



Austevoll Seafood ASA

Financial report Q2 and H1 2021



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Austevoll Seafood ASA

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FINANCIAL REPORT Q2 AND H1 2021

- Lower harvest volume for Atlantic salmon and trout compared with Q2 2020, but a good level of production
 - » Industry spot price for whole superior salmon up 8% in Q2 2021 compared with same quarter of 2020
 - » Gradual easing of COVID-19-related restrictions positive for the demand for seafood
- Seasonally good level of pelagic activity in South America
 - » The first fishing season in Peru started on 23 April, with a total quota of 2.5 million tonnes
 - Over 98% of the total quota had been fished by the end of the season in mid-August
 - » Austral has fished 100% of its own quota
- Seasonally lower level of pelagic activity for consumer products in the North Atlantic
- Good profit performance and strong cash flow overall
- COVID-19
 - » The situation for the Group companies remains challenging as a result of the COVID-19 pandemic

KEY FIGURES FOR THE GROUP

All figures in NOK 1,000	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
Operating revenue	6 262 791	5 306 056	12 215 606	11 162 510	22 446 926
EBITDA*	1 262 036	826 560	2 357 023	2 026 955	3 674 978
EBITDA %	20%	16%	19%	18%	16%
EBIT*	867 170	446 235	1 573 518	1 280 053	2 158 707
Pre tax profit before biomass adj.*	828 826	432 828	1 511 219	1 092 302	2 037 136
Pre tax profit	1 489 372	714 194	2 590 215	730 878	1 027 426
Earnings per share (EPS) *	1,66	1,23	3,10	2,39	4,55
Earnings per share (EPS)	3,00	1,79	5,31	1,61	2,45
Dividend per share (paid)			3,50	2,50	2,50
Total assets			41 323 094	40 497 880	39 741 004
Equity			23 728 148	23 161 171	22 990 574
Equity ratio			57%	57%	58%
NIBD ex. right-of-use assets liabilities **			4 938 173	5 074 473	4 651 037
NIBD incl. right-of-use assets liabilities to tother than credit institurions **			6 575 748	6 374 216	5 942 244

* Before fair value adjustments of biological assets

** NIBD = Net interest bearing debt

FINANCIAL REVIEW

PROFIT/LOSS Q2 2021

Group operating revenue in Q2 2021 totalled NOK 6,263 million, compared with NOK 5,306 million in Q2 2020.

Group EBITDA in Q2 2021 totalled NOK 1,262 million, compared with NOK 827 million in Q2 2020.

The gradual easing of COVID-19-related restrictions in a number of key markets means stronger demand and higher prices realised for seafood. Better prices realised for Atlantic salmon and trout, together with a good level of pelagic activity in South America, are therefore the main factors in the higher earnings in Q2 2021 compared with Q2 2020.

EBIT before fair value adjustment related to biological assets in Q2 2021 was NOK 867 million (Q2 2020: NOK 446 million).

Fair value adjustment related to biological assets in Q2 2021 was positive and totalled NOK 653 million (Q2 2020: NOK 307 million).

EBIT after fair value adjustment related to biological assets in Q2 2021 was NOK 1,520 million (Q2 2020: NOK 753 million).

The largest associates are Norskott Havbruk AS and Pelagia Holding AS. Income from associates in Q2 2021 totalled NOK 62 million (Q2 2020: NOK 82 million). The Group's associates have generated good results over time, are significant enterprises in their segments and represent substantial values for Austevoll Seafood ASA. Please refer to note 5 for more detailed information on associates.

The Group's net interest expense in Q2 2021 totalled NOK -72 million (Q2 2020: NOK -83 million). Net other financial expenses in the quarter totalled NOK -21 million (Q2 2020: NOK -38 million).

Profit before tax and fair value adjustment related to biological assets for Q2 2021 amounted to NOK 829 million, compared with NOK 433 million in Q2 2020.

The Group reported a profit before tax for the quarter of NOK 1,489 million (Q2 2020: NOK 714 million). Profit after tax was NOK 1,159 million (Q2 2020: NOK 571 million).

OPERATIONAL REVIEW OF SEGMENTS FOR Q2 2021

The Group's activities are classified according to the following operating segments: Lerøy Seafood Group ASA (Europe), Austral Group S.A.A (Peru), Foodcorp Chile S.A (Chile), Br.

Birkeland AS (Norway), Br. Birkeland Farming AS (Norway) and the joint venture Pelagia Holding AS (Europe).

Lerøy Seafood Group ASA (LSG)

LSG's operations comprise farming, wild catches (Lerøy Havfisk and LNWS), VAP and Sales & Distribution. LSG's farming operations are distributed geographically with licences in Troms and Finnmark (Lerøy Aurora), Nordmøre/Trøndelag (Lerøy Midt) and Vestland (Lerøy Sjøtroll).

In Q2 2021, LSG reported revenue of NOK 5,349 million (Q2 2020: NOK 4,713 million) and EBITDA before fair value adjustment related to biological assets of NOK 899 million (Q2 2020: NOK 606 million). These figures include one-off gains of NOK 44 million (Q2 2020: NOK 1 million).

The gradual easing of COVID-19-related restrictions in a number of key markets means stronger demand and higher prices realised. Higher prices realised, combined with improved productivity in the white fish industry, are the key drivers of the improved earnings compared with the same period of 2020.

For Farming, the harvest volume for salmon and trout was 36,756 GWT in Q2 2021, down from 38,896 GWT in Q2 2020.

For large parts of 2020, the market was substantially impacted by the COVID-19 restrictions. Demand in Q1 2020 was at a historic high, but the restrictions introduced to combat COVID-19 gradually manifested themselves from the last part of the first quarter and for the remainder of the year. Demand improved significantly in Q1 2021, and this trend has continued in Q2. The grocery market was the key driver in Q1 2021, and has continued to be so, but it is pleasing to note demand picking up in the hospitality and catering market too in Q2. If the easing of COVID-19 restrictions is maintained, we expect this positive development to continue in the coming periods.

The average price for salmon in Q2 2021, measured according to NSI (sales price FCA Oslo), was NOK 62.50/kg, compared with NOK 57.90/kg in Q2 2020 and NOK 52.10/kg in Q1 2021. This represents a price increase of NOK 5/kg on Q2 2020 and NOK 10/kg on Q1 2021.

Norwegian trout exports saw an increase in volume of around 20% in 2020. This factor, combined with the COVID-19 restrictions, had a negative impact on pricing on the market throughout 2020. Growth in exports declined in Q4 2020, and this trend has continued in 2021. This has led to much better equilibrium in the trout market, and prices realised in Q2 2021 have improved significantly on the same period in 2020.

The interim report for Q1 2021 explained that the consequences of quality grading, particularly in Lerøy Aurora, would impact the Group's prices realised in Q2 2021. As expected, the price effect resulting from the quality downgrade hit Lerøy Aurora hardest but also had a negative impact on prices realised for Lerøy Midt and Lerøy Sjøtroll. At today's date, a substantial improvement in harvest quality is expected in the coming quarters.

LSG's contract share for salmon in Q2 2021 was 30%, and prices realised for contracts were higher than those on the spot market overall.

For Lerøy Sjøtroll, 27% of the harvest volume in Q2 2021 was trout. The Group's prices realised for trout in the quarter reflect the market equilibrium and were around NOK 2/kg lower than for salmon.

LSG's release from stock costs in Q2 2021, including the newly introduced production fee of NOK 0.4/kg, are significantly lower than in the same period of last year, but remain high.

At today's date, slightly lower costs per kilo harvested are expected for 2021 compared with 2020, with costs expected to continue to fall in Q3 and Q4 2021.

As previously mentioned, an abnormal rate of winter ulcers has affected release from stock costs for Lerøy Aurora, partly due to low harvest weights. In combination with a low harvest volume, this has negatively affected release from stock costs in Q2 2021. However, production in the sea – and hence growth – has been good in the second quarter, with around 70% of the volume for 2021 expected to be harvested in the second half of the year. The release from stock costs for this volume are expected to be significantly lower than the equivalent figure for fish harvested year to date in 2021. Lerøy Aurora expects a harvest volume in the region of 47,000 GWT in 2021.

Production in Lerøy Midt in Q2 2021 has been satisfactory. The release from stock costs for the quarter are on a par with Q1. At today's date, lower costs are expected in the second half of 2021 than in the first half. The company expects a harvest volume in the region of 70,000 GWT in 2021.

Growth in Lerøy Sjøtroll in Q2 2021 has been good. The company is on schedule to fulfil its expectation of a significant increase in harvest volume from 68,000 tonnes in 2020 to 75,000 tonnes in 2021, with an associated cost reduction in 2021 relative to 2020. Costs in Q2 2021 were lower than in Q2 2020. At today's date, release from stock costs are expected to be slightly lower in the second half of 2021 than in the first half.

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

Lerøy Havfisk had 10 trawlers in operation in Q2 2021. The catch volume of 16,345 tonnes in Q2 2021 is lower than the 19,708 tonnes caught in the same period of 2020, but a change in catch composition means the value is higher. Catches of shrimp and haddock have been prioritised in Q2 2021, while catches of redfish are significantly down on the same period in 2020. With a substantial cod quota remaining, Lerøy Havfisk has a strong market position for the remainder of the year.

As described in the Group's recent interim reports, demand for seafood has been negatively impacted by the restrictions introduced to combat the spread of COVID-19, and this situation continued in Q2 2021. Compared with Q2 2020, prices for cod, which is the most important species, are down 12%, while prices for haddock and saithe have risen 3% and 13% respectively. Current expectations are that further easing of the COVID-19-related restrictions could result in a positive price development for the remainder of 2021, including for cod.

LNWS's primary business is processing wild-caught white fish. The company has use of 12 processing plants and purchasing stations in Norway, five of which are leased from Lerøy Havfisk.

Processing of white fish has been extremely challenging for many years – with Q2 2021 no exception – but it is pleasing to note a substantial improvement in underlying operations, which has also led to an improvement in the financial results for Q2 2021 compared with the same period of 2020.

The Group's focus on boosting the competitiveness of the white fish industry is a long-term process and will continue undiminished, despite what the Group hopes is temporary market-related challenges brought about by the pandemic. Over time, a number of organisational changes have been introduced, which, in combination with significant investments in facilities and in developing the organisations, we consider will deliver sustainable earnings.

In total, Havfisk/LNWS contributed EBIT of NOK 65 million in Q2 2021, compared with NOK -5 million in the same period of 2020. Please note that Havfisk has opted to leave a higher share of the cod quota for the second half of the year compared with 2020.

Investigation by the competition authorities in the EU and USA
On 20 February 2019, the EU's competition authorities ("the Commission") initiated investigations relating to suspected restrictive practices involving collaboration on the salmon market. The US Department of Justice (DOJ) started an investigation into the Norwegian salmon industry in November 2019. Lerøy Seafood Group ASA is one of the companies involved in these matters. In the wake of the European Commission's investigations, companies in Lerøy Seafood Group ASA and a number of other Norwegian-owned aquaculture companies are among those to be sued by customers in the USA and Canada. Please refer to the Group's annual report for more information.

In Q2 2021, LSG increased its shareholding in Seafood Danmark from 33% to 78%, and the company has been consolidated from Q2. This is the result of a long-term relationship between the parties, and LSG looks forward to having the company as an integrated part of the Group. Seafood Danmark's collaboration with demanding customers has afforded them a strong position on the Danish seafood market, but the company is also active on other core markets. Thanks to its well-established organisation, Seafood Danmark will strengthen LSG's downstream operations. The company has strong local management who have demonstrated solid operations and good earnings over several years. The company reported operating profit of around DKK 70 million in 2020.

On 29 June 2021, Scottish Sea Farms Ltd. (SSF), a joint venture between Lerøy Seafood Group ASA and SalMar ASA, entered into an agreement to purchase 100% of the shares in Grieg Seafood Hjaltdland (GSHU) from Grieg Seafood ASA. The debt-free, cash-free purchase price has been set at GBP 164 million.

GSHU is a vertically integrated Scotland-based producer of salmon with operations in Shetland and the Isle of Skye. The company has 21 active sea locations, a smolt facility and a harvesting plant. GSHU harvested approx. 16,000 tonnes (HOG) Atlantic salmon in 2020. SSF is one of the largest producers in Scotland, with operations in the Orkneys and Shetland and on the Scottish mainland. SSF harvested approx. 24,000 tonnes (HOG) Atlantic salmon in 2020. The management of SSF looks forward to getting started on the work required to improve GSHU's biological and operational performance. SSF's organisation sees significant potential for increased earnings through sound operational understanding, improved biological control and realising synergies by integrating the two companies. The acquisition will be financed by new equity from shareholders and external capital. The transaction is expected to be completed by the end of Q4 2021, assuming approval is obtained from the relevant authorities and the standard terms and conditions.

For further information, please refer to LSG's report and presentation for Q2 2021.

Austral Group S.A.A (Peru)

Austral Group S.A.A. (Austral) is involved in fishing, production of fishmeal and fish oil, and consumer products. Austral holds 6.98% of the total quota for anchoveta in Central/North Peru, and just under 4% of the quota in South Peru. In addition, the company has fishing rights for horse mackerel and mackerel. Anchoveta is used to produce fishmeal and fish oil, while horse mackerel/mackerel is used for consumer products. The main fishing seasons for anchoveta in Central/North Peru are from April to July and November to January. Fishmeal and fish oil are produced in four factories, located in Coishco, Chancay, Pisco and Ilo. The company also produces consumer products in facilities that share premises with the fishmeal and fish oil factories in Coishco and Pisco.

The first fishing season in Peru started on 23 April, with a total quota of 2.5 million tonnes and a quota of 175,000 tonnes for the company. The equivalent season in 2020 started on 13 May, with a total quota of 2.4 million tonnes. The start of the 2020 season was impacted by the authorities introducing restrictions on the number of operational vessels per company, such that each company started the season with 60% of its fleet. The late start-up and limit on operational vessels meant lower catch volumes in Q2 2020. Over time, these restrictions were lifted.

The company finished the fishing season on 26 July, having caught 100% of its allocated quota for the first season of 2021. At the end of Q2 2021, the company had already caught 143,500 tonnes, representing 81% of the allocated quota for the season. At the end of Q2 2020, the company had caught 113,500 tonnes, representing 67% of the total quota for the first season. The growth in volume for both catches and goods sold is the most important factor in the improvement in results for the quarter compared with Q2 2020.

Operating revenue in Q2 2021 totalled NOK 389 million (Q2 2020: NOK 187 million) and EBITDA amounted to NOK 162 million (Q2 2020: NOK 60 million).

Sales volumes for fishmeal and fish oil in the quarter were 23,300 tonnes, up substantially from 5,800 tonnes in the same quarter of 2020. Prices realised for fishmeal were on a par with the same period of 2020, while the company's prices realised for fish oil were significantly down on Q2 2020.

Peru is usually the world's largest producer of fishmeal and fish oil. Production volumes in Peru therefore have a significant

influence on global prices for fishmeal and fish oil.

Stringent national restrictions remain in place in the wake of the COVID-19 outbreak. The infection rate (R number) in Peru has been high in 2021, but has declined slightly from the end of the second quarter. The restrictions in place continue to affect the company's operations, with extensive measures introduced to ensure sufficient crew to man the ships and factories and to ensure supply of input factors. The company is maintaining its comprehensive safety routines, which include follow-up of regulations laid down by the authorities, routines for testing and implementation/facilitation of quarantine. The COVID-19 outbreak has caused and continues to cause increased uncertainty and significantly lower predictability than normal.

Foodcorp Chile S.A (Chile)

Foodcorp Chile S.A. (FC) is involved in fisheries, production of consumer products, and production of fishmeal and fish oil. From 2018, the regulation of fisheries in Chile has allowed greater flexibility for the fleet to carry out fishing in all the country's regions. FC's quota therefore now corresponds to 8.4% of the horse mackerel quota established for the fleet to which its vessels belong. FC also has a quota for sardine/anchoveta.

All FC's land-based industrial activities are located in the same building in the coastal town of Coronel.

The main season for horse mackerel fishing is from December to July. The main season for sardine/anchoveta fishing is divided into two periods. The first season starts in March and ends in July/August. The second season normally starts in October/November and lasts until the end of December.

The company has executed its main season in the first half of the year, catching just under 59,500 tonnes of horse mackerel, 27,700 tonnes of which in the second quarter. Just under 28,700 tonnes were caught in Q2 2020 and 63,200 tonnes in the first half of 2020 overall.

In 2021, the company has its own quota (including leased quota) for horse mackerel of just under 40,000 tonnes (2020: 34,600 tonnes). The company's horse mackerel quota is 15% higher than in 2020. The company has also purchased 27,800 tonnes (2020: 28,500 tonnes) of horse mackerel from third parties, to be caught by FC's own vessels. The total quota, including purchases from third parties, therefore amounts to 67,700 tonnes, up from approx. 63,000 tonnes in 2020.

Operating revenue in Q2 2021 totalled NOK 322 million (Q2 2020: NOK 301 million) and EBITDA amounted to NOK 127 million (Q2 2020: NOK 130 million).

Sales of frozen products totalled 19,500 tonnes in Q2 2021, up from 15,000 tonnes in the same quarter of 2020. Demand for frozen products has been good, and the company's prices realised in the quarter were 33% higher than in Q2 2020.

The authorities in Chile, as in Peru, have introduced stringent national restrictions in light of the COVID-19 pandemic. The infection rate (R number) has been high in 2021, but has shown a slight downward trend in the third quarter. The company is maintaining its comprehensive safety routines, which include follow-up of regulations laid down by the authorities, routines for testing and implementation/facilitation of quarantine.

Fisheries company Br. Birkeland AS (BRBI) and Br. Birkeland Farming AS (BFARM)

In Q2 2021, the BRBI segment reported operating revenue of NOK 56 million (Q2 2020: NOK 36 million). EBITDA amounted to NOK 33 million (Q2 2020: NOK 16 million).

The increase in revenue and earnings relates to the vessel fishing for snow crab. After several extremely challenging years, the vessel has had a good first half of the year, catching 479 tonnes of snow crab since the start-up in January, compared with 259 tonnes in the first half of 2020.

The total Norwegian quota for snow crab had been caught when fishing was, as normal, suspended on 1 July to protect the crab during the period of ecdysis. In 2020, fishing was stopped on 15 July. This means the vessel will not operate in the second half of 2021 but will carry out essential maintenance in this period. The pelagic vessels fished for North Sea herring in the second quarter.

The vessels carried out fisheries in the second quarter as normal, and have experienced only a minor impact from the COVID-19 outbreak.

In Q2 2021, the BFARM segment reported operating revenue of NOK 139 million (Q2 2020: NOK 57 million). EBITDA before fair value adjustment related to biological assets in Q2 2021 was NOK 41 million (Q2 2020: NOK 4 million).

Of this volume, 2,217 tonnes were harvested in Q2 2021 compared with 1,239 tonnes in Q2 2020. The company sells all its fish on the spot market, and the prices realised in Q2 2021 are considerably higher than in the same quarter of 2020. Unfortunately, infectious salmon anemia (ISA) was detected at one of the company's locations in June 2021, which means the fish here must be harvested before 5 September. This relates to fish put to sea as recently as December 2020, so the forced harvesting will mean a low average weight. The

forced harvesting will lead to a significantly negative result for the company in Q3. The loss resulting from the forced harvesting at this location is estimated to be in the region of NOK 25-28 million.

JOINT VENTURES

Pelagia Holding AS (Pelagia)

In the consolidated financial statements, Pelagia Holding AS (Pelagia) is defined as a joint venture and accounted for by the equity method.

In note 4 Segments, Pelagia is consolidated using the so-called “proportionate consolidation method”, in accordance with AUSS’s 50% shareholding.

The figures for Pelagia in this section reflect 100% of the company’s financial and operational figures.

As usual, the second quarter has been the low season for production of consumer products. Lower quotas for blue whiting and sand eel, together with an earlier start to the blue whiting season in 2021, have resulted in a lower volume of raw materials received for production of fishmeal and fish oil compared with Q2 2020.

Revenue for Pelagia in Q2 2021 was NOK 1,751 million (Q2 2020: NOK 1,958 million) and EBITDA was NOK 80 million (Q2 2020: NOK 199 million).

The sales volume for frozen products in the quarter was 48,800 tonnes, up slightly from 47,600 tonnes in the same quarter in 2020. Sales of fishmeal/FPC and fish oil in Q2 2021 totalled 52,100 tonnes, up from 39,300 tonnes in Q2 2020.

The volume of raw materials received for consumer products in the quarter was 31,000 tonnes, up from 18,000 tonnes in Q2 2020. Total receipt of raw materials for Pelagia and associates for fishmeal/FPC and fish oil production was 240,000 tonnes in Q2 2021, compared with 336,000 tonnes in Q2 2020.

In March 2021, Pelagia Holding AS’s subsidiary Pelagia AS entered into an agreement to acquire the remaining 50% of the shares in Hordafør AS. The transaction was completed on 1 July 2021. Following this transaction, Pelagia AS now owns 100% of the shares in Hordafør AS, and the company will accordingly be treated as a subsidiary from Q3 2021.

National and international restrictions in connection with the COVID-19 outbreak are affecting the company’s operations. Pelagia’s employees have done their utmost to keep the value

chain operational during this challenging time, and operations have, to date, continued practically as normal, albeit with a slight increase in costs – particularly relating to the logistics chains.

CASH FLOWS Q2 2021

Cash flow from operating activities in Q2 2021 was NOK 1,027 million (Q2 2020: NOK 950 million). Cash flow from investing activities in Q2 2021 was NOK -355 million, including NOK 158 million relating to acquisitions (Q2 2020: NOK -241 million). Cash flow from financing activities in Q2 2021 was NOK -1,751 million (Q2 2020: NOK -474 million). NOK 1,309 million of this relates to payment of dividends from the parent company and Group companies (to minority). Payment of dividends at 30 June 2020 was NOK 979 million. In addition to this, the parent company has redeemed a NOK 500 million bond that fell due in May 2021, utilising parts of the company’s cash and cash equivalents.

The Group’s cash and cash equivalents at 30 June 2021 totalled NOK 3,694 million, compared with NOK 4,482 million at 30 June 2020.

FINANCIAL INFORMATION H1 2021

The Group reported operating revenue of NOK 12,216 million for the first half of 2021 (H1 2020: NOK 11,163 million). EBITDA before value adjustment related to biological assets in H1 2021 was NOK 2,357 million (H1 2020: NOK 2,027 million).

EBIT before value adjustment related to biological assets in H1 2021 was NOK 1,574 million (H1 2020: NOK 1,280 million). The fair value adjustment related to biological assets in H1 2021 was positive at NOK 1,053 million. The corresponding figure for the same period in 2020 was negative at NOK -307 million.

EBIT after value adjustment related to biological assets in H1 2021 was NOK 2,626 million (H1 2020: NOK 973 million).

Income from associates for H1 2021 totalled NOK 136 million (H1 2020: NOK 32 million).

The Group’s net interest expense in H1 2021 totalled NOK -146 million (H1 2020: NOK -156 million).

Profit before tax and fair value adjustment related to biological assets for H1 2021 was NOK 1,511 million, compared with NOK 1,092 million in H1 2020.

Profit after tax for H1 2021 totalled NOK 2,010 million (H1 2020: NOK 567 million).

CASH FLOWS H1 2021

Cash flow from operating activities for H1 2021 was NOK 2,160 million (H1 2020: NOK 1,371 million). Tax payments in H1 2021 totalled NOK 265 million (H1 2020: NOK 285 million). Cash flow from investing activities for H1 2021 was NOK -613 million (H1 2020: NOK -869 million). Cash flow from financing activities for H1 2021 was NOK -2,317 million (H1 2020: NOK -286 million). Net change in cash for the Group in H1 2021 was NOK -770 million (H1 2020: NOK 216 million).

The Group's cash and cash equivalents at 30 June 2021 totalled NOK 3,694 million, compared with NOK 4,482 million at 30 June 2020.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

The Group's statement of financial position at 30 June 2021 showed a total of NOK 41,323 million, compared with NOK 40,498 million at 30 June 2020. Some Group companies have a functional currency other than the Norwegian krone. Changes in foreign exchange rates will therefore result in periodic changes in the amounts in the Group's statement of financial position, due to translation to Norwegian krone.

The Group is financially sound with book equity at 30 June 2021 of NOK 23,728 million, equivalent to an equity ratio of 57%. At 30 June 2020, the Group had book equity of NOK 23,161 million, also equivalent to an equity ratio of 57%.

At 30 June 2021, the Group had net interest-bearing debt excluding right-of-use liabilities other than to credit institutions totalling NOK 4,938 million, compared with NOK 5,074 million at 30 June 2020. The Group's net interest-bearing debt including right-of-use liabilities other than to credit institutions was NOK 6,576 million at 30 June 2021, compared with NOK 6,374 million at 30 June 2020.

The Group and parent company's financial position is very strong. The Board of Directors considers it important that the Group, through its operations, retains the confidence of participants in the various capital markets. The Group has and shall continue to have significant financial flexibility to allow it to finance further organic growth, carry out strategic acquisitions and sustain the company's dividend policy.

At 30 June 2021, the parent company Austevoll Seafood ASA had cash and cash equivalents of NOK 472 million and net interest-bearing debt of NOK 306 million. The parent company's bond loan, which was established in 2015 and matured on 4 May 2021, was redeemed in full by utilising parts of the company's cash and cash equivalents.

OTHER ISSUES

Risks and uncertainties

The Group's risk exposure is described in the Annual Report 2020. The Group's activities are essentially global and will always be impacted to varying degrees by developments in the global economy. In light of the turmoil in the global economy in recent years, including trade barriers and geopolitical risk, the general consensus is that macroeconomic uncertainty is still greater than what was previously considered normal. The Group's risk profile covers pandemics, of which the COVID-19 outbreak is an example. As a result of the outbreak, national and global authorities have introduced extensive restrictions in an attempt to prevent uncontrolled spread of the infection. COVID-19 is having an impact on global value chains in that the necessary measures taken by public authorities, illness and fear are, at a global level, significantly affecting how we live our lives. As a part of the global seafood industry, the Group is also severely affected. This has manifested in the form of changes in the pattern of demand for the Group's products, access to workforce both in the Group and externally, other input factors and credit risk. The COVID-19 pandemic has had and continues to have a negative impact on the demand for seafood, but there has been an easing of COVID-19-related restrictions through Q2 2021.

At today's date, it remains difficult for us to reach any conclusion on future developments, apart from highlighting the increased level of uncertainty the pandemic still represents. The Group's results will continue to be affected by developments in the relationship between supply and demand in the future.

Although the uncertainty may have a negative impact on the real economy in most markets, it is our opinion that AUSS's core business is founded on long-term sustainable assets within interesting segments of the global seafood industry.

The Group is exposed to risk related to the value of the Group's assets. Risk arises mainly as a result of changes in the prices of raw materials and finished products, to the extent that these changes impact the company's competitiveness and earnings potential over time. Operational factors, such as marine biomass, fishing conditions and price trends for the Group's input factors, are other key parameters that have an impact on risk for the Group.

At 30 June 2021, the Group had live fish on its statement of financial position worth NOK 6 billion. Biological risk has been and will remain a substantial risk factor in the Group's operations. Assessing and managing biological risk must therefore be a part of the Group's core expertise.

Changes in fishing patterns and quota adjustments mean fluctuations in catch volumes from quarter to quarter and

year to year, and hence varying utilisation of the Group's production facilities. The seasonal fluctuations in catch volumes cause similar fluctuations in the quarterly key figures.

Since LSG's acquisition of Havfisk and LNWS, the Group has had substantial exposure in relation to catches of various species of white fish subject to Norwegian quotas. The Group faces political risk linked to administration by public authorities, including framework conditions for fish farming and licence terms related to fisheries legislation in the regions where it operates.

Industrial developments and employment in capital-intensive activities exposed to global competition, such as fish farming, fisheries and industry, are challenging and require a long-term perspective by businesses and politicians at a national level. The Group's strategy centres on a long-term perspective, irrespective of framework conditions, to ensure a globally competitive organisation, which can continue to safeguard industrial development in the numerous local communities where the Group has operations.

In the approval granted by the Norwegian Ministry of Trade, Industry and Fisheries, LSG's ownership of Lerøy Havfisk and LNWS is linked to the ownership structure approved when the application was submitted, thereby requiring approval of any changes in ownership not covered by the exemption granted by the Ministry. The nationality requirement in section 5 of the Act relating to the right to participate in fishing must also be met.

The majority of the Group's debt is at floating interest rates, but fixed-rate contracts have been entered into for approx. 26% of the Group's interest-bearing debt.

The Group is exposed to fluctuations in foreign exchange rates, particularly the EUR, GBP, USD, Chilean peso and Peruvian sol. Measures to reduce this risk in the short term include forward contracts and multi-currency overdraft facilities. Furthermore, parts of the long-term debt are matched to earnings in the same currency.

SHAREHOLDER INFORMATION

At 30 June 2021, the company had 7,919 shareholders, compared with 7,214 at the start of the quarter.

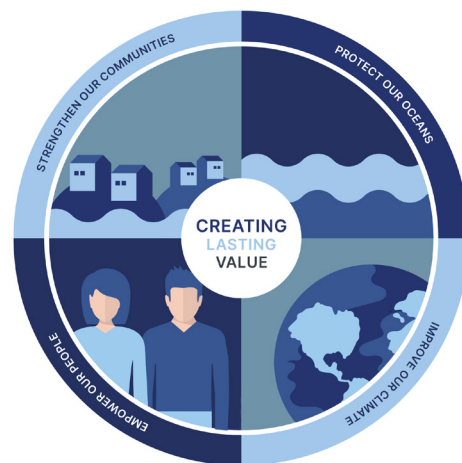
The share price at the start of Q2 2021 was NOK 103.50 and NOK 106.80 at the end.

The annual general meeting in May 2021 passed a dividend of NOK 3.50 per share for the 2020 financial year, which was paid on 9 June 2021. The dividend payment for the 2019 financial year, paid in June 2020, was NOK 2.50 per share.

A list of the company's 20 largest shareholders can be found in Note 6 in this report.

AUSTEVOLL SEAFOOD ASA'S FOCUS AREAS FOR SUSTAINABILITY

Since it was established in 1981, Austevoll Seafood ASA (AUSS) has remained loyal to its strategic foundations of "creating lasting values through healthy oceans and thriving communities". The entire value chain in the Group's portfolio companies has its "origins" in the sustainable use of the sea, and the Group's growth has been and shall continue to be sustainable in terms of finance and the climate/environment. Sustainable growth places stringent requirements on the Group within finance, corporate governance, the climate and environment as well as social issues. Sustainability is essential for gaining access to capital, and is of decisive importance for the Group's survival and continued development. We are therefore proud to confirm that the Group's food production is globally competitive, according to the UN's sustainability criteria. Social sustainability is important for sustaining viable local communities and access to the Group's most important resource, people. For more detailed information, please read the company's sustainability report for 2020 on the website <https://ar2020.auss.no/>



MARKET AND OUTLOOK

Production, sale and distribution of salmon, trout and white fish

Price developments for Atlantic salmon have remained highly volatile at the start of 2021, significantly influenced by the repercussions of the COVID-19 pandemic. It is not possible to form any precise opinion on the duration or consequences of the pandemic, but developments in 2021 provide grounds for optimism. There are indications that seafood is gaining in popularity with consumers, and we are therefore optimistic

about the underlying future development in demand for seafood, and hence about the Group's operations and value creation.

The Group's production of red fish currently takes place mainly in Norway. Norwegian and global salmon and trout production are experiencing relatively modest growth, which – combined with a weaker Norwegian krone – has resulted in very high prices. This provides an incentive to start production of salmon in new areas and using new, alternative technologies. These incentives have existed for several years now, but with long lead times for developing the industry, sea-based production in Norway has remained dominant. The harvest volume from land-based production of salmon remains insignificant on the end markets. The market share for Norwegian Atlantic salmon may, in the long term, be affected by production of salmon and trout in new regions and locations. Through business development, investments and a clear operational focus on competitiveness, the Group shall ensure that its value chain stands strong in the face of competition in the years to come. As well as developing existing farming operations, the Group is accumulating knowledge and/or expertise within both land-based and offshore salmon production.

In recent years, LSG has made significant investments in several parts of the value chain, including building facilities for smolt/post-smolt capacity in all the Group's regions. Lerøy Sjøtroll's Kjærelva facility is now completed, producing around 4,000 tonnes of biomass per year. Lerøy Aurora completed the final construction stage of its new smolt facility in Laksefjord in Q4 2020, and the facility is expected to reach full utilisation in 2021. Lerøy Midt can report that the second stage of development of the Belsvik facility is on schedule. The plan is for completion by the start of 2022, and the facility will produce around 5,000 tonnes of biomass. The Group's investments in improved smolt production and post-smolt production, combined with a number of other initiatives, will support its ambition of continued growth in volume and improved competitiveness as a result of lower production costs.

LSG's substantial investments in post-smolt facilities have not only increased the Group's annual harvest volume by means of improved exploitation of existing assets, but also provided significant learnings in RAS technology. This is in the main the same technology applied for full-scale land-based production of salmon. The Group is now negotiating for a possible further development of a new RAS facility in the region of Vestland. The plans are initially to develop the facility in three stages. The first and second stages will allow further increases in the Group's post-smolt production. The final stage will also provide facilities for post-smolt production, but may be used for salmon production up to harvest size. The newly acquired industrial site, including the links to the

Group's farming operations in West Norway, could improve interaction between land and sea. The lessons learned may potentially be exploited to realise land-based projects in other regions in the future. The development will take place in stages, but initial estimates suggest a cost framework of around NOK 1 billion for the first stages. The development is projected to provide an annual increase in production in the sea of 8,000-10,000 GWT. Construction work is scheduled for completion in 2023.

The Group achieved significant improvements in production in the sea in 2020. The harvest volume was up from around 158,000 tonnes in 2019 to 171,000 tonnes in 2020. Moreover, standing biomass increased from 111,000 tonnes at year-end 2019 to 119,000 tonnes at year-end 2020. The first months of 2021 were cold, negatively affecting growth conditions, but growth in Q2 has been satisfactory, and the Group maintains its forecast of a harvest volume for 2021, including associates, of 205,000-210,000 tonnes. Ongoing investments and additional improvement initiatives will generate further growth in the years to come.

LSG is convinced that this growth, combined with other improvement measures, will reduce the Group's release from stock costs for salmon and trout in 2021 and going forward.

The previous interim report explained that the consequences of winter ulcers would impair prices realised in Q2 2021. This proved to be the case, but a significant improvement is expected in the second half of the year.

The Group has made substantial investments in white fish in recent years. One new vessel was added to the fleet in 2018 – Nordtind – and another in early 2020 – Kongsfjord. Further improvements to fish quality were important design criteria for Kongsfjord. Consumers' expectations and quality requirements continue to increase, making high quality and competitiveness key factors for success when competing to attract consumers.

The white fish industry, including land-based operations, has suffered significantly from the impact of COVID-19 on demand at the start of 2021. It is naturally not possible for the Group to know how long the restrictions will last, but Lerøy's long-term plans remain the same. The work on and investments in making the factories less seasonally dependent continue, along with structured and meticulous work on making improvements to each unit. We believe that this process will gradually generate results.

The Group's quotas for 2021 are up 17% for cod, 22% for haddock and 16% for saithe north of 62 degrees latitude, and down 43% for saithe south of 62 degrees. In June, ICES (the International Council for the Exploration of the Sea) published

its recommendations for the total quotas of cod, haddock and saithe in 2022. These recommendations entail reductions in the cod and haddock quotas of 20% and 23% respectively. For saithe north of 62 degrees latitude, a quota roughly equivalent to 2021 is recommended, while a 24% reduction in the total quota is recommended for the North Sea. The final quotas will be set by the Norwegian authorities in the autumn.

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

Fishmeal and fish oil

According to the IFFO*, fishmeal production from Regions Peru, Chile and North Atlantic as of week 30 (week beginning 26 July 2021) was up 9.5% on the same period in 2020. This increase stems mainly from Peru, where the first season started on 23 April with a total quota of 2.5 million tonnes. By the end of the season in mid-August, over 98% of the total quota in Peru had been caught. There has also been some fishing in Peru's southern zone during the period. Production in the North Atlantic has been lower than last year, and the blue whiting quotas for 2021 are down 20% on 2020.

** Source: IFFO, week 17, 2021 (Regions Chile, Peru, Denmark/Norway, Iceland/North Atlantic)*

Consumer products (pelagic)

The Group's production of consumer products takes place in Europe and South America. In Europe, the fishing season for Norwegian spring-spawning herring is usually from January to April and the season for North Sea herring from May onwards. The main season for mackerel fishing normally starts in September and continues throughout the autumn. Correspondingly, the remaining quotas for Norwegian spring-spawning herring are also caught during this period. The first half of the year is the season for horse mackerel in South America. The quotas recommended by ICES for catches in the North Atlantic in 2021 represent an increase of 21% for Norwegian spring-spawning herring, while the quotas recommended for mackerel and North Sea herring are down by 9% and 5% respectively on 2020. The 2021 quota recommended by SPRFMO for horse mackerel in the South Pacific represents an increase of approx. 15% on the quota for 2020.

The Group

The Group is financially sound, has shown positive development and is currently well positioned in several parts of the global seafood industry. The Group's products are healthy and delicious, and production is sustainable from a financial, climate and environmental perspective.

The Group's strategy going forward is to continue to grow and further develop within its current operating segments. The Group has and shall continue to have the financial flexibility to support its strategy of further organic growth, carry out strategic acquisitions and sustain the company's dividend policy.

The management and Board of Directors continue to expect good underlying growth in demand in the years ahead. It is not possible for the management and Board of Directors to estimate how long the COVID-19 pandemic will last, but we believe that demand will with time return to historic levels and continue to develop from there.

The Board of Directors underlines that uncertainties related to assessments of future developments remain higher than normal, but current estimates are that earnings could be negatively impacted by COVID-19 restrictions for some time to come. At the same time, it is noted that the Group's underlying development is good, something that we consider – in the current circumstances – provides a basis for an uptick in profitability this year compared with 2020.

The farming companies will harvest 60% of the volume for 2021 in the second half of the year, and the market development, including price developments for salmon, will of course have a significant impact on earnings.

Over the years, the Board of Directors and management have focused on building a strong Group of companies, which includes ensuring that the Group has organisations well-prepared to solve challenges in difficult and changing conditions. The Board of Directors is therefore confident that the Group will emerge stronger from this global crisis. The management and Group employees are doing what they can every day to ensure that the Group fulfils its underlying social responsibility, keeping the value chain and food supplies operational at a challenging time.

DECLARATION OF THE BOARD OF DIRECTORS AND CEO

We declare that, to the best of our knowledge, the half-yearly financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting, and that the information in the financial statements provides a true and fair illustration of the Group’s assets, liabilities, financial position and result as a whole. We also declare that, to the best of our knowledge, the half-yearly report provides a correct overview of significant events during the accounting period and their impact on the half-yearly accounts, the key risks and uncertainties faced by the Group during the next accounting period, and significant transactions with related parties.

Storebø, 18 August 2021

The Board of Directors of Austevoll Seafood ASA

Helge Singelstad
Chairman of the Board

Lill Maren Møgster
Board member

Hege Charlotte Bakken
Deputy Chairman of the Board

Eirik Drønen Melingen
Board member

Helge Møgster
Board member

Hege Solbakken
Board member

Siren M. Grønhaug
Board member

Arne Møgster
CEO

FINANCIAL REPORT, Q2 AND H1 2021

INCOME STATEMENT (unaudited)

All figures in NOK 1,000	Note	Q2 2021	Q2 2020	H1 2021	H1 2020	(audited) 2020
Operating revenue	4	6 262 791	5 306 056	12 215 606	11 162 510	22 446 926
Raw material and consumables used		3 182 127	2 910 941	6 234 867	5 795 703	12 079 107
Salaries and personnel expenses		933 578	785 297	1 978 968	1 807 085	3 604 585
Other operating expenses		885 050	783 258	1 644 748	1 532 767	3 088 256
EBITDA before fair value adjustments *		1 262 036	826 560	2 357 023	2 026 955	3 674 978
Depreciation and amortisation		395 138	380 690	784 063	750 391	1 518 825
Impairment		-272	-365	-558	-3 489	-2 554
EBIT before fair value adjustment *	7	867 170	446 235	1 573 518	1 280 053	2 158 707
Fair value adjustment related to biological assets	3	652 988	306 889	1 052 930	-307 045	-954 044
Operating profit		1 520 158	753 124	2 626 448	973 008	1 204 663
Income from associated companies	5	61 678	82 098	136 481	32 423	250 121
Net interest expenses		-71 898	-82 688	-146 202	-155 940	-294 911
Net other financial items (incl. agio/disagio)		-20 566	-38 340	-26 512	-118 613	-132 447
Profit before tax and fair value adj.*	7	828 826	432 828	1 511 219	1 092 302	2 037 136
Profit before tax		1 489 372	714 194	2 590 215	730 878	1 027 426
Income tax expenses		-330 838	-142 767	-580 175	-163 657	-204 575
Net profit		1 158 534	571 427	2 010 040	567 221	822 851
Profit to non-controlling interest		552 505	209 251	938 481	241 657	328 736
Profit to controlling interests		606 029	362 176	1 071 559	325 564	494 115
Earnings per share (EPS) *		1,66	1,23	3,10	2,39	4,55
Earnings per share (EPS)		3,00	1,79	5,31	1,61	2,45
Diluted EPS		3,00	1,79	5,31	1,61	2,45

*) related to biological assets (alternative performance measure)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

All figures in NOK 1,000	Q2 2021	Q2 2020	H1 2021	H1 2020	(audited) 2020
Net earnings in the period	1 158 534	571 427	2 010 040	567 221	822 851
Other comprehensive income					
Currency translation differences	-32 217	-370 903	-125 932	332 990	-138 724
Other comprehensive income from associated companies	2 969	305	-888	-3 631	-4 947
Cash flow hedges	13 352	1 771	44 554	-64 164	-34 429
Others incl. tax effect	4 047	10 186	-395	-12 698	3 635
Total other comprehensive income	-11 849	-358 641	-82 661	252 497	-174 465
Comprehensive income in the period	1 146 685	212 786	1 927 379	819 718	648 386
Allocated to;					
Minority interests	560 553	142 274	926 538	270 597	312 030
Majority interests	586 132	70 512	1 000 841	549 121	336 356

STATEMENT OF FINANCIAL POSITION (unaudited)

All figures in NOK 1,000	Note	30.06.2021	30.06.2020	31.12.2020
Assets				
Intangible assets		11 759 095	11 689 333	11 526 318
Vessels		2 022 345	2 166 981	2 103 409
Property, plant and equipment		6 653 225	6 368 221	6 275 401
Right-of-use assets	8	3 364 691	3 001 322	3 105 697
Investments in associated companies	5	2 415 032	2 420 824	2 526 775
Investments in other shares		46 124	39 649	41 720
Other long-term receivables		166 207	177 293	163 885
Total non-current assets		26 426 719	25 863 623	25 743 205
Inventories	3	7 996 664	7 165 460	6 735 346
Accounts receivable		2 347 593	2 110 140	2 045 398
Other current receivables		858 080	876 664	754 290
Cash and cash equivalents		3 694 038	4 481 993	4 462 765
Total current assets		14 896 375	14 634 257	13 997 799
Total assets		41 323 094	40 497 880	39 741 004
Equity and liabilities				
Share capital	6	101 359	101 359	101 359
Own shares		-18 312	-18 312	-18 312
Share premium		3 713 549	3 713 549	3 713 549
Retained earnings and other reserves		8 606 349	8 524 721	8 311 893
Non-controlling interests		11 325 204	10 839 855	10 882 086
Total equity		23 728 148	23 161 171	22 990 574
Deferred tax liabilities		3 608 479	3 531 655	3 261 183
Pensions and other obligations		14 017	92 885	56 647
Borrowings		5 939 038	5 781 808	5 650 866
Lease liabilities to credit institutions		1 029 505	936 311	1 093 736
Lease liabilities to other than credit institutions		1 352 670	1 080 282	1 055 920
Other long-term liabilities		34 403	30 075	25 992
Total non-current liabilities		11 978 112	11 453 016	11 144 344
Short term borrowings		520 839	1 179 501	1 022 626
Lease liabilities to credit institutions		265 247	257 614	270 899
Lease liabilities to other than credit institutions		284 905	219 461	235 287
Overdraft facilities		877 582	1 371 157	1 049 683
Account payable		1 889 051	1 432 073	1 363 866
Other current liabilities		1 779 210	1 423 887	1 663 725
Total current liabilities		5 616 834	5 883 693	5 606 086
Total liabilities		17 594 946	17 336 709	16 750 430
Total equity and liabilities		41 323 094	40 497 880	39 741 004
Net interest bearing debt (NIBD)		4 938 173	5 074 473	4 651 037
Lease liabilities to other than credit institutions		1 637 575	1 299 743	1 291 207
NIBD incl. right of use assets liabilities		6 575 748	6 374 216	5 942 244
Equity ratio		57%	57%	58%

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

All figures in NOK 1,000	30.06.2021	30.06.2020	31.12.2020
Equity at period start	22 990 574	23 331 034	23 331 034
Comprehensive income in the period	1 927 379	819 718	648 386
Dividends	-1 308 707	-983 421	-983 421
Transactions with non-controlling interest	118 902	-6 160	-5 425
Other	-	-	-
Total changes in equity in the period	737 574	-169 863	-340 460
Equity at period end	23 728 148	23 161 171	22 990 574

CASH FLOW STATEMENT (unaudited)

All figures in NOK 1,000	Q2 2021	Q2 2020	H1 2021	H1 2020	(audited) 2020
Cash flow from operating activities					
Profit before income taxes	1 489 372	714 194	2 590 215	730 878	1 027 426
Fair value adjustment of biological assets	-652 988	-306 889	-1 052 930	307 045	954 044
Taxes paid in the period	-138 772	-48 368	-265 010	-285 104	-493 805
Depreciation and amortisation	395 137	380 690	784 063	750 391	1 518 825
Impairments	-271	-364	-558	-3 489	-2 554
Associated companies - net	-61 678	-82 098	-136 481	-32 423	-250 122
Interest expense	77 392	92 355	157 139	185 906	341 027
Interest income	-5 494	-9 667	-10 937	-29 966	-46 116
Change in inventories	-331 569	1 878	-51 234	-183 527	-400 415
Change in receivables	73 416	489 117	-172 459	332 213	629 946
Change in payables	326 474	-108 668	412 450	-271 554	-334 538
Other operating cash flow incl currency exchange	-144 272	-172 199	-93 914	-128 893	620
Net cash flow from operating activities	1 026 747	949 981	2 160 344	1 371 477	2 944 338
Cash flow from investing activities					
Purchase of intangible and fixed assets	-344 686	-262 299	-564 710	-897 760	-1 529 323
Purchase of shares and equity investments	-159 972	-	-201 640	-11	-36 672
Proceeds from sale of fixed assets/equity investments	25 565	3 448	27 682	7 389	17 223
Cash inflow from business combinations	2 948	-	2 948	-	-
Dividend received	113 514	24 440	113 514	24 440	129 548
Interest income	5 494	9 667	10 937	29 966	46 116
Other investing activities - net	2 167	-16 090	-1 765	-33 505	-29 716
Net cash flow from investing activities	-354 970	-240 834	-613 034	-869 481	-1 402 824
Cash flow from financing activities					
Proceeds from new long term debt	222 561	1 520 159	873 402	1 822 241	2 111 463
Repayment of long term debt	-766 575	-1 211 637	-1 426 956	-1 517 541	-2 224 573
Change in short term debt	173 148	343 390	-302 715	496 255	143 721
Interest paid	-74 266	-90 407	-154 018	-191 210	-344 560
Dividends paid	-1 308 706	-978 635	-1 308 706	-983 421	-983 421
Other finance cash flow - net	2 887	-56 988	2 107	87 941	-28 720
Net cash flow from financing activities	-1 750 951	-474 118	-2 316 886	-285 735	-1 326 090
Net change in cash and cash equivalents	-1 079 174	235 029	-769 576	216 261	215 424
Cash, and cash equivalents at start of period	4 773 212	4 258 515	4 462 765	4 251 100	4 251 100
Exchange gains/losses (-)	-	-11 551	849	14 632	-3 759
Cash and cash equivalents at period end	3 694 038	4 481 993	3 694 038	4 481 993	4 462 765

SELECTED NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the related standard for interim financial reporting (IAS 34). All figures not included in the financial statements for 2020 are unaudited. The interim financial statements, including historical comparative amounts, are based on current IFRS standards and interpretations. Changes in the standards and interpretations may result in changes to the result. This interim report does not include all the information required by the International Financial Reporting Standards (IFRS) for a set of financial statements and should therefore be read in conjunction with the Group's financial statements for 2020.

Please refer to the Group's financial statements for 2020 for information on standards and interpretations applicable as of 1 January 2020.

NOTE 2 RELATED PARTY TRANSACTIONS

There were related party transactions in Q2 2021. Related party transactions take place on market terms, and the relevant types of transactions are described in more detail in the Annual Report 2020.

NOTE 3 BIOLOGICAL ASSETS

The Group recognises and measures biological assets at fair value according to IAS 41 and IFRS 13. For salmon and trout, including parent fish, a present value model is applied to estimate fair value. For roe, fry, smolt and cleaner fish, historical cost is assumed to be the best estimate of fair value. The value of fish in the sea is estimated as a function of the estimated biomass at the time of release from stock, multiplied by the estimated sales price. For fish not ready for harvest, a deduction is made to cover estimated residual costs to grow the fish to harvest weight. 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 licence lease and (3) the time value of money.

Estimated biomass (volume) is based on the actual number of individuals in the sea on the date of the statement of financial position, adjusted to cover projected mortality up to harvest time and multiplied by the estimated harvest weight per individual at harvest time. 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 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 harvesting cost (well boat, slaughter and boxing) and transport to Oslo. Adjustments are also made for any projected 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.

Valuation and classification are based on the principle of highest and best use according to IFRS 13. The actual market price per kilo may vary in relation to fish weight. When estimating fair value, the optimal harvest weight, i.e. the weight when the fish is ready for harvest, is defined as the live weight that results in a gutted weight of 4 kg. This corresponds to a live weight of 4.7 kg for salmon and 4.8 kg for trout. The optimal harvest weight may, however, be lowered slightly if required by factors at an individual locality (biological challenges etc.). In terms of valuation, only fish that have achieved an optimal harvest weight are classified as fish ready for harvest.

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 current liabilities.

NOTE 3 BIOLOGICAL ASSETS (cont.)

The fair value adjustment related to biological assets recognised in the income statement for the period comprises (1) fair value adjustment related to biological assets, (2) change in fair value (provision) related to onerous contracts and (3) change in unrealised gain/loss related to financial sale and purchase contracts (derivatives) for fish in Fish Pool. Fish Pool contracts are treated as financial instruments on the statement of financial position, where unrealised gain is recognised as other current receivables and unrealised loss as other current liabilities.

Conversion to live weight:

The figures for harvested volume and net growth in the tables below have been estimated on the basis of gutted weight (GWT) and converted to live weight (LWT). The gutting loss ratios applied in this conversion are 14% for salmon and 16% for trout. The table for Lerøy Seafood Group ASA includes salmon and trout. The table for Br. Birkeland Farming AS only includes salmon.

LWT = live weight measured in tonnes

GWT = gutted weight measured in tonnes

Lerøy Seafood Group ASA

FAIR VALUE ADJUSTMENTS RELATED TO BIOLOGICAL ASSETS

Fair value adjustments over profit and loss	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
Change FV adj. of biological assets	688 308	291 582	1 056 788	-263 509	-853 236
Change in FV of onerous contracts	-2 439	-83	-6 169	26 434	26 485
Change in FV of fishpool contracts	14	0	-1 563	0	0
Total FV adjustments over profit and loss	685 882	291 499	1 049 057	-237 075	-826 751

Fair value adjustments over OCI

Change in FV of fishpool contracts *	1 505	-290	4 240	-4 241	-3 183
Total FV adjustments over OCI	1 505	-290	4 240	-4 241	-3 183

* Included in change in FV financial instruments (hedges) in statement of comprehensive income

BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Carrying amount on biological assets	30/06/2021	30/06/2020	31/12/2020
Cost on stock for fish in sea	4 088 829	3 828 311	4 231 901
Cost on stock for fry, brood, smolt and cleaning fish	333 895	278 444	362 065
Total cost on stock for biological assets *	4 422 725	4 106 755	4 593 966
FV adj. of fish in sea	1 376 334	909 272	319 546
FV adj. of fry, brood, smolt and cleaning fish	0	0	0
Total FV adj. of biological assets	1 376 334	909 272	319 546
Monthly discount rate applied	5%	5%	5%
FV of fish in sea	5 465 164	4 737 583	4 551 447
FV of fry, brood, smolt and cleaning fish	333 895	278 444	362 065
Carrying amount of biological assets	5 799 059	5 016 027	4 913 512
Carrying amount on onerous contracts (liability)			
Carrying amount of onerous contracts	-6 201	-82	-32
Carrying amount on fishpool contracts			
Carrying amount of Fish Pool contracts	395	-3 404	-2 939

* Cost on stock is historic costs after expensed mortality

NOTE 3 BIOLOGICAL ASSETS (cont.)

HARVESTED VOLUME:

Volume in gutted weight (GWT)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
Salmon	32 274	32 024	70 217	64 995	142 841
Trout	4 482	6 871	8 689	13 277	28 007
Total harvested volume	36 756	38 896	78 906	78 273	170 849

VOLUME

Volume of fish in sea (LWT)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
Volume at beginning of period	103 978	100 339	119 407	111 263	111 263
Net growth during the period	47 334	41 951	81 033	77 905	210 396
Harvested volume during the period	-42 864	-46 304	-91 992	-93 182	-202 252
Volume at end of period (LWT)	108 448	95 986	108 448	95 986	119 407

Specification of fish in sea (LWT)	30/06/2021	30/06/2020	31/12/2020
Salmon	91 780	81 012	105 745
Trout	16 668	14 974	13 662
Total	108 448	95 986	119 407
Salmon > 4,7 kg (live weight) *	3 386	16 711	7 802
Trout > 4,8 kg (live weight) *	4 019	1 889	0

* Defined as mature biological assets

Br. Birkeland Farming AS

FAIR VALUE ADJUSTMENTS RELATED TO BIOLOGICAL ASSETS

Fair value adjustment over profit and loss	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
Change FV adj. biological assets	-32 894	15 390	3 873	-69 970	-127 293
FV adj. related to biological assets	-32 894	15 390	3 873	-69 970	-127 293

BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Carrying amount of biological assets	H1 2021	H1 2020	2020
Cost on stock for fish in sea	219 750	244 672	265 042
Fair value adjustment fish in sea	-8 709	44 741	-12 582
Fair value fish in sea	211 041	289 413	252 460
Fry, brood and smolt	-	-	-
Carrying amount of biological assets	211 041	289 413	252 460

HARVESTED VOLUME

Harvested volume in gutted weight (GWT)	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
Total volume	2 217	1 239	4 048	2 680	6 790
- Salmon	2 217	1 239	4 048	2 680	6 790

VOLUME

Volume of fish in sea (LWT)	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
Volume at beginning of period	5 079	5 397	5 693	5 033	5 033
Net growth during the period	2 358	1 956	3 989	3 726	9 291
Harvested volume during the period	-2 702	-2 152	-4 947	-3 551	-8 631
Volume at end of period (LWT)	4 735	5 201	4 735	5 208	5 693
Fish > 4,8 kg (live weight)	-	-	-	-	-

NOTE 4 SEGMENTS

All figures in NOK 1,000	Lerøy Seafood Group ASA	Austral Group S.A.A	Foodcorp Chile S.A	Br. Birkeland AS	Br. Birkeland Farming AS	Other/ elimina- tions	Total Group	Pelagia (50% of figures and volumes)	Total Group incl. Pelagia (50%)
Q2 2021									
Operating revenue	5 348 672	389 181	321 512	55 520	138 961	8 945	6 262 791	875 304	7 138 095
EBITDA*	899 109	161 519	126 802	32 618	41 076	912	1 262 036	39 858	1 301 894
EBITDA%	17%	42%	39%	59%	30%		20%	5%	18%
EBIT*	582 767	119 935	118 612	22 303	27 413	-3 860	867 170	9 307	876 477
Volumes sold:									
Salmon (GWT tonnes)	36 756				2 217		38 973		38 973
Fishmeal/oil/FPC (tonnes)		23 335	8 277				31 612	26 050	57 662
Frozen/fresh fish (tonnes)		4 406	19 472				23 878	24 400	48 278
Q2 2020									
Operating revenue	4 712 659	186 912	301 130	35 846	57 346	12 163	5 306 056	979 025	6 285 081
EBITDA*	606 419	60 359	129 701	15 844	4 132	10 105	826 560	99 327	925 887
EBITDA%	13%	32%	43%	44%	7%		16%	10%	15%
EBIT*	322 333	3 498	118 823	5 063	-7 813	4 331	446 235	68 809	515 044
Volumes sold:									
Salmon (GWT tonnes)	38 896				1 239		40 135		40 135
Fishmeal/oil/FPC (tonnes)		5 773	8 993				14 766	19 650	34 416
Frozen fish (tonnes)		3 772	14 971				18 743	23 800	42 543
H1 2021									
Operating revenue	10 275 553	1 089 121	478 696	126 396	225 808	20 032	12 215 606	2 041 148	14 256 754
EBITDA*	1 658 427	386 633	193 245	60 518	56 632	1 568	2 357 023	106 531	2 463 554
EBITDA%	16%	35%	40%	48%	25%		19%	5%	17%
EBIT*	1 038 201	301 503	176 278	39 949	25 561	-7 974	1 573 518	45 608	1 619 126
Volumes sold:									
Salmon (GWT tonnes)	78 906				4 048		82 954		82 954
Fishmeal/oil/FPC (tonnes)		68 989	11 650				80 639	48 850	129 489
Frozen/fresh fish (tonnes)		13 639	30 062				43 701	71 850	115 551
H1 2020									
Operating revenue	10 018 520	451 053	438 308	84 440	144 808	25 381	11 162 510	2 053 976	13 216 486
EBITDA*	1 703 219	83 360	168 797	26 290	31 077	14 212	2 026 955	138 800	2 165 755
EBITDA%	17%	18%	39%	31%	21%		18%	7%	16%
EBIT*	1 138 057	-25 972	150 486	4 771	9 938	2 773	1 280 053	78 130	1 358 183
Volumes sold:									
Salmon (GWT tonnes)	78 273				2 680		80 953		80 953
Fishmeal/oil/FPC (tonnes)		20 775	12 156				32 931	36 300	69 231
Frozen fish (tonnes)		15 220	25 283				40 503	78 450	118 953
2020									
Operating revenue	19 966 221	1 240 525	637 911	248 827	306 404	47 038	22 446 926	4 406 951	26 853 877
EBITDA*	3 108 795	337 944	137 834	102 657	-30 291	18 039	3 674 978	327 387	4 002 365
EBITDA%	16%	27%	22%	41%	-10%		16%	7%	15%
EBIT*	1 949 655	133 956	100 934	59 400	-79 814	-5 424	2 158 707	204 201	2 362 908
Volumes sold:									
Salmon (GWT tonnes)	170 849				6 790		177 639		177 639
Fishmeal/oil/FPC (tonnes)		69 498	17 722				87 220	90 400	177 620
Frozen/fresh fish (tonnes)		17 222	36 987				54 209	157 200	211 409

* Before fair value adjustments related to biological assets

NOTE 5 ASSOCIATES

		Q2 2021	Q2 2020	H1 2021	H1 2020	2020
Norskott Havbruk AS* a)	50,0%	51 182	7 505	97 092	-19 099	48 986
Pelagia Holding AS b)	50,0%	6 889	62 725	26 569	29 102	127 312
Others		3 607	11 868	12 820	22 420	73 823
Income from associates		61 678	82 098	136 481	32 423	250 121
* Fair value adjustment biological assets		7 558	-25 523	26 066	-54 379	-55 666
Income from associates before FV adj.		54 120	107 621	110 415	86 802	305 787

Investment in associates:

Norskott Havbruk				820 311	661 638	713 502
Pelagia Holding AS				1 205 723	1 307 768	1 288 903
Others				388 998	451 418	524 370
Total investment		-	-	2 415 032	2 420 824	2 526 775

Dividend received

Norskott Havbruk			-			
Pelagia Holding AS		100 000	-	100 000	-	100 000
Others		13 514	-	13 514	24 440	29 548
Total dividend received from associates		113 514	-	113 514	24 440	129 548

a) Lerøy Seafood Group ASA owns 50% of Norskott Havbruk AS

b) Austevoll Seafood ASA owns 50% of Pelagia Holding AS

NOTE 6 LIST OF THE 20 LARGEST SHAREHOLDERS AT 30 JUNE 2021

Investor	Number of shares	% of top 20	% of total
LACO AS	112 605 876	73,15	55,55
STATE STREET BANK AND TRUST COMP	6 997 555	4,55	3,45
STATE STREET BANK AND TRUST COMP	4 805 005	3,12	2,37
J.P. MORGAN BANK LUXEMBOURG S.A.	4 586 989	2,98	2,26
FOLKETRYGDFONDET	3 299 380	2,14	1,63
SIX SIS AG	2 847 836	1,85	1,4
OM HOLDING AS	2 199 279	1,43	1,08
PARETO AKSJE NORGE VERDIPAPIRFOND	2 058 655	1,34	1,02
THE NORTHERN TRUST COMP, LONDON BR	1 714 660	1,11	0,85
THE BANK OF NEW YORK MELLON SA/NV	1 580 004	1,03	0,78
JPMORGAN CHASE BANK, N.A., LONDON	1 494 907	0,97	0,74
DANSKE INVEST NORSKE INSTIT. II.	1 355 863	0,88	0,67
STATE STREET BANK AND TRUST COMP	1 252 462	0,81	0,62
CLEARSTREAM BANKING S.A.	1 166 470	0,76	0,58
J.P. MORGAN BANK LUXEMBOURG S.A.	1 138 200	0,74	0,56
VERDIPAPIRFONDET ALFRED BERG NORGE	1 058 015	0,69	0,52
J.P. MORGAN BANK LUXEMBOURG S.A.	1 030 170	0,67	0,51
STATE STREET BANK AND TRUST COMP	963 605	0,63	0,48
STOREBRAND NORGE I VERDIPAPIRFOND	897 836	0,58	0,44
AUSTEVOLL SEAFOOD ASA	893 300	0,58	0,44
Total number owned by top 20	153 946 067	100%	75,94%
Total number of shares	202 717 374		100%

NOTE 7 ALTERNATIVE PERFORMANCE MEASURES

Austevoll 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 to aid understanding of the Group's development. The Board and management are of the opinion that these performance measures are sought 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).

Operating profit/loss before fair value adjustments

EBIT before fair value adjustments is an alternative performance measure 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 carrying amount. 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 two 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/loss 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 can easily see 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:

	Q2 2021	Q2 2020
Operating project (EBIT)	1 520 158	753 124
- Fair value adjustments	652 988	306 889
= EBIT before fair value adjustments	867 170	446 235

Fair value adjustments consist 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)

* For this group historical cost provides the best estimate of fair value. See note 3 for further details.

Operating profit/loss before depreciation and fair value adjustments

The operating profit/loss before depreciation and fair value adjustments is an alternative performance measure. This is estimated in the same way as for "Operating profit/loss before fair value adjustments" (above).

Profit/loss before tax and fair value adjustments

The profit/loss before tax and fair value adjustments is an alternative performance measure utilised by the Group. Pursuant to IFRS, biological assets shall be measured at fair value in the statement of financial position (IAS 41). The alternative performance measure shows what the profit/loss before tax would have been if IAS 41 had not been applied. This requires reversal of fair value adjustments made for fish in the sea. The reversal comprises the Group's own fair value adjustment in addition to fair value adjustments included in the share of profit/loss from associates carried according to the equity method, also in accordance with IAS 41. The following components are included:

	Q2 2021	Q2 2020
Profit before tax	1 489 372	714 194
- Fair value adjustment	652 988	306 889
- Fair value adjustments incl. in income from associates	7 558	-25 523
= Profit before tax and fair value adjustments	828 826	432 828

NOTE 7 ALTERNATIVE PERFORMANCE MEASURES (cont.)

Net interest-bearing debt (NIBD)

NIBD is an alternative performance measure used by the Group. The figure shows how much capital the Group employs and is an important key figure for stakeholders who are planning to provide financing to the Group and for those who want to value the company. The Group therefore defines NIBD as interest-bearing liabilities, both short-term and long-term, to persons or institutions where the main objective is to provide financing and/or credit, minus interest-bearing cash or cash equivalents. This implies that long-term interest-bearing receivables (asset) and other lease liabilities exceeding lease commitments to credit institutions (liability) are not included. The latter component covers the majority of the new lease liabilities capitalised in connection with the implementation of IFRS 16. The following components from the statement of financial position are included:

	30/06/2021	30/06/2020	31/12/2020
Loans from credit institutions *			
+ Lease liabilities to credit institutions *	1 294 752	1 193 925	1 364 635
+ Other long term loans *	6 459 877	6 991 384	6 699 484
+ Overdrafts and other short term credits	877 582	1 371 157	1 049 683
- Cash and cash equivalents	-3 694 038	-4 481 993	-4 462 765
= Net interest bearing debt (NIBD)	4 938 173	5 074 473	4 651 037

* Both long-term and short-term portion

NOTE 8 RIGHT-OF-USE ASSETS

The Group implemented IFRS 16 Leases on 1 January 2019. This new standard requires practically all leases to be capitalised, as there is no longer a distinction, for the lessee, between operating and finance leases. Under the new standard, the asset (right of use) and the liability to pay rent are recognised in the financial statements. Exemptions are made for short-term leases and low-value leases.

The lease liabilities (previously operating leases) are recognised at the present value of the future lease payments. The lease payments are discounted by the Group's estimated marginal average interest rate on loans (4%). 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). The interest expense related to the liability is presented as a financial expense. Lease costs that were previously included in cost of goods sold and other operating expenses are now presented in the income statement as depreciation and interest expense.

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, whichever comes first. In the statement of cash flows, cash payments for the lease liability's principal (instalment component) are presented under financing activities. The same applies to cash payments for the interest component of the lease liability.

The table shows the breakdown of right-of-use assets by asset group.

Right-of-use assets	Land	Buildings	Plant, equipment and other fixtures	Vessels	Total
Carrying value 01.01.2021	40 272	588 398	1 411 464	1 065 562	3 105 696
Foreign currency translation differences	-	-6 763	-7 457	-14 192	-28 412
Right-of-use assets acquired	8 499	11 587	179 390	395 670	595 146
Disposal	-	-11 612	-	-	-11 612
Depreciation	-2 980	-30 473	-154 944	-109 252	-297 649
Impairment loss	-	-	1 522	-	1 522
Reclassification	-	-33 403	33 403	-	-
Carrying value 30.06.2021	45 791	517 734	1 463 378	1 337 378	3 364 691

