumulated depreciation			0	-765,182	-217,362	-2,050,701	-3,033,245
Accumulated impairment loss			0	-15,786	0	-20,661	-36,447
Carrying value 31.12.	134,185	205,832	258,882	3,012,107	1,243,702	1,375,397	6,230,105
Interests capitalised	0	0	0	0	0	0	0
2020							
Accounting year 2020							
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	0
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			0	-255,521	-106,686	-305,260	-667,466
Carrying value 31.12.	1,953	334,561	287,518	3,104,825	1,627,090	1,441,134	6,797,080
31 December 2020							
Acquisition cost	1,953	334,561	287,518	4,138,829	1,951,138	3,838,772	10,552,770
Accumulated depreciation			0	-1,018,166	-324,048	-2,376,977	-3,719,191
Accumulated impairment loss			0	-15,838	0	-20,661	-36,499
Carrying value 31.12.	1,953	334,561	287,518	3,104,825	1,627,090	1,441,134	6,797,080
Interests capitalised	0	0	0	0	0	0	0

Eiendomsretten til driftsmidler hvor det er betalt forskudd til leverandører, overføres til konsernet på overleveringstidspunktet. Eiendomsretten til prosjekter under arbeid overføres til konsernet i takt med ferdigstillingen. Opplysninger om forventet utnyttbar levetid for varige driftsmidler står i avsnitt (H) i note om regnskapsprinsipper. Opplysninger om pantstillelse av varige driftsmidler finnes i note om gjeld og pantstillelse. Leasede driftsmidler er fra og med 01.01.2019 inkludert i den nye gruppen "bruksretteiendeler". Se note om leieavtaler.

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	Owner-ship/ voting share 01.01	Owner-ship/ voting share 31.12	Net book value 31.12
Associates considered as material							
Norskott Havbruk AS - group	Lerøy Seafood Group ASA	Farming	Norway	Bergen	50 %	50 %	682,503
Seistar Holding AS - group	Lerøy Seafood Group ASA	Farming	Norway	Austevoll	50 %	50 %	197,789
Seafood Danmark A/S - group	Lerøy Seafood Group ASA	VAPSD ¹⁾	Denmark	Hirtshals	33 %	33 %	139,476
Total material associates							1,019,768
Other associates							
Neset Kystfiske AS	Sørvær Kystfiskeinvest AS	Wildcatch	Norway	Hasvik	34 %	34 %	852
Holmen Fiske AS	Sørvær Kystfiskeinvest AS	Wildcatch	Norway	Hasvik	34 %	34 %	9,705
Sørøya Isanlegg AS	Lerøy Norway Seafoods AS	Wildcatch	Norway	Hasvik	39 %	39 %	513
Båtsfjord Bedriftshelsetjeneste AS	Lerøy Norway Seafoods AS	Wildcatch	Norway	Båtsfjord	28 %	28 %	133
Båtsfjord Laboratorium AS	Lerøy Norway Seafoods AS	Wildcatch	Norway	Båtsfjord	34 %	34 %	289
Itub AS	Lerøy Norway Seafoods AS	Wildcatch	Norway	Ålesund	22 %	22 %	5,325
Finnmark Kystfiske AS	Lerøy Havfisk AS	Wildcatch	Norway	Hammerfest	48 %	48 %	2,981
Vestvågøy Kystrederi AS	Lerøy Havfisk AS	Wildcatch	Norway	Vestvågøy	50 %	50 %	2,818
Ocean Forest	Lerøy Seafood Group ASA	Farming	Norway	Bergen	50 %	50 %	131
Kirkenes Processing AS	Lerøy Aurora AS	Farming	Norway	Kirkenes	50 %	50 %	0
Romsdal Processing AS	Lerøy Aurora AS	Farming	Norway	Midsund	44 %	44 %	7,066
Norway Salmon AS	Lerøy Midt AS	Farming	Norway	Rørvik	50 %	50 %	436
Sporbarhet AS	Lerøy Seafood Group ASA	Farming	Norway	Trondheim	22 %	27 %	1,964
Dragøy Grossist AS	Lerøy Nord AS	VAPSD	Norway	Tromsø	34 %	34 %	2,089
Silverbåg AS	Sirevaag AS	VAPSD	Norway	Karmøy	49 %	49 %	0
Vågen Fiskeriselskap AS	Sirevaag AS	VAPSD	Norway	Hå	50 %	50 %	895
The Seafood Innovation Cl. AS	Lerøy Seafood Group ASA	VAPSD	Norway	Bergen	20 %	20 %	498
Total other associates							35,695
Grand total							1,055,463

VAPSD is short for VAP, sales & distribution (VAP = Value Added Processing).

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
Acquisition year	2017	2015	2001		
2019					
Opening balance 01.01	112,395	108,309	761,339	33,514	1,015,556
Companies acquired	0	0	0	135	135
Companies sold	0	0	0	-1	-1
Share of this year's profit	18,716	54,500	106,492	41	179,749
Dividend distributed	-6,423	-6,000	-252,900	-1,129	-266,452
Currency translation differences ^{*)}	-849	0	25,408	0	24,559
Other changes over equity	0	0	-3,530	0	-3,530
Closing balance as of 31.12	123,838	156,809	636,809	32,560	950,016
Acquisition cost	77,170	61,500	163,273		
Income from associate					
Share of this year's profit	18,716	54,500	106,492	41	179,749
Gain from disposal of associate	0	0	0	0	0
Income from associates	18,716	54,500	106,492	41	179,749
Fair value adjustments on biological assets (after tax) from associates			-18,726		-18,726
Income from associates, before fair value adjustments	18,716	54,500	125,218	41	198,475
2020					
Opening balance 01.01	123,838	156,809	636,809	32,560	950,016
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	0	-2,598	-29,548
Currency translation differences ^{*)}	9,219		264		9,483
Other changes over equity	-1,293		-3,555		-4,848
Closing balance as of 31.12	139,476	197,789	682,503	35,694	1,055,463
Acquisition cost	77,170	86,500	163,273		
Income from associate					
Share of this year's profit	31,662	18,980	48,986	5,732	105,359
Gain from disposal of associate	0	0	0	0	0
Income from associates	31,662	18,980	48,986	5,732	105,359
Fair value adjustments on biological assets (after tax) from associates			-55,666		-55,666
Income from associates, before fair value adjustments	31,662	18,980	104,652	5,732	161,025

^{*)} 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 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 %
Brødrene Schlie's Fiskeeksport A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	100 %
Scanfish A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	100 %
Thorfisk A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	100 %
Lerøy Schlie A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	100 %
Tip Top Fiskeindustri A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	100 %
Nigra Fiskeoppdrett A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	100 %
P. Tabbel & Co A/S	Seafood Danmark A/S	VAPSD	Denmark	100 %	100 %
Wannebo International A/S	Seafood Danmark A/S	VAPSD	Denmark	50,2 %	50,2 %
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 %

Financial information (100%)

The accounting figures for associates, as shown below, are prepared in accordance with IFRS

Consolidated figures	Seafood Danmark A/S Group		Seistar Holding AS Group		Norskott Havbruk AS Group	
	2020	2019	2020	2019	2020	2019
Revenue	1,685,253	1,732,991	201,312	180,236	1,698,652	1,799,311
Other gains (+) and losses (-)	0	0	0	82,497	0	0
Operating profit (EBIT) before fair value adjustments	101,873	87,202	51,649	115,780	308,411	291,942
Operating profit (EBIT)	101,873	87,202	51,649	115,780	165,676	243,927
Pre-tax profit	98,156	81,590	37,455	108,160	143,219	228,776
Annual profit	86,621	63,591	36,500	107,584	97,970	212,984
Other comprehensive income	-3,880	0	0	0	-7,111	-7,060
Fixed assets	398,025	375,884	750,380	515,609	1,664,679	1,598,027
Current assets	413,948	350,353	67,619	171,931	1,283,686	1,048,123
Total assets	811,973	726,237	817,999	687,539	2,948,365	2,646,150
Long-term debt	89,178	99,650	435,696	379,952	902,069	1,011,663
Short-term debt	297,660	240,656	28,673	35,808	681,291	360,869
Total debt	386,837	340,306	464,369	415,760	1,583,360	1,372,532
Net interest-bearing debt	214,910	150,957	385,887	227,336	1,079,027	1,021,283
Equity	425,135	385,931	353,630	271,779	1,365,005	1,273,618

Information on biological assets in associates

Norskott Havbruk AS (group) has farming operations in sheet. The key figures for inventory of fish Scotland, and therefore has biological assets on the balance in the sea for Norskott Havbruk AS group are as follows:

Information on fish in sea and harvested volume in the period, in tonnes	2020		2019	
Ownership	100 %	50 %	100 %	50 %
Total fish in sea (LWT)	24.403	12.202	13.087	6.544
Total harvest volume in the period (GWT):	23.968	11.984	25.866	12.933

Fair value adjustment related to biological assets in the statement of financial position	2020		2019	
Ownership	100 %	50 %	100 %	50 %
Fair value adjustment as of 01.01	129,226	64,613	177,241	88,621
Fair value adjustment through the income statement	-142,735	-71,367	-48,015	-24,008
Fair value adjustment as of 31.12	-13,509	-6,754	129,226	64,613
Cost price of fish in sea 31.12	1,009,447	504,724	602,718	301,359
Cost price of roe, fry and smolt 31.12	71,087	35,543	79,999	39,999
Carrying value of biological assets 31.12	1,067,025	533,513	811,942	405,971

Fair value adjustment related to biological assets in the income statement	2020		2019	
Ownership	100 %	50 %	100 %	50 %
Profit and loss impact before tax	-142,735	-71,367	-48,015	-24,008
Tax cost before effect of change in tax rate	31,402	15,701	10,563	5,282
Effect of change in tax rate (change in deferred tax in the balance sheet)	0	0	0	0
Net fair value adjustment, after tax^{*)}	-111,333	-55,666	-37,452	-18,726

^{*)} 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 31.12.2020	Ownership / voting share	Cost price	Fair value	Carrying value
Various minor shareholdings	Insignificant	15,917	15,917	15,917
Total		15,917	15,917	15,917

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 2019 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	2020	2019
Change in fair value adjustment of biological assets (fish in sea)	-853,236	-374,799
Change in fair value of onerous contracts	26,485	25,457
Change in fair value of Fish Pool contracts	0	15,638
Fair value adjustments related to biological assets	-826,751	-333,703

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	2020	2019
Fair value adjustment of biological assets 01.01	1,172,782	1,547,580
Change in fair value adjustment on fish in sea	-853,236	-374,799
Fair value adjustment of biological assets 31.12	319,546	1,172,782

The balance sheet item is included in biological assets. The accounting line is further specified below.

Reconciliation of carrying amount of onerous contracts	2020	2019
Carrying amount of onerous contracts 01.01	-26,517	-51,974
Change in fair value of onerous contracts	26,485	25,457
Carrying amount of onerous contracts 31.12	-32	-26,517

The balance sheet item is included in other short-term liabilities

Reconciliation of carrying amount of Fish Pool contracts	2020	2019
Fish Pool contracts 01.01	0	-15,633
Change in fair value of Fish Pool contracts included profit and loss	0	15,638
Translation differences - recognised in OCI	0	-5
Fish Pool contracts 31.12	0	0

Fish Pool contracts are financial instruments. Fair value of Fish Pool contracts recognised in OCI are presented in note on financial instruments

Carrying amount of biological assets consist of	2020	2019
Fish in sea at historical cost ^{*)}	4,231,901	4,058,953
Roe, fry, smolt and cleaner fish at cost ^{*)}	362,065	343,187
Total biological assets before fair value adjustment	4,593,966	4,402,140
Fair value adjustment of biological assets (fish in sea)	319,546	1,172,782
Total biological assets 31.12	4,913,512	5,574,922
Fish in sea at fair value	4,551,447	5,231,735
Roe, fry, smolt and cleaner fish at fair value	362,065	343,187
Total biological assets 31.12	4,913,512	5,574,922

**) 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
Biological assets 01.01.2019	270,234	3,746,633	1,547,580	5,564,447
Changes in 2019				
Increase from biological transformation (released and net growth)	676,814	6,226,933		6,903,746
Reduction due to sale and internal use (smolt and cleaner fish)	-603,861			-603,861
Reduction due to harvest (salmon and trout)		-5,726,934		-5,726,934
Reduction due to incident-based mortality		-187,674		-187,674
Reduction due to accidental release		-3		-3
Net change in fair value (fish in sea)			-374,799	-374,799
Biological assets 31.12.2019	343,187	4,058,953	1,172,782	5,574,921
Changes in 2020				
Increase from biological transformation (released and net growth)	839,709	6,522,938		7,362,647
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
Biological assets 31.12.2020	362,065	4,231,901	319,546	4,913,512

**) Carrying amount before fair value adjustment (historical cost minus charged mortality)*

The table below shows how the total volume for fish in the sea, live weight measured in tonnes, is distributed by weight:

Reconciliation of volume (LWT) for stock of fish in sea	2020	2019
Live weight of fish in sea at 01.01 (tonnes)	111,263	110,105
Changes through the year		
Increase from biological transformation (released and net growth)	221,358	207,971
Reduction due to harvesting in LWT	-200,935	-190,495
Reduction due to incident-based mortality	-12,277	-16,319
Reduction due to accidental release	-2	0
Live weight of fish in sea at 31.12 (tonnes)	119,407	111,263

NOTE 11 cont. Biological assets

(All figures in NOK 1,000)

Harvest volume in GWT	2020	2019
Salmon	142,841	128,699
Trout	28,007	29,479
Total volume	170,849	158,178

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)	2020	2019
<i>Distribution by live weight</i>		
Fish in sea, 0-1 kg	10,348	11,664
Fish in sea, 1-2 kg	14,726	9,969
Fish in sea, 2-3 kg	36,427	17,499
Fish in sea, 3-4 kg	31,108	37,749
Fish in sea: 4-4.65 kg for salmon / 4-4.8 kg for trout	18,996	18,064
Fish in sea: more than 4.65 kg for salmon / more than 4.8 kg for trout (fish ready for harvest)	7,802	16,318
Fish in sea, total salmon and trout	119,407	111,263
<i>Distribution according to type of fish</i>		
Fish ready for harvest	7,802	16,318
Salmon (2020: fish with live weight > 4.65 kg. 2019: > 4.8 kg)	7,802	16,318
Trout (fish with live weight > 4.8 kg)	0	0
Fish not ready for harvest (fish with live weight < 4.8 kg)	111,605	94,945
Salmon (2020: fish with live weight < 4.65 kg. 2019: < 4.8 kg)	97,943	78,175
Trout (fish with live weight < 4.8 kg)	13,662	16,770
Total volum of fish in sea (LWT):	119,407	111,263
Salmon	105,745	94,493
Trout	13,662	16,770
<i>Number of individuals</i>		
Number of individuals, all groups (in 1,000)	55,527	55,055

Parameters applied for calculation of fair value

Price parameters

2019 - Estimated future price during expected harvesting period	Forward-price ^{*)}	Exporter fee	Clearing cost	Net forward price
Q1 2020	66.10	-0.75	-0.185	65.17
Q2 2020	66.90	-0.75	-0.185	65.97
Q3 2020	55.00	-0.75	-0.185	54.07
Q4 2020	56.40	-0.75	-0.185	55.47
Q1 2021	59.35	-0.75	-0.185	58.42
Q2 2021	59.65	-0.75	-0.185	58.72

*) Quarterly forward price based on monthly forward prices sourced from Fish Pool 30 December 2019.

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.

Det justeres også for	2020	2019
Price premium (+/-) for trout	-6.00	-3.00
Price premium (+/-) for ecological salmon	30.00	0.00
Reduction for quality differences, salmon	-0.79	-0.79
Reduction for quality differences, trout	-1.68	-1.68
Reduction for size differences, salmon	-0.21	-0.18
Reduction for size differences, trout	-0.80	-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 date of harvest.

Other parameters	2020	2019
Estimated average net price, all sizes (kr/kg), after primary processing and freight costs	49.4	53.3
Projected mortality in relation to number of individuals per month in North Norway	0.50 %	0.50 %
Projected mortality in relation to number of individuals per month in Central Norway	0.67 %	0.67 %
Projected mortality in relation to number of individuals per month in West Norway	1.25 %	1.25 %
Slaughtering loss for salmon, for recalculation from live weight to gutted weight	14 %	16 %
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	4.76 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)	5 %	5 %

NOTE 11 cont. Biological assets

(All figures in NOK 1,000)

Description of significant cost items originating from an incident, disease or other factor related to biological assets

Rømming i 2020

Konsernet ser på all rømming som alvorlig og har som mål at rømming ikke skal forekomme. Rømming kan likevel skje fra tid til annen på grunn av uforutsette hendelser. Ved eventuell rømming blir dette rapportert til Fiskeridirektoratet uavhengig av rømmingens størrelse. Dette gjelder selv om kun ett individ har rømt. I 2020 har ikke konsernet opplevd rømming av økonomisk betydning. Totalt rømte kun 208 individ, av en beholdning på 56 millioner individ. Rømmingen er fordelt på sju mindre hendelser. Hendelsene er nærmere beskrevet i konsernets bærekraftsrapport, tilgjengelig på www.leroyseafood.com.

Hendelsesbasert dødelighet

Konsernet har som utgangspunkt at dødeligheten er unormal dersom mer enn 1,5 % av samlet antall fisk dør i løpet av en måned. Se nærmere beskrivelse under prinsippnoten om biologiske eiendeler (I).

Dødelighet utover normalt regnes som hendelsesbasert dødelighet og kostnadsføres i den perioden som den inntreffer. I 2020 har dødeligheten vært dominert av ettervirkninger fra behandling mot lus.

Fiskehelse, herunder minimering av dødelighet, er helt sentralt i konsernets strategi. Utviklingen i antall lusebehandlinger og dødelighet forbundet med disse, har fortsatt den positive utviklingen i 2021.

NOTE 12

Other inventories

(All figures in NOK 1,000)

Other inventories consist of	2020	2019
Feed, packaging materials, auxiliary and other raw materials	454,597	419,983
Finished goods / goods for sale	655,527	624,996
Write-down of inventories re obsolescence	-15,553	-13,824
Total other inventories	1,094,571	1,031,155
Change in stock of biological assets at cost, raw materials and finished products	2020	2019
Biological assets at cost	4,593,966	4,402,140
Total other inventories	1,094,571	1,031,155
Total inventory at cost	5,688,537	5,433,295
Total inventory at cost 01.01.	5,433,295	5,332,159
Total inventory at cost 31.12.	5,688,537	5,433,295
Change	255,243	101,136
<i>Positive change in inventory represents a cost reduction</i>		
<i>Negative change in inventory represents a cost increase</i>		
Change in inventory included in translation differences related to subsidiaries - through OCI	18,087	-5,019
Change in inventory - through the income statement	237,156	106,155

NOTE 13

Receivables

(All figures in NOK 1,000)

Total receivables

Receivables as of 31.12	Classification	2020	2019
Non-current receivables	Non-current	79,287	71,233
Trade receivables	Current	1,867,505	2,244,348
Other current receivables	Current	618,928	511,131
Total		2,565,720	2,826,712

Non-current receivables

Non-current receivables	2020	2019
Loan to associates	17,475	19,905
Loans to employees, including CEOs	5,146	3,309
Loans to fishermen	34,747	30,477
Loans to others	280	0
Financial instruments with positive fair value, non-current	0	6,602
Deposits (mainly Norges Råfisklag)	21,419	5,847
Other receivables and periodisations	220	5,093
Total	79,287	71,233

Non-current receivables by currency	2020	2019
NOK	72,653	67,501
EUR	6,615	3,710
Other currencies	19	22
Total	79,287	71,233

Trade receivables

Trade receivables	2020	2019
Nominal value	1,891,192	2,261,329
Provision for bad debts	-23,688	-16,982
Total trade receivables	1,867,505	2,244,347

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, 97.5% of trade receivables (nominal value) had been collected, compared with 90.8% in the previous year. This represents 98.7% of book value, compared with 91.5% in the previous year.

Trade receivables 31.12 - aging	2020	2019
Not due	1,559,717	1,975,161
Due, 0 to 3 months	235,878	254,488
Due, 3 to 6 months	67,901	11,221
Due, more than 6 months	27,697	20,459
Total	1,891,192	2,261,329
Trade receivables 31.12 - provision	2020	2019
Not due	881	8,715
Due, 0 to 3 months	3,901	2,998
Due, 3 to 6 months	2,298	298
Due, more than 6 months	16,607	4,972
Total	23,688	16,982
Trade receivables 31.12 - no provision	2020	2019
Not due	1,558,836	1,966,446
Due, 0 to 3 months	231,977	251,490
Due, 3 to 6 months	65,603	10,923
Due, more than 6 months	11,090	15,488
Total	1,867,505	2,244,347
Lifetime expected loss allowance for provision	2020	2019
Not due	0.1 %	0.4 %
Due, 0 to 3 months	1.7 %	1.2 %
Due, 3 to 6 months	3.4 %	2.7 %
Due, more than 6 months	60.0 %	24.3 %
Total	1.3 %	0.8 %
Movements in provision for bad debt are as follows	2020	2019
Provision 01.01	16,982	28,962
Business combinations	0	0
This years change in provisions, recognised in the income statement	6,542	-12,004
Currency translation differences	163	23
Provision 31.12	23.688	16,982
Net loss on account receivables included in the income statement	2020	2019
Net change in provision for bad debt	6,542	-12,004
Receivables written off during the year as uncollectable	7,622	3,274
Receivables written off, recovered	-2,137	-406
Total cost (+) / cost reduction (-)	12,027	-9,136
<i>Included in other operating expenses</i>		
Trade receivables by currency, per 31.12	2020	2019
NOK	681,965	880,847
SEK	154,615	154,757
GBP	17,018	31,527
EUR	761,140	839,917
USD	184,950	262,515
JPY	28,984	32,847
Other currencies	38,833	41,937
Total trade receivables	1,867,505	2,244,347

NOTE 13 cont. Receivables

(All figures in NOK 1,000)

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.

Other current receivables

Other current receivables are due within a year, and classified as current assets.

Other current receivables per 31.12	2020	2019
VAT to be refunded	249,026	301,595
Financial instruments measured at fair value (see note 14)	110,616	104,519
Pre-payments	101,862	41,470
Current loans and credits given	20,076	0
Other	137,349	63,547
Total	618,928	511,131

In the group "other" accrued insurance claim related to the fire at the smolt facility in Laksefjord in 2019, received in 2021

is included with 37 millions. The remaining amount in this group is related to other year end accruals.

Other current receivables as of 31.12. by currency	2020	2019
NOK	579,044	479,768
SEK	13,724	6,427
EUR	15,544	18,465
Other currencies	10,616	6,471
Total	618,928	511,131

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
31.12.2019				
Assets				
Other investments		13,825		13,825
Loans and other long term receivables	71,233			71,233
Trade receivables and other short term receivables ^{*)}	2,228,274	103,200	7,921	2,339,395
Cash and cash equivalents	3,031,052			3,031,052
Total	5,330,559	117,025	7,921	5,455,505
Liabilities				
Long-term liabilities (interest rate swaps)			30,591	30,591
Loans (excl. finance leases)	4,030,703			4,030,703
Finance leases	1,056,654			1,056,654
Overdraft facility and other short term loans and credits	585,126			585,126
Trade payables and other short-term liabilities	2,279,015			2,279,015
Total	7,951,498	0	30,591	7,982,089
31.12.2020				
Assets				
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
Total	5,172,486	126,533	0	5,299,019
Liabilities				
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
Total	8,479,939	0	66,424	8,546,363

^{*)} Trade receivables and other receivables excl. advance payments and public duties receivable (amounts to NOK 249,026, ref note 13).

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
31.12.2019			
Assets			
<i>Financial instruments used for hedging</i>			
- Currency forward contracts (fair value hedging) - fair value through profit or loss		103,200	
- Fish Pool contracts (cash flow hedging) - fair value through other comprehensive income		757	
- Bunker derivatives (cash flow hedging) - fair value through other comprehensive income		562	
- Interest rate swaps (cash flow hedging) - fair value through other comprehensive income		6,602	
<i>Other financial instruments</i>			
- Other shares - fair value through profit or loss			13,825
Total	0	111,121	13,825
Liabilities			
<i>Financial instruments used for hedging</i>			
- Interest rate swaps (cash flow hedging) - fair value through other comprehensive income		30,591	
Total	0	30,591	0
31.12.2020			
Assets			
<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
Total	0	110,616	15,917
Liabilities			
<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	
Total	0	66,424	0

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. Each type of financial instruments is further explained below the table.

	Fair value as of 01.01.2020	Fair value through profit or loss	Fair value through other comprehensive income	Currency translation differences	Fair value as of 31.12.2020
Financial instruments included in non-current receivables					
Interest rate swap agreements	6,602		-6,602		0
Total	6,602	0	-6,602	0	0
Financial instruments included in other current receivables					
Currency forward contracts - recognised hedge objects	67,469	-29,155			38,314
Currency forward contracts - non-recognised hedge objects	35,731	36,571			72,302
Bunker derivatives	562		-562		0
Fish Pool contracts	757		-805	48	0
Total	104,519	7,416	-1,367	48	110,616
Financial instruments included in other long-term liabilities					
Interest rate swap agreements	-30,591		-3,584		-34,175
Total	-30,591	0	-3,584	0	-34,175
Financial instruments included in other short-term liabilities					
Interest rate swap agreements	0		-14,014		-14,014
Bunker derivatives	0		-15,296		-15,296
Fish Pool contracts	0		-2,939		-2,939
Total	0	0	-32,248	0	-32,248
Hedged foreign exchange gain/loss on firm commitments, included in other short-term debt^{*)}					
Currency effect on signed sales contracts, non-recognised ^{*)}	-35,731	-36,571			-72,302
Total	-35,731	-36,571	0	0	-72,302
Net value before tax	44,799	-29,155	-43,801	48	-28,109
Deferred tax asset (-) / liability (+), financial instruments	-17,550	-1,632	9,373		-9,809
Deferred tax asset (-) / liability (+), hedging object included above	7,861	8,046			15,906
Net value after tax	35,110	-22,741	-34,429	48	-22,012
Changes through OCI after tax, per type of instrument					
Changes interest rate swap agreements			-18,876		
Changes bunker derivatives			-12,369		
Changes Fish Pool contracts			-3,183		
Total			-34,429		

^{*) This item is not a hedging instrument, but a currency effect on a hedged non-recognised object. Information included in note on other short-term debt.}

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 31.12.2020 (2019) Lerøy Seafood Group has currency forward contracts with a net positive (positive) fair value of NOK 110.6 (103.2) million. The currency forward contracts is classified as short-term receivables (receivables) at 31.12.2020 (2019). NOK 72.3 (38.8) 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 31.12.2020 Lerøy Seafood Group has some open financial purchase contracts for salmon (Fish Pool contracts) with a total negative fair value of NOK 2.94 million. At the end of 2019 the Group had open contracts with a positive fair value of NOK 0.76 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 2020 a negative value change (after tax) of NOK 3.18 million was included in other comprehensive income. In 2019 the negative impact was NOK 0.76 million.

Bunker derivatives

At the end of 2020 Lerøy Seafood Group has open financial purchase contracts for bunkers (bunker derivatives) with a negative fair value of NOK 15.3 million. At the end of 2019 the group had contracts with a total positive fair value of NOK 0.56 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 2020 a negative value change (after tax) of NOK 12.37 million was included in other comprehensive income. In 2019 the impact was positive with NOK 6.48 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 2011: NOK 500,000, Start date when agreement was signed, Duration 10 years, Terminates 16.11.2021, Interest rate 3.55%, in LSG ASA

Agreement from 2012: NOK 500,000, Start date when agreement was signed, Duration 10 years, Terminates 16.01.2022, Interest rate 3.29%, in LSG ASA

Agreement from 2020: NOK 360.938, Start 15.04.2020. Duration 7 years, Terminates 15.04.2027, Interest rate 1.438%, in Lerøy Havfisk AS.

Agreement from 2020: NOK 360.938, 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.

	2020	2019
Nominal value on interest rate swap agreements		
Nominal amount 01.01	1,647,000	1,647,000
Agreements expired during the period	-647,000	0
New agreements during the period	740,625	0
Change in nominal value on existing agreements	-18,750	0
Nominal amount 31.12	1,721,875	1,647,000
Book value 01.01.		
Fair value of interest rate swaps at 01.01	-23,989	-49,611
Deferred tax asset related to interest rate swaps	5,278	10,915
Net value after tax 01.01	-18,712	-38,697
Tax rate applied	22 %	22 %
Change through other comprehensive income (FVOCI)		
Change in fair value of interest rate swaps	-24,200	25,622
Change in related deferred tax	5,324	-5,637
Net change in fair value through other comprehensive income (cash flow hedging)	-18,876	19,985
Tax rate applied	22 %	22 %
Book value 31.12		
Fair value of interest rate swaps at 31.12	-48,189	-23,989
Deferred tax asset related to interest rate swaps	10,602	5,278
Net value after tax 31.12	-37,588	-18,712
Tax rate applied	22 %	22 %
Fair value of interest rate swaps at 31.12		
Herby long term liability	34,175	23,989
Herby short term liability, included in other short term debt	14,014	0

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.

Long-term debt as of 31.12	Included in interest bearing debt	2020			2019		
		Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Pension liabilities		0	2,670	2,670	0	2,689	2,689
Deferred tax		0	2,317,256	2,317,256	0	2,474,530	2,474,530
Lease liabilities to credit institutions	Yes	238,437	1,041,812	1,280,249	218,384	838,270	1,056,654
Lease liabilities to others		200,571	858,164	1,058,736	197,087	1,041,322	1,238,409
Loans from credit institutions	Yes	396,610	3,992,432	4,389,042	399,715	3,628,044	4,027,759
Other long-term loans	Yes	1,519	1,246	2,765	1,494	1,449	2,943
Other long-term liabilities		0	34,176	34,176	0	30,857	30,857
Total		837,138	8,247,757	9,084,894	816,679	8,017,161	8,833,840
Herby net interest bearing debt		636,567	5,035,490	5,672,057	619,592	4,467,763	5,087,355

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.

Loans from credit institutions is described below. Other long-term loans are loans from suppliers.

Other long-term liabilities concerns interest rate swaps with negative fair value, with more than 12 months to expiry date. See note on financial instruments.

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.

	2020			2019		
	Short-term portion	Long-term portion	Total	Short-term portion	Long-term portion	Total
Interest bearing debt as of 31.12.						
Lease liabilities to credit institutions	238,437	1,041,812	1,280,249	218,384	838,270	1,056,654
Loans from credit institutions	396,610	3,992,432	4,389,042	399,715	3,628,044	4,027,759
Other long-term loans	1,519	1,246	2,765	1,494	1,449	2,943
Overdrafts and other short term credits	815,120	0	815,120	585,128	0	585,128
Total	1,451,687	5,035,490	6,487,177	1,204,720	4,467,763	5,672,483
Interest bearing debt as of 31.12. by currency						
NOK			5,862,643			5,343,696
SEK			126,747			115,415
EUR			491,548			200,735
Other currencies			6,239			12,637
Total			6,487,177			5,672,483
Net interest bearing debt (NIBD) as of 31.12.						
Interest bearing debt			6,487,177			5,672,483
Bank deposits			-2,966,409			-3,031,052
NIBD			3,520,768			2,641,431

Reconciliation of changes in NIBD	Assets	Current debt		Non-current debt incl. ST-portion			Total
	Bank-deposits	Overdrafts	Other short term credits	Loans from credit inst.	Leases from credit inst.	Other loans	
NIBD as of 01.01.2019	-3,036,154	441,168	0	4,197,457	940,718	3,223	2,546,412
Implementation effect from IFRS 16					73,640		73,640
Change in bank deposits	5,102						5,102
Cash flows - in		128,297	15,661	120,674			264,632
Cash flows - out				-285,855	-233,849	-267	-519,971
Business combinations							0
New leases from credit institutions					276,510		276,510
Currency translation differences				-2,538	-364	-13	-2,915
Currency gain/loss on NIBD items in foreign currency				-1,979			-1,979
Other non-cash movements							0
NIBD as of 31.12.2019	-3,031,052	569,465	15,661	4,027,759	1,056,654	2,943	2,641,431
Change in bank deposits	64,643						64,643
Cash flows - in		198,154	31,840	1,657,920			1,887,914
Cash flows - out				-1,319,643	-245,418	-287	-1,565,348
Business combinations							0
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
NIBD as of 31.12.2020	-2,966,409	767,619	47,501	4,389,042	1,280,249	2,765	3,520,768

NOTE 15 cont.

Loans, mortgages and guarantees

(All figures in NOK 1,000)

Reconciliation of cash flows out, as specified above, against the statement of cash flows	2020	2019
Cash flows out - related to NIBD (according to table above)	-1,565,348	-519,971
Cash flow out - related to instalment on lease liabilities to others (according to note 8)	-221,066	-205,841
Downpayments of long-term debt (according to statment of cash flows)	-1,786,414	-725,812

Payment profile financial liabilities and interest risk etc.

Payment profile financial liabilities	2021	2022	2023	2024	2025	Later	Total
Instalment profile long-term debt							
Instalments on loans from credit institutions	396,610	671,619	496,211	464,698	300,692	2,059,212	4,389,042
Instalments on leasing debt to credit institutions	238,437	215,011	276,248	224,578	128,538	197,437	1,280,249
Instalments on other long-term interest-bearing debt	1,519	308	265	255	262	156	2,765
Total instalments on long-term interest-bearing debt	636,567	886,938	772,724	689,531	429,492	2,256,805	5,672,056

Instalment profile on other long term liabilities

Instalments on lease liabilities to others than credit institutions	200,571	186,120	164,063	69,725	102,195	336,062	1,058,736
--	----------------	----------------	----------------	---------------	----------------	----------------	------------------

Interest payment profile long-term debt

Interest on loans from credit institutions ^{*)}	134,905	97,912	82,208	69,683	59,667	130,854	575,229
Interest on leasing debt to credit institutions	29,869	24,036	17,717	11,275	6,733	9,474	99,104
Interest on lease liabilities to others than credit institutions	39,475	31,512	24,300	19,486	15,946	56,486	187,204
Interest on other long-term interest-bearing debt	80	44	32	22	11	3	193
Total	204,329	153,504	124,258	100,466	82,356	196,817	861,729

^{*)} The impact from interest swap contracts is included in the amounts.

Other short-term financial liabilities

Overdraft	767,619						767,619
Other short term credits and loans	47,501						47,501
Accrued interests	17,119						17,119
Trade payables	1,194,471						1,194,471
Other short-term liabilities, excl. FV on interest rate swaps ^{*)}	798,292						798,292
Total	2,825,002	0	0	0	0	0	2,825,002

Grand total	3,866,469	1,226,562	1,061,045	859,722	614,043	2,789,683	10,417,524
--------------------	------------------	------------------	------------------	----------------	----------------	------------------	-------------------

^{*)} Already included in the interest payment profile above

Guaranties on behalf of associated companies and others

9,710

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. All amounts in the table are undiscounted cash flows.

Cash available as of 01.01.2020

Bank deposits	2,966,409
Unutilized drawing facilities	3,459,502
Total	6,425,911

Interest risk related to existing interest-bearing debt	2020	2021	2022	2023	2024	2025	Later
Interest-bearing debt 01.01		6,487,177	5,035,490	4,148,552	3,375,828	2,686,297	2,256,805
Instalments		-1,451,687	-886,938	-772,724	-689,531	-429,492	-2,256,805
Interest-bearing debt 31.12	6,487,177	5,035,490	4,148,552	3,375,828	2,686,297	2,256,805	0
Interest-bearing debt 31.12 secured with fixed interest as of 31.12							
NOK 500 mill, until 16.01.2022	500,000	0	0	0	0	0	0
NOK 500 mill, until 16.11.2021	500,000	500,000	0	0	0	0	0
NOK 360.9 mill, 15.14.2020 - 15.04.2027	360,938	342,188	323,438	304,688	285,938	267,188	248,438
NOK 360.9 mill, 15.14.2020 - 15.04.2027	360,938	342,188	323,438	304,688	285,938	267,188	248,438
Secured interest-bearing debt	1,721,875	1,184,375	646,875	609,375	571,875	534,375	496,875
Unsecured interest-bearing debt	4,765,302	3,851,115	3,501,677	2,766,453	2,114,422	1,722,430	1,760,719
Total interest-bearing debt	6,487,177	5,035,490	4,148,552	3,375,828	2,686,297	2,256,805	2,257,594
Portion exposed to interest rate changes	73 %	76 %	84 %	82 %	79 %	76 %	78 %
The exposure of the group's borrowings to interest rate changes and the contractual repricing dates							
	2020						2019
6 months or less	0						0
6-12 months	500,000						0
1-5 years	500,000						1,647,000
Over 5 years	721,875						0
Total	1,721,875						1,647,000

An increase (reduction) in the interest level of 1% would have caused an increase (reduction) in interest costs of NOK 41.2 million for 2021. Average interest-bearing debt according to the payment profile above amounts to NOK 5 761 million, and has been used as the base for this calculation.

Fair value, borrowing costs

The book value of long-term debt approximates fair value. The book value of long-term debt includes negative fair value on interest rate swaps (reported on the line for "other long-term liabilities), see note on financial instruments. 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 30% and to ensure that net interest-bearing debt over EBITDA does not exceed 5.0. 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 2020.

NOTE 15 cont.

Loans, mortgages and guarantees

(All figures in NOK 1,000)

Loans secured by mortgages and mortgaged assets

Loans secured by mortgages consists of	2020	2019
Long-term loans from credit institutions, etc.	4,370,880	4,027,759
Leasing liabilities to credit institutions	1,280,249	1,056,654
Other long-term interest-bearing debt	0	2,943
Short-term debt to credit institutions	767,619	569,465
Other short term interest bearing loans and credits	47,501	15,661
Total liabilities secured by mortgages as of 31.12	6,466,249	5,672,482
Mortgaged assets	2020	2019
Trade and other receivables	1,425,061	834,423
Shares in associates (Norskott Havbruk AS)	615,422	636,809
Biological assets and other goods	5,359,998	6,323,378
Fixed assets	6,354,994	5,552,426
Right-of-use assets from credit institutions	1,373,602	1,135,561
Licences ^{*)}	1,190,802	937,200
Total mortgaged assets as of 31.12	16,319,878	15,419,797

^{*)} 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 by beginning of the year have been replaced with contribution shemes during 2020, 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	2020	2019
Present value of future pension liabilities	4,503	12,433
Fair value of pension funds	-1,833	-9,744
Net pension liabilities	2,670	2,689
Change in capitalised liabilities	2020	2019
Carrying value as of 01.01	2,689	3,556
Costs booked during the year	244	360
Estimate differences recognised through comprehensive income (before tax)	0	1,016
Pension payments and payments of pension premiums	-263	-2,243
Change in liability from business combination	0	0
Carrying value at 31.12. defined benefit scheme	2,670	2,689
Total pension cost through profit or loss	2020	2019
Net pension cost, defined contribution scheme	103,765	120,059
Net pension cost, defined benefit scheme	244	360
Total	104,009	120,419
Total pension cost through comprehensive income	2020	2019
Net pension cost (before tax) from benefit plans - comprehensive income	0	1,016
Total pension cost through comprehensive income	0	1,016

NOTE 17

Taxation

(All figures in NOK 1,000)

Tax cost	2020	2019
Tax payable	355,789	461,042
Change in deferred tax	-159,116	34,701
Total tax cost	196,674	495,743

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:

	2020	2019
Pre-tax profit/loss	986,884	2,365,482
Tax based on tax rates in the various countries	215,075	523,244
22% of net permanent differences etc.	3,880	2,347
22% of share of profit/loss from associate	-23,178	-39,545
Other differences	897	9,697
Tax cost	196,674	495,743
Effective tax rate	19,9 %	21,0 %

Change in book value of deferred tax	2020	2019
Capitalised value 01.01	2,471,598	2,429,645
Tax effect through total profit/loss (equity)	-10,222	7,252
Recognised change	-169,338	34,701
Net capitalised value 31.12	2,302,260	2,471,598
Capitalised deferred tax asset ^{*)}	-18,110	-2,932
Capitalised deferred tax	2,320,370	2,474,530

*) Negative temporary differences that cannot be eliminated against positive temporary differences. Deferred tax asset is presented as a negative amount.

Deferred tax liabilities (+)	Licences, rights and goodwill	Operating assets and leases	Goods/ biological assets	Receivables	Other differences	Total
01.01.2019	1,111,360	110,019	1,215,967	0	26,952	2,464,298
Recognised in the period	424	22,024	-2,230	0	31,811	52,029
Deferred tax on records through other comprehensive income	0	0	0	0	7,252	7,252
31.12.2019	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
31.12.2020	1,111,915	134,027	1,077,086	0	56,703	2,379,731

Deferred tax assets (-)	Loss carry-forward	Operating assets and leases	Goods/ biological assets	Receivables	Other differences	Total
01.01.2019	-17,258	-7,384	0	-5,574	-4,437	-34,653
Recognised in the period	-21,452	2252	0	2,912	-1,040	-17,328
31.12.2019	-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
31.12.2020	-43,846	-8,152	0	-11,054	-14,419	-77,471

(All figures in NOK 1,000)

Deferred tax	2020	2019
Deferred tax on positive temporary differences 31.12.	2,379,731	2,523,579
Deferred tax on negative temporary differences 31.12.	-77,471	-51,981
Net	2,302,260	2,471,598
Short-term tax positions	1,066,032	1,211,075
Long-term tax positions	1,236,228	1,260,523
Total	2,302,260	2,471,598

NOTE 18

Other short-term debt

(All figures in NOK 1,000)

Other short-term debt	2020	2019
Fair value of financial instruments, with due date within a year	32,248	0
Hedged foreign exchange loss on firm commitments	72,302	35,731
Onerous contracts (related to fair value adjustment of biological assets)	32	26,517
Accrued wages and holiday pay	326,638	333,822
Accrued interest costs	17,119	10,432
Accrued customer bonus	74,407	51,315
Accrued other expenses	305,075	191,425
Other short term debt (prepayments from customer etc)	2,718	75,699
Total other short-term debt	830,540	724,941

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, with NOK 55 millions.

NOTE 19

Earnings per share

(All figures in NOK 1,000, with exception of earnings per share)

Earnings per share	2020	2019
This year's earnings to LSG shareholders (NOK 1,000)	794.335	1.857.172
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
Number of outstanding shares as of 31.12 (in 1,000)	595.476	595.476
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
Earnings per share	1,33	3,12
Diluted earnings per share	1,33	3,12

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 ^{*)}
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 %
Sum	19,555,810	30.92	46 %	19,471,941	29.01	47 %

^{*)} The amounts are adjusted with the 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.

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 2020, based on 2019 profit, was NOK 1.50 per share. This amounts to NOK 893 661.

Recommended dividend

Based on the 2020 profit, a corresponding dividend of NOK 2.00 per share is recommended for distribution in 2021. This amounts to NOK 1 191 547. A final decision will be made by the general meeting on 24 May 2021.

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
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
Sum		16.15	9,085,732		14.10	7,911,968
Accumulated dividend distributed, plus dividend recommended for distribution in 2021					16.10	9,103,515

NOTE 21**Share capital and shareholder information**

The share capital consists of	Total number of shares	Nominal value per share	Book value
Share capital 01.01.2019	595,773,680	0,10	59,577,368
Share capital 31.12.2019	595,773,680	0,10	59,577,368

Lerøy Seafood Group ASA had 15,227 shareholders at 31.12.20. The corresponding number at year end 2019 was 10,520. All shares confer the same rights in the company. End of 2020 it was 796 foreign shareholders. The corresponding number

at year end 2019 was 738. End of 2020 foreign shareholders owned 144,245,745 shares in total, representing 24.2% of the total capital. Corresponding numbers at year end 2019 was 150,183,499 shares, representing 25.21% of the total capital.

Overview of the 20 largest shareholders at 31.12	2020		2019	
	No. of shares	Ownership	No. of shares	Ownership
AUSTEVOLL SEAFOOD ASA	313,942,810	52.69 %	313,942,810	52.69 %
FOLKETRYGDFONDET	35,413,842	5.94 %	30,450,319	5.11 %
State Street Bank and Trust Comp (OM80)	9,498,444	1.59 %	9,376,141	1.57 %
Banque Degroof Petercam Lux. SA	7,873,207	1.32 %	4,742,795	0.80 %
PARETO AKSJE NORGE VERDIPAPIRFOND	7,179,409	1.21 %	6,300,609	1.06 %
The Bank of New York Mellon SA/NV	6,932,098	1.16 %		0.00 %
FERD AS	6,811,248	1.14 %	4,231,710	0.71 %
State Street Bank and Trust Comp (OMNIBUS F, REF:OM06)	6,602,121	1.11 %	6,405,077	1.08 %
BNP PARIBAS SECURITIES SERVICES	6,361,787	1.07 %	4,634,202	0.78 %
JPMorgan Chase Bank, N.A., London (A/C Vanguard bbh lending account)	4,595,280	0.77 %	4,299,712	0.72 %
DANSKE INVEST NORSKE INSTIT. II.	4,398,211	0.74 %	4,997,559	0.84 %
VERDIPAPIRFOND ODIN NORGE	4,263,903	0.72 %	5,418,053	0.91 %
J.P. Morgan Bank Luxembourg S.A.	3,910,086	0.66 %		0.00 %
CLEARSTREAM BANKING S.A.	3,838,554	0.64 %	4,811,190	0.81 %
The Bank of New York Mellon	3,816,291	0.64 %		0.00 %
JPMorgan Chase Bank, N.A., London	3,644,123	0.61 %		0.00 %
SIX SIS AG	3,531,246	0.59 %		0.00 %
State Street Bank and Trust Comp	3,317,053	0.56 %	4,931,028	0.83 %
VERDIPAPIRFONDET DNB NORGE	3,122,534	0.52 %	5,267,052	0.88 %
VERDIPAPIRFONDET KLP AKSJENORGE IN	3,115,240	0.52 %		0.00 %
ARCTIC FUNDS PLC			6,069,262	1.02 %
Pictet & Cie (Europe) S.A.			5,846,177	0.98 %
Euroclear Bank S.A./N.V.			4,552,067	0.76 %
State Street Bank and Trust Comp (OM01)			4,444,037	0.75 %
HANDELSBANKEN Nordiska Smabolag			4,139,000	0.69 %
HANDELSBANKEN NORDEN			4,138,000	0.69 %
Total 20 largest shareholders	442,167,487	74.22 %	438,996,800	73.69 %
Others	153,606,193	25.78 %	156,776,880	26.31 %
Total share capital	595,773,680	100.00 %	595,773,680	100.00 %

NOTE 21 cont.

Share capital and shareholder information

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	2020	2019
Henning Beltestad	CEO	42,200	20,000
Sjur Malm	CFO	15,000	0
Siren Grønhaug	EVP HR	1,200	
Total		58,400	20,000

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	2020	2019
Salary	2,428,749	2,364,729
Employer's national insurance contribution	212,182	218,092
Hired personnel	204,569	138,201
Pension costs	104,009	120,419
Other remuneration	35,934	29,551
Other personnel expenses	86,686	62,417
Total	3,072,129	2,933,409

Employees	2020	2019
Number of full-time equivalents	4,293	4,693
Number of employees	4,912	4,693
Number of men employed	3,120	3,035
Number of women employed	1,792	1,658
Percentage of women employed	36.5 %	35.3 %

Remuneration of senior executives in 2019	Salary	Bonus	Pension	Other	Total
CEO	3,042	3,000	166	11	6,219
CFO	2,588	1,786	169	10	4,553
EVP Farming	2,523	1,518	164	135	4,340
EVP Wildcatch	2,420	1,500	97	12	4,029
EVP VAPSD ^{*)}	1,695	404	136	14	2,249
EVP HR ^{*)}	1,552	682	139	10	2,383

**) Two new positions with senior executives were established 01.02.2019, Executive Vice President VAPSD and Executive Vice President HR. The remuneration presented is from the same date with 11 months.*

Remuneration of senior executives in 2020	Salary	Bonus	Pension	Other	Total
CEO	3,292	3,000	172	11	6,475
CFO	2,644	1,964	176	10	4,794
EVP Farming	2,815	1,518	169	136	4,638
EVP Wildcatch ^{*)}	2,317	2,000	107	11	4,435
EVP VAPSD	1,637	1,000	170	24	2,831
EVP HR	1,455	1,000	173	22	2,650

**) 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.*

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 1 245 in 2020 (equally distributed). The remuneration in 2019 was NOK 1 200. The number of Board members is also the same as it was previous year.

Remuneration of the nomination committee is unchanged compared to the previous year, and amounts to NOK 105 in

2020. As for the members of the Board, the remuneration is equally distributed.

Remuneration of the audit committee is NOK 100 in 2020. In 2019 the remuneration was also NOK 100. The remuneration is equally distributed.

A description of the main principles for the company's salary policy is included in the Board of Directors' statement regarding salary and other remuneration of executive personnel.

NOTE 22 cont.

Payroll costs, number of employees, remuneration, loans to staff, etc.

(All figures in NOK 1,000)

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 27 May 2020. 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 2020. Renewal of the mandate will be recommended to the general meeting on 26 May 2021.

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 27 May 2020, and is to remain valid for 24 months from the date on which the resolution was adopted. The mandate was not exercised in 2020. It will be recommended that an equivalent

mandate be approved by the ordinary general meeting on 26 May 2021.

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 2020, and have been as follows:

Fees to auditor	2020	2019
Auditing fees Group auditor	6,683	6,306
Auditing fees other auditors	1,375	1,392
Other certification services Group auditor	747	1,233
Other certification services other auditors	160	687
Tax advice Group auditor	983	754
Tax advice other auditors	83	37
Other services Group auditor	2,169	312
Other services other auditors	0	131
Total	12,200	10,852

Other services paid to PWC in 2020 consists of other assurance services (special purpose audits), legal advice and technical

assistance regarding restructuring, HR services and services related to financial reporting.

NOTE 23**Items that are combined in the financial statements***(All figures in NOK 1,000)***Net financial items**

Financial revenue	2020	2019
Other interest revenue	25,550	37,550
Currency gain ^{*)}	39,598	9,566
Income from other investments	3,978	8,231
Other financial revenue	3,264	6,099
Total financial revenue	72,390	61,446
Financial costs	2020	2019
Other interest costs	235,704	238,475
Capitalised interests	0	0
Currency loss ^{*)}	66,833	15,311
Other financial costs	11,231	22,459
Total financial costs	313,768	276,245
Net financial items	-241,378	-214,799

**) 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 2020 is NOK 39.9 million. In 2019, net gain was NOK 72.7 million.*

Other interest costs consist of	2020	2019
Interest on long term bank loans	108,045	120,672
Interest on interest swap agreements	30,053	16,687
Interest on lease liabilities to credit institutions	30,060	31,540
Interest on lease liabilities to others	47,305	49,385
Other interest cost	20,241	20,191
Total	235,704	238,475

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
Accumulated currency translation differences as of 01.01.19	83,771	0	83,771
Translation differences related to subsidiaries	-12,819	0	-12,819
Translation differences from associates	24,559	0	24,559
Conversion differences that are reclassified to profit and loss in the period	15	0	15
Accumulated currency translation differences as of 31.12.19	95,526	0	95,526
Accumulated currency translation differences as of 01.01.20	95,526	0	95,526
Translation differences related to subsidiaries	35,088	0	35,088
Translation differences from associates	9,583	0	9,583
Conversion differences that are reclassified to profit and loss in the period	-5	0	-5
Reclassification to (+) / from (-) cash flow hedges reserve	-1,515	0	-1,515
Accumulated currency translation differences as of 31.12.20	138,677	0	138,677

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:

2019	Ownership	Sales	Purchases	Receivables	Liabilities
Transactions with parent company and its related parties					
Laco AS	"Ultimate parent"	0	8,710	0	7,360
Fitjar Mekaniske Verksted AS	Laco AS (100 %)	0	26,050	0	4,552
Pelagia AS	Austevoll Seafood ASA (50%)	5,883	261	567	0
Austevoll Seafood ASA	Laco AS (55,55 %)	0	0	0	0
Hordafor AS	Pelagia AS (50 %)	97,582	38,653	18,987	6,885
Austevoll Laksepakkeri AS	Austevoll Seafood ASA (100 %)	1,911	158,116	328	22,861
Brødrene Birkeland Farming AS	Austevoll Seafood ASA (51,69 %)	0	0	0	0
Kobbekvik og Furuholmen Oppdrett AS	Brødrene Birkeland Farming AS (100 %)	0	33,863	0	0
Transactions with the Group's own associates and non-controlling interests (NCI) in subsidiaries					
Norskott Havbruk AS	Lerøy Seafood Group ASA (50 %)	51	0	16	0
Scottish Seafarms	Norskott Havbruk AS (100 %)	1	174,867	0	-59
Seistar Holding AS konsern	Lerøy Seafood Group ASA (50 %)	974	139,251	1,124	8,232
Seafood Danmark AS konsern	Lerøy Seafood Group ASA (33,33 %)	39,544	209	2,536	159
Lerøy Sommarøy AS	Lerøy Seafood Group ASA (50 %)	0	6,939	0	0
Ocean Forrest AS	Lerøy Seafood Group ASA (50 %)	3,582	3,000	42	0
The Seafood Innovation Cluster	Lerøy Seafood Group ASA (20 %)	0	718	0	0
Norway Salmon AS	Lerøy Midt AS (20 %)	0	0	2,000	0
Romsdal Processing AS	Lerøy Aurora AS (44,4 %)	0	64,897	1,759	6,216
Kirkenes Processing AS	Lerøy Aurora AS (50 %)	10	17,297	7,587	3,612
Sørøya Isanlegg AS	Lerøy Norway Seafoods AS (44,7 %)	764	1,473	0	0
Holmen Fiske AS	Sørvær Kystfiskeinvest AS (34 %)	0	0	2,301	0
Vågen Fiskeriselskap AS	Sirevaag AS (49,9 %)	1,500	0	3,500	0
Itub AS	Lerøy Norway Seafoods AS (22,3 %)	0	5,879	0	86
Båtsfjord Laboratorium AS	Lerøy Norway Seafoods AS (33,5 %)	0	819	0	47
Dragøy Grossist AS	Lerøy Nord AS (34 %)	1,577	1,846	27	84
Finnmark Kystfiske AS	Havfisk AS (48 %)	0	0	8,500	0
IKE i datterselskaper		0	0	2,074	0
Total transactions and intercompany accounts with all identified related parties		153,379	682,847	51,348	60,034

NCI means "non controlling interests"

Dividend received from associated companies is specified in the note on associated companies

NOTE 25 cont. Related parties

(All figures in NOK 1,000)

2020	Ownership	Sales	Purchases	Receivables	Liabilities
Transactions with parent company and its related parties					
Laco AS	"Konsernspiss"	0	5,565	0	6,956
Fitjar Mekaniske Verksted AS	Laco AS (100 %)	15	19,342	0	1,916
Pelagia AS	Austevoll Seafood ASA (50%)	559	519	0	0
Austevoll Seafood ASA	Laco AS (55,55 %)	0	120	0	0
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 %)	0	0	0	0
Kobbevig og Furuholmen Oppdrett AS	Brødrene Birkeland Farming AS (100 %)	134	0	0	0
Transactions with the Group's own associates and non-controlling interests (NCI) in subsidiaries					
Norskott Havbruk AS	Lerøy Seafood Group ASA (50 %)	51	0	16	0
Scottish Seafarms	Norskott Havbruk AS (100 %)	0	113,794	0	10,750
Seistar Holding AS konsern	Lerøy Seafood Group ASA (50 %)	784	144,024	0	767
Seafood Danmark AS konsern	Lerøy Seafood Group ASA (33,33 %)	26,866	8,042	5,946	0
Sporbarhet AS	Lerøy Seafood Group ASA (27 %)	0	4,848	0	0
Ocean Forrest AS	Lerøy Seafood Group ASA (50 %)	200	3,000	71	1,500
The Seafood Innovation Cluster	Lerøy Seafood Group ASA (20 %)	0	780	0	0
Finnmark Kystfiske AS	Havfisk AS (48 %)	0	0	8,500	0
Vestvågøy Kystrederi AS	Lerøy Havfisk AS (49,6%)	0	0	0	0
Sørøya Isanlegg AS	Lerøy Norway Seafoods AS (44,7 %)	407	1,187	1,200	0
Båtsfjord Laboratorium AS	Lerøy Norway Seafoods AS (33,5 %)	0	886	0	3
Båtsfjord Bedriftshelsetjeneste AS	Lerøy Norway Seafoods AS (28,2%)	0	43	0	0
Itub AS	Lerøy Norway Seafoods AS (22,3 %)	0	8,548	0	403
Neset Kystfiske AS	Sørvær Kystfiskeinvest AS (34%)	0	0	560	0
Holmen Fiske AS	Sørvær Kystfiskeinvest AS (34 %)	0	0	1,715	0
Romsdal Processing AS	Lerøy Aurora AS (50 %)	0	80,926	20	10,408
Kirkenes Processing AS	Lerøy Aurora AS (50 %)	0	17,210	7,493	3,500
Norway Salmon AS	Lerøy Midt AS (20 %)	0	0	2,000	0
Dragøy Grossist AS	Lerøy Nord AS (34 %)	0	2,634	0	233
Vågen Fiskeriselskap AS	Sirevaag AS (49,9 %)	0	0	3,500	0
IKE i datterselskaper		0	0	0	284
Total transactions and intercompany accounts with all identified related parties		71,156	607,971	42,664	58,170

IKE er en forkortelse for "ikke-kontrollerende eierinteresser".

Mottatte utbytter fra tilknyttede selskaper fremkommer i note om tilknyttede selskaper

Lerøy Seafood Group (Lerøy Vest AS) leases wellboats from Seistar Holding. The leases are recognised in the accounts according to IFRS 16, where leases with a lease period more than one year, is capitalised. The net book value of the right-to-use assets as of 31.12 is TNOK 265.483. The net book value on the lease liability is TNOK 276.672. These amounts

are not included in the table above. Repayment and interests on capitalized leases with Seistar Holding amounted to TNOK 54.688, and are included in the table above as purchases. Rent paid on non-capitalized short-term leases, for temporary hire of additional capacity, amounted to TNOK 10.112 i 2020, and is also included in the table above as purchases.

NOTE 26

Events after balance sheet date

Verdict from the court regarding farming companies case against the Norwegian Government

In 2017 a new regulatory framework for mitigating growth in Norwegian aquaculture was implemented. 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 with 6%. In yellow areas there is no change. In green areas, it is opened for growth.

Production area 4 was colored red in 2020, and consequently the maximum capacity was reduced with 6%. 25 farmers, including Lerøy Seafood Group ASA, sued the Norwegian Government, claiming that the decision about reduction in

volume was not legally binding. In the court the 17th of March 2021, the verdict was ready. The farming companies lost the case against the Norwegian Government, and the decision about volume reduction remains.

The fish farming companies have appealed the decision to a higher court, but processing of the appeal has not started yet.

Business combinations in 2021

See note on business combinations for information about changes in ownership in associated companies, both completed and expected, bringing the share holding into a subsidiary. New subsidiaries will be consolidated from date of control.

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 writ 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 investigations, Lerøy Seafood Group ASA and a number of other Norwegian-owned aquaculture companies have been sued by customers in the USA and Canada. Several class actions have been issued, some of which overlap and compete with each other. 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.