



ANNUAL REPORT 2021





COMMITTED
BY NAME



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Committed by name

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



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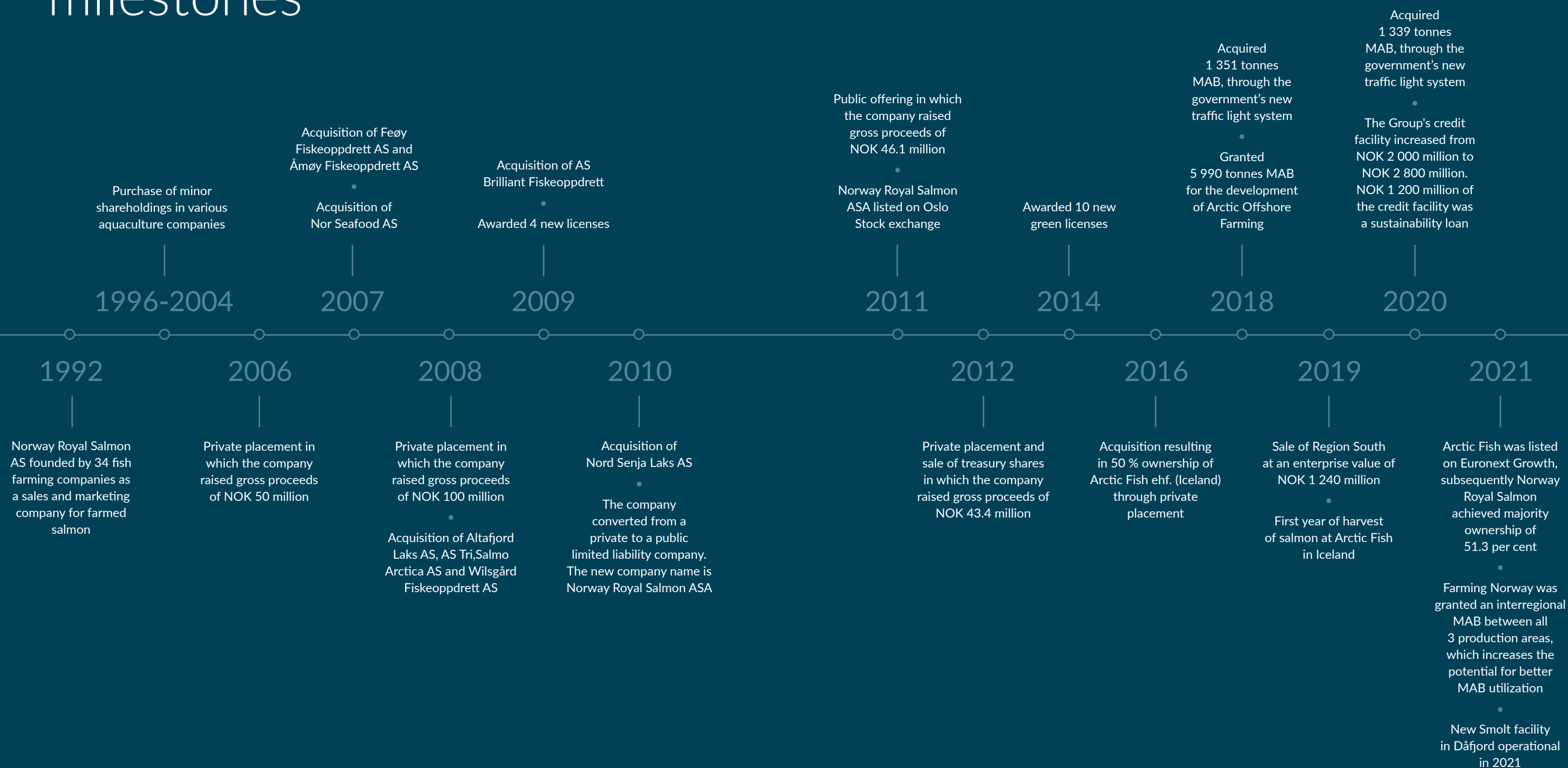
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01

About Norway Royal Salmon

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Important strategic milestones



Highlights 2021

The year 2021 has been very different, more demanding, and less profitable than we predicted before the Covid-19 virus hit all the world's markets. Nevertheless, new investments have positioned us better for the future. 2022 will be a historic year for Norway Royal Salmon, where we realise our investments for the future.



High sales volumes

Norway Royal Salmon sold 96 370 tonnes in 2021, represented by 84 891 tonnes from the sales operations in Norway and 11 479 from Farming Iceland.

Increased harvest volume

The farming operations harvested 49 640 tonnes in 2021. This is an increase of 63 per cent compared to 2020. Farming Norway harvested 38 161 tonnes and Farming Iceland harvested 11 479 tonnes.

Interregional MAB

The Norwegian Directorate of Fisheries has in 2021 granted Farming Norway an interregional MAB distributed between all 3 production areas. This increases the potential for better MAB utilisation and higher production.

Divestment of associate

Divestment of the 36.1 % stake in Måsøval Fishfarm AS was completed during the second quarter. NRS received MNOK 148 as consideration for the shares.

Dividend

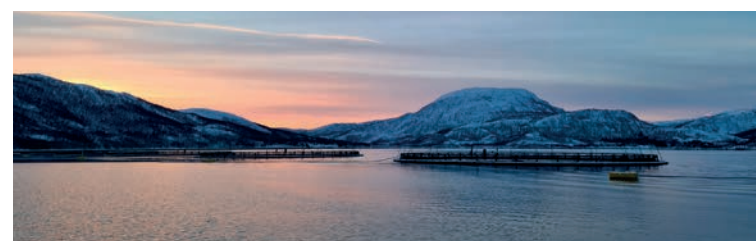
In June, Norway Royal Salmon ASA distributed an ordinary dividend of NOK 3.00 per share.

GLOBAL G.A.P. certification

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

ASC certification

Additional sites were ASC certified in 2021 and at 31 December 2021 all active sites are ASC certified.



Environmental rating

In 2021 we participated in CDP's annual disclosure and scoring process for environmental transparency for the third time. Our efforts were awarded with the score B for handling climate change and score A- for handling deforestation risks in our supply chain. CDP has rated NRS as one of the leading companies, with score A-, in its Supplier Engagement Rating (SER). The SER provides a rating for how effectively companies are engaging their suppliers on climate change.

Electrification of feed barges

NRS has started transition to electrification of the feed barges at our farming sites in Norway. Norway Royal Salmon has been granted funds from ENOVA to support the transition. The solutions for the feed barges are partly batteries charged by fossil fuel (hybrid) and partly batteries charged with electricity from the onshore power grid. At 31 December 2021 89 per cent of the feed barges in Norway have installed batteries and are operating on a hybrid solution.

Growth initiatives

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

NORWAY

Increasing MAB utilization and reducing production cost

The completed growth projects in offshore farming and smolt facility, as well as the phasing out of triploid sterile fish, and interregional MAB will help Norway Royal Salmon to achieve better MAB utilisation and to reduce production cost. Norway Royal Salmon expects to see positive effects from these projects and events in the future.

New smolt facility

The investment in a new smolt facility is strategically important for NRS, and the facility is centrally located in relation to the fish farming sites. When the facility is finished in the first quarter of 2022, it will be one of the world's largest and most modern smolt facilities within RAS technology. The facility is designed with potential for further extensions. The smolt facility will ensure the supply of smolts and contribute to increased biological safety, increased quality and bigger smolt, as well as improve the timing of smolt releases into the sea. This will improve the utilization of the Group's MAB and reduce production costs. NRS started production in the smolt facility in May 2021 and will release this fish into the sea in the spring of 2022 and harvest this fish in the summer of 2023. The production has performed well up to now.

Arctic Offshore Farming

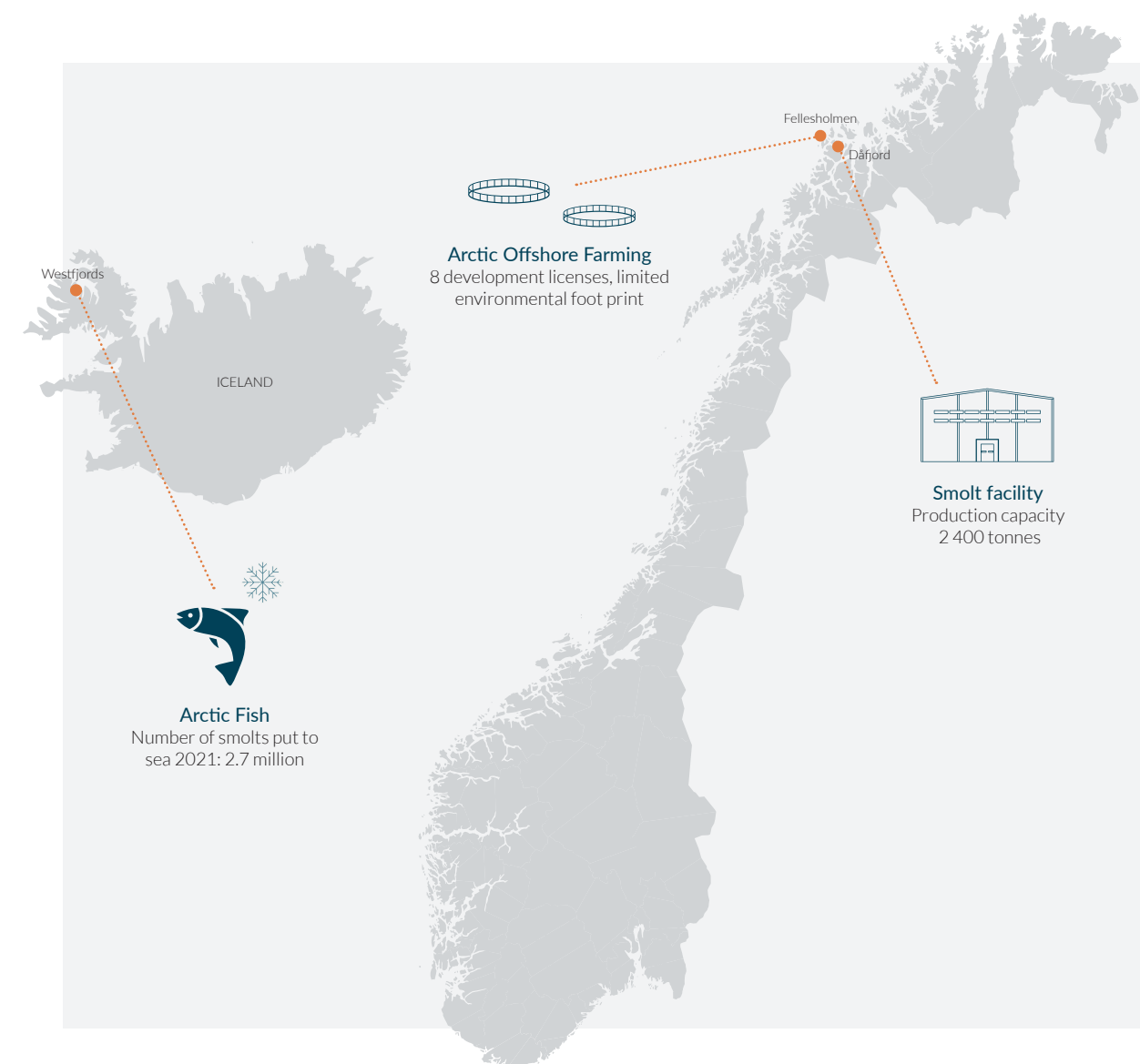
The investment in Arctic Offshore Farming is a strategically important investment, where NRS develops and builds the offshore technology of the future for the aquaculture industry. This technological solution enables aquaculture in significantly more exposed waters and will help to increase the utilisation of sea areas. The site Fellesholmen is per date the most exposed salmon farming site in Norway. We have now gained experience on the harsh winter conditions on the site and lowering the cages to submerged position works well. Both cages are installed on site and are ready to receive fish. Due to a significant drop in sea temperatures and harsh weather conditions, moving the fish into the cages was postponed. The next generation smolt suitable for release into the offshore cages will be ready from the new smolt facility in August 2022 and are expected to be harvested in Q4 2023 and Q1 2024.

Phasing out triploid fish

NRS has historically delivered a solid cost performance, however, the ramp up of triploid salmon farming, ISA outbreaks and winter wounds on triploid salmon has hampered performance in later years. Substantial measures have been taken to improve performance going forward. It is decided to phase out triploid fish and the last triploid salmon is expected to be harvested in August 2023. As a result, Norway Royal Salmon expects gradually increased production and lower production costs, improved biological performance in terms of lower risk associated with diseases, and lower mortality. Norway Royal Salmon expects that better synergies can be achieved from not having two separate production regimes.

Interregional MAB

Farming Norway is granted an interregional MAB between all 3 production areas. By establishing one unit across production areas, NRS enables higher MAB utilisation and more streamlined production planning compared to historical MAB units.



ICELAND

Increased harvesting capacity

To reduce the current harvesting limitations Arctic Fish is planning to build a brand new processing facility. The project has interest from other farmers that want to secure services from the new planned facility, this can create more economies of scale. This will secure capacity to lower the current high harvesting costs to competitive levels. The target is to substantially bring down the cost levels of harvesting from 2023 onwards.

Increased smolt capacity

Arctic Fish has started the expansion of the existing smolt facility. The expansion is expected to be completed in Q2 2023. The smolt facility has a proven record of smolt production, with roughly 12 million smolt produced at the facility since 2017. With the planned expansion, the yearly smolt capacity will be around 1 000 tonnes, 5 million smolt, at 200 grams.

The existing smolt production can facilitate 17 500 tonnes HOG salmon production volume and with the planned expansion capacity will increase to 25 000 tonnes HOG to meet future growth. The project is on track, timeline and cost wise.

Key figures

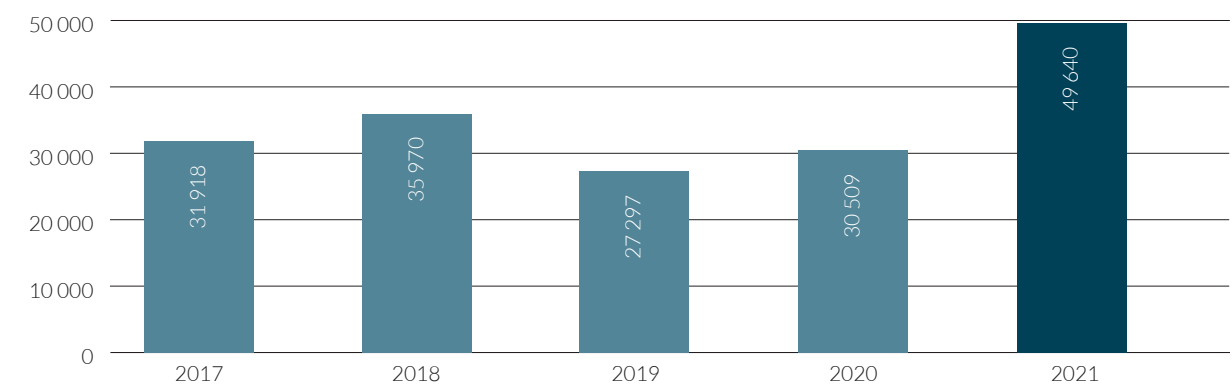
(NOK 1 000)	2021	2020	2019
Operating revenues	5 800 895	5 118 867	5 586 670
Volume sold (tonnes)	96 370	88 904	89 879
Volume of own fish harvested (tonnes gutted weight)	49 640	30 509	27 297
Operational EBITDA ¹⁾	494 157	346 999	629 606
Operational EBIT ¹⁾	344 260	246 252	542 802
EBIT	472 178	107 609	423 301
EBT	735 245	72 970	474 775
Result for the year	693 410	74 687	1 313 097
EBITDA margin ¹⁾	8,5 %	6,8 %	11,3 %
Operational EBIT margin ¹⁾	5,9 %	4,8 %	9,7 %
ROCE ²⁾	6,6 %	8,5 %	25,9 %
Operational EBIT per kg ³⁾	9,55	9,91	19,92
Book value of biological assets	1 785 781	1 282 006	1 231 662
Total capital	8 442 234	5 814 710	4 680 537
Net interest bearing debt	2 581 439	1 521 580	33 073
Book equity	4 443 350	3 130 692	3 357 040
Equity ratio %	52,6 %	53,8 %	71,7 %
Net cash flow from operating activities	275 423	384 548	223 391
Net cash flow from investing activities	-709 099	-1 450 521	491 595
Earnings per share	14,30	1,86	30,14
Number of shares as at 31 December	43 572 191	43 572 191	43 572 191
Number of employees (full-time equivalents)	270	217	176

1) Before fair value adjustments, income from associates and production fees.

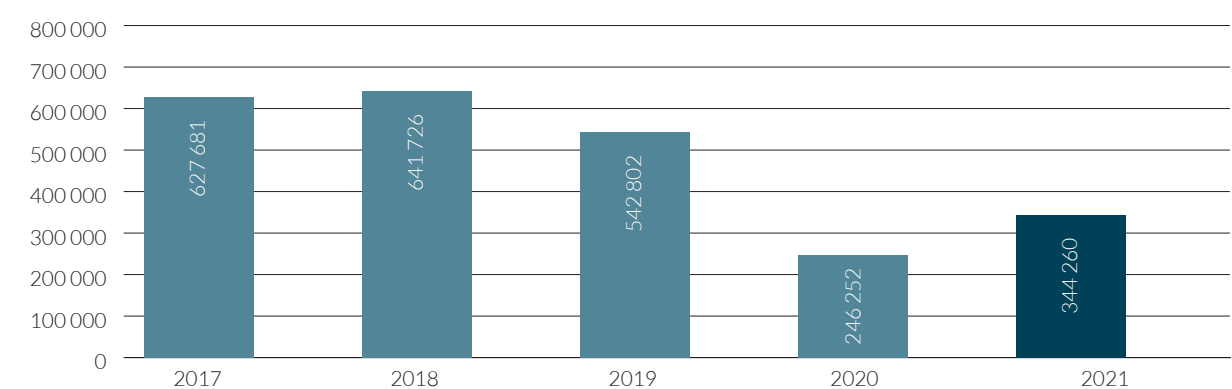
2) Return on capital employed based on 4 quarters rolling EBIT aligned for fair value adjustments/average (NIBD + Equity - Financial assets).

3) Operational EBIT for segments Farming Norway, Farming Iceland and sales before non-recurring items

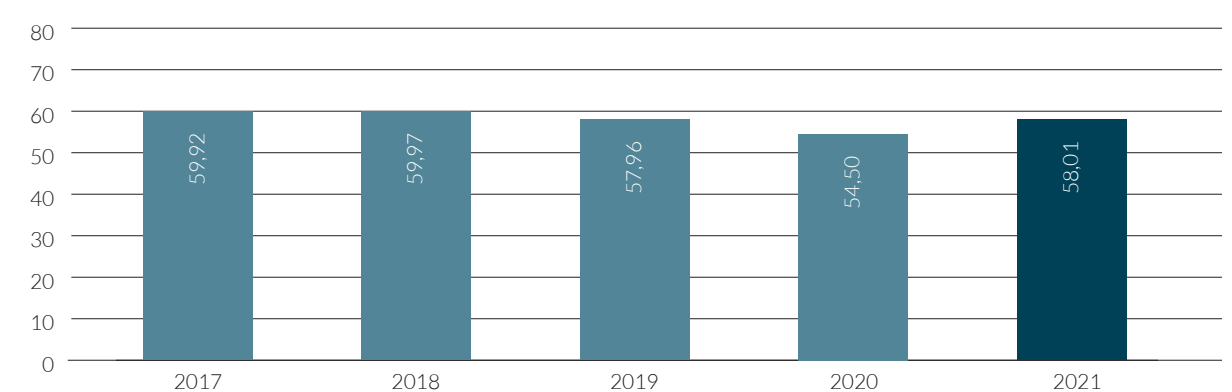
HARVEST VOLUME HOG (tonnes)



OPERATIONAL EBIT (NOK 1 000)



SALMON PRICE (Nasdaq/NOK)



Message from the CEO: Exciting prospects after a year of change

2021 has been a challenging and eventful year. It has been a year that has required a lot from our organisation. However, the year has also laid the foundation for achieving our future goals. Thanks to our customers, suppliers, and not least outstanding employees in the entire value chain from the farming sites in the north to the sales office in Kristiansand, we are well equipped for the future.

The corona pandemic has, as in 2020, made 2021 a year we will remember. It has been tough for many, where we both started and ended the year with restrictions that limited our social life and our everyday work. At the beginning of 2022, we faced a new year and we saw that the restrictions were easing, and we started to hope for a return to normal everyday life. However, at the time of writing, the world is seeing a devastating war in Ukraine that we do not know the consequences of. Foremost, our thoughts are with the Ukrainian people suffering the inconceivable consequences of the war and the many people that have lost their lives. The potential consequences for Norway Royal Salmon are difficult to specify, but we are monitoring the development closely.

In the markets, the year has been challenging, with major price changes throughout the year. Our sales organization in Kristiansand started the year by selling salmon for approx. NOK 45 pr kg, but ended the year closer to NOK 70 pr kg. On top of this, the company has entered a new phase with new owners, with NTS as the majority owners, and changes in the group management.

I started as interim CEO in September 2021, and I am impressed with what Norway Royal Salmon has managed to achieve in uncertain times. I see a determination, competence and experience in the organisation that is impressive. At the same time, we have stood up for each other, and constantly looked for flexible working methods in a time clouded by possible restrictions and uncertainty related to how we could maintain production. This means that we have managed to handle the pandemic in a good way and had the best possible conditions for delivering quality and innovation throughout our value chain.

Exciting future prospects in the north of Norway and in Iceland

Norway Royal Salmon is a future-oriented and ambitious salmon farming company. We have a 30-year history that hold strong both in good and in demanding times. In 2021, we can look back on several sudden and challenging changes, but also exciting and important developments in several parts of the organization.

In Dǎfjord, we begun the year with concrete, planning of pipelines and laying power cables, but later we started the production of smolt. The smolt facility is strategically important for Norway Royal Salmon. The facility will ensure the right smolt at the right time in our sea farms, which is of great importance for survival and growth. The smolt facility is one of the world's largest and most modern and is a facility we will greatly enjoy in the years to come.

At Felleholmen in Troms, the pandemic affected the progress of the project, but towards the end of the year we reached a phase where we are preparing for the operation and testing of Arctic Offshore Farming (AOF). We are really looking forward to getting started with production on the site. This will give us a completely new, innovative production technology and opportunities for growth in harsh weather areas further from the coast than traditional facilities. We have great faith in offshore aquaculture. Arctic Offshore Farming will open up new areas for aquaculture and has great opportunities for sustainable growth in the future. NRS is one of the pioneers in offshore aquaculture.

Since 2016, we have been strongly involved in the impressive development of Arctic Fish in Iceland. In

2021, Arctic Fish became a subsidiary in the group and listed on Euronext Growth Oslo. Arctic Fish gives us new, large and exciting growth opportunities, both from our home ground in the north and in the growing aquaculture industry in Iceland.

Sustainability in the entire value chain

The world needs more food, and Norway Royal Salmon has never produced and sold so much food through our self-produced salmon, as we did in 2021. I am convinced that we can and will play an important role in the future food supply both in Norway and globally. The strategic investments Norway Royal Salmon has made in 2021 are important success factors for our long-term value creation and our ability to supply the world with healthy salmon.

To utilise the potential that lies in the sea, we must have sustainability in everything we do - from the sea and the fjords to the table. We all know how crucial quality in all parts of the organization is for success, and we constantly strive to ensure this quality and meet the demands of future consumers. Reduced environmental footprint and economic growth must go hand in hand, or as we say in our vision; "Guided by nature". In this context, it was an important step in our sustainability efforts when we managed to get 100 per cent of our main sites approved according to the strictest sustainability standard we have in our industry; Aquaculture Stewardship Council (ASC). This is a result of a long-term commitment from large parts of the organization and something we can be proud of. With the ASC certificate, Norway Royal Salmon guarantees that our salmon is produced within very strict requirements for the external environment, local environmental footprint, working environment and fish health.

At the same time, we are working with several important projects to ensure sustainability throughout the value chain. One example is electrification. We are already well under way with the shift from diesel-powered feed barges to a hybrid-based fleet. We invest heavily in power supply with renewable power from land to our offshore installations. This investment will contribute to further reduction of our carbon emissions.

There is a lot to be proud of. However, we also have challenges and a job to do in the future.

Unfortunately, we have had too many biological events in the past year. Several outbreaks of the fish disease ISA hit us suddenly last year. It has affected us as a supplier, and it affects all our employees, owners, and the communities we are located in. At the same time, I am confident that we can prevent this through vaccines and because we have some of the best people who is passionate about constantly improving fish health and producing fantastic salmon for our customers.

Well-equipped for growth

Norway Royal Salmon is a name we are proud of, and a name we work hard every day to live up to. There is an obligation in our name. Having "ROYAL" in the name is a hallmark of quality. Quality is not something that comes by itself but is something one must strive towards every day. The combination of skilled employees together with investments for sustainable growth gives us good opportunities to live up to our name in the years to come.

We have built the world's most modern smolt facility, which will start delivering high-quality smolt in the spring of 2022. This will be a milestone that will give us control over a larger part of the value chain and contribute to more efficient and sustainable production. With ISA vaccination of all smolts we limit the risk of disease, and we will continue to work hard with infection prevention measures. The interregional biomass limit in Troms and Finnmark gives us better opportunities to plan releases of fish in the entire production area, and for the sake of fish welfare, we can also increase both the amount and proportion of ordinary (diploid) salmon in our cages. In 2022, the board has granted a significant investment budget for new cages, boats and upgrading of land-bases that will contribute to achieving our goals of growth and sustainability.

We have really managed to work towards our basic values Safe, Engaged, Innovative and Credible. Through strong expertise and innovation, Norway Royal Salmon is well positioned to create even more jobs, development, and values in our many coastal communities. We have come a long way with the foundation for further growth and together we will continue to produce more healthy, good and safe food for the world's population in the coming years. I look forward to taking part in the future development of the company!

Thank you very much for your efforts in 2021!



Klaus Hatlebrekke
Klaus Hatlebrekke
Chief Executive Officer

Strategy

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



Norway Royal Salmon

– a sustainable fish farming company

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

The Group is a fish farming company with activities in three main segments: Farming Norway, Farming Iceland and Sales. In 2021, the Group's Norwegian farming operation harvested 38 161 tonnes of salmon. The Icelandic farming operation harvested and sold 11 479 tonnes of salmon while the Norwegian sales organisation sold 84 891 tonnes of salmon.

Farming Norway has 36 085 tonnes MAB for salmon farming. The operational companies NRS Farming AS and Nor Seafood AS have together 30 024 tonnes MAB. The subsidiary Arctic Offshore Farming AS was granted development permits in 2018 and at the end of 2021 6 051 tonnes MAB. In 2021, Arctic Offshore Farming AS finished building the semi-submersible offshore fish farm designed for harsh areas. The farm is located at Felleholmen, which currently is the most exposed farming location in Norway. The farm will be operational

by August 2022. In addition, NRS Farming AS has a smolt facility in Dãfjord. The construction of the facility will be completely finished in the first quarter of 2022 but has been operational from May 2021. It will deliver the first big size smolt in the spring of 2022. Following a private placement in January 2021, the Group owns 51.3 per cent of the shares in the fish farming company Arctic Fish in Iceland, which has farming licenses for 17 800 tonnes of salmon and 5 300 tonnes of trout. Arctic Fish was listed on Euronext Growth Oslo in February 2021. The company has been consolidated as a subsidiary from 2021. The Group holds minority interests in three companies. Of these, two are fish farming companies in Norway with nine licenses. In addition, the group owns 50 per cent of the smolt producer Nordnorsk Smolt AS. The Group is thus involved in almost all links of the value chain, from smolt and salmon production, through harvesting and sales and marketing.



Fish farming value chain

Smolt

- Smolt supply secured through own smolt facilities, long term agreements and associated companies
- In-house smolt facility in Norway with a production capacity of 3 400 tonnes, operative from the spring of 2021
- Smolt supply secured through long term agreements and associated companies
- In-house smolt facility in Iceland with a production capacity of 1 000 tonnes yearly
- 50 % ownership in the smolt producer Nordnorsk Smolt AS
- 17 % ownership in Skardalen Settefisk AS, co-owned with Wilsgård Fiskeoppdrett AS

Ongrowing/marine production

- 36 085 tonnes MAB in Norway
- 51.3 % ownership in Arctic Fish in Iceland with licenses for 17 800 tonnes salmon and 5 300 tonnes trout
- Harvest volume 2021: 38 161 GWT
- Production capacity between 50 000 and 55 000 GWT
- 9 partly owned licenses through associated companies in Norway

Primary processing

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

Sales & marketing

- Sales from in-house salmon farming, associated companies and external farmers
- Sale of fresh and frozen salmon and trout
- Sold 84 891 tonnes in 2021
- 84 % export to 47 countries in 2021

Salmon farming – situated in attractive areas

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

Salmon farming in Norway

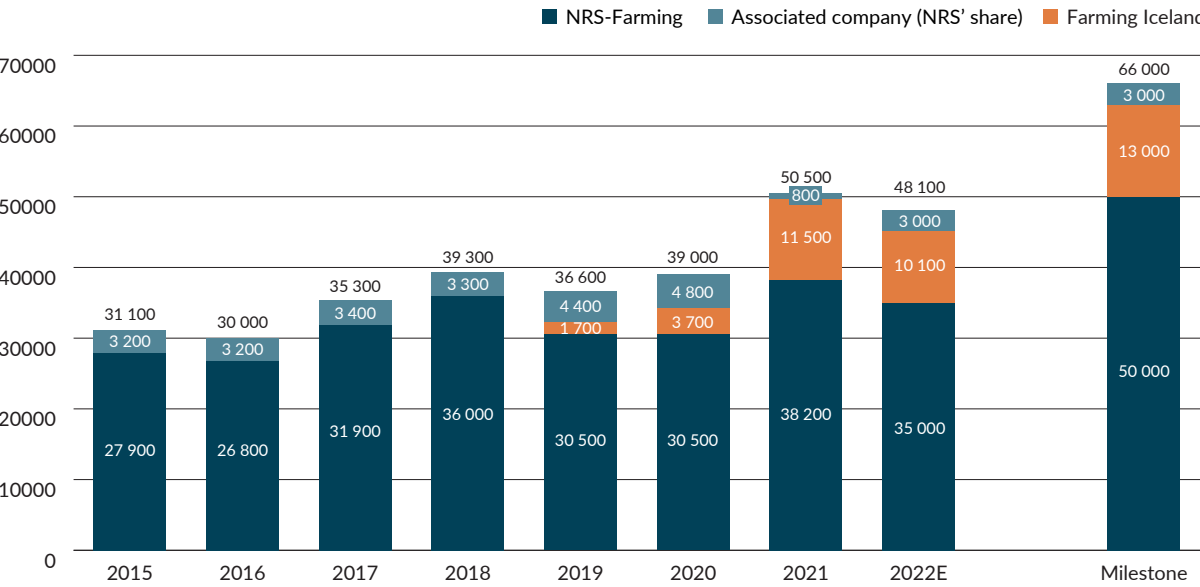
After NRS was awarded 10 green licenses in 2014 and 7,68 developing permits in 2018, estimated yearly production capacity is between 50 000 and 55 000 tonnes GWT. The criteria for the allocation of the green licenses were to establish a production that reduces the extent of sea lice or reduces the risk of impact on wild salmon as a result of escapes. The developing permits of Arctic Offshore Farming will provide significantly increased area utilisation of Norwegian sea waters when positioned further away from the coast and will have a limited environmental footprint. The future growth of the aquaculture industry will be through such sustainable solutions.

All production capacity is located in Troms and Finnmark that has the best conditions for farming activities, both concerning profitability and future growth. This is a region where the Group expects strong growth in harvest volumes in the coming years. Farming Norway is granted an interregional MAB between 3 production areas, which give potential for good MAB utilisation. After being awarded 7.68 developing permits (equivalent to 5 990 tonnes) in 2018 through Arctic Offshore Farming AS, the Group has 36 085 tonnes MAB for salmon farming. The region has been a priority area for growth by the Norwegian authorities in the last allocations of new licenses. All sites in Troms and Finnmark, except for Production area 10 which got a yellow light, got green lights in the traffic light system in 2021.

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

The Group's growth from 2015 - 2021

The Group's growth from 2015 to 2021 through utilisation of the capacity of the existing licences is illustrated below:

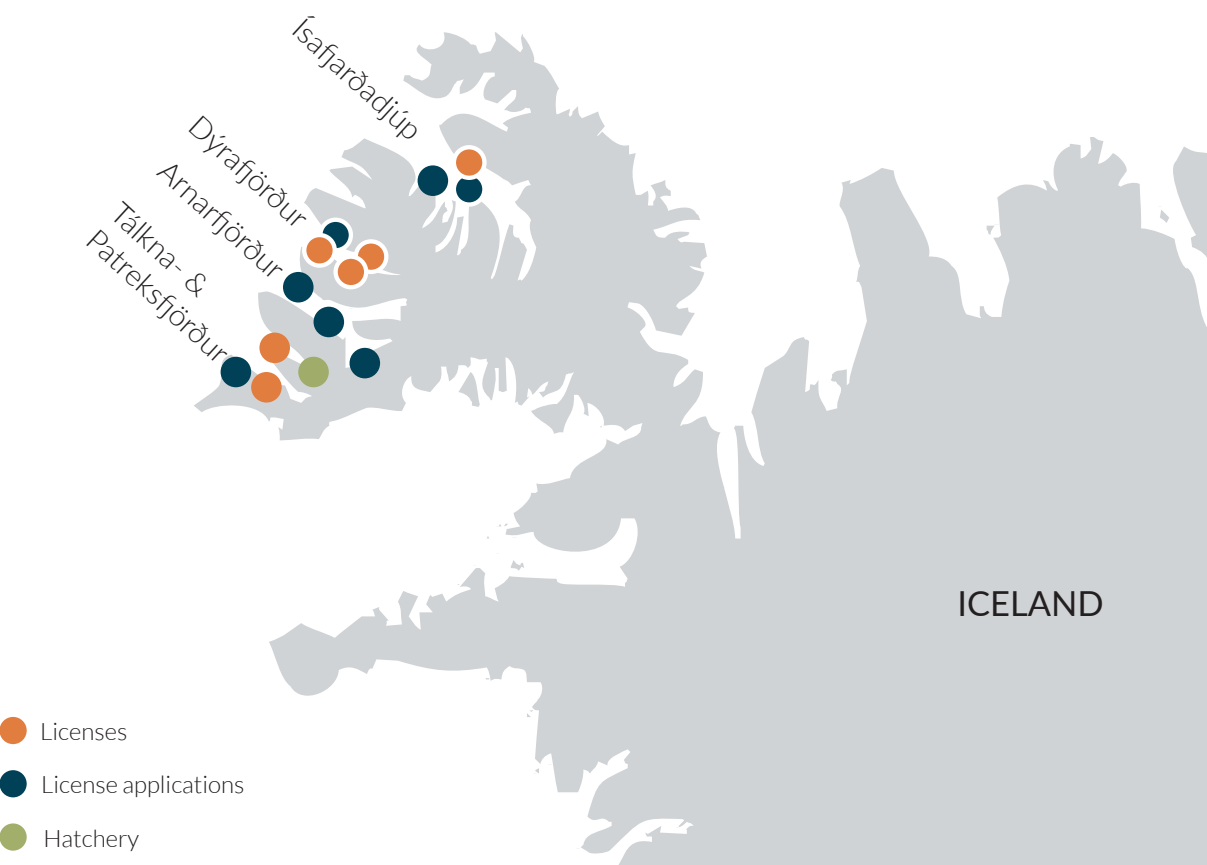


Salmon farming in Iceland

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

The company has farming licenses for 17 800 tonnes of

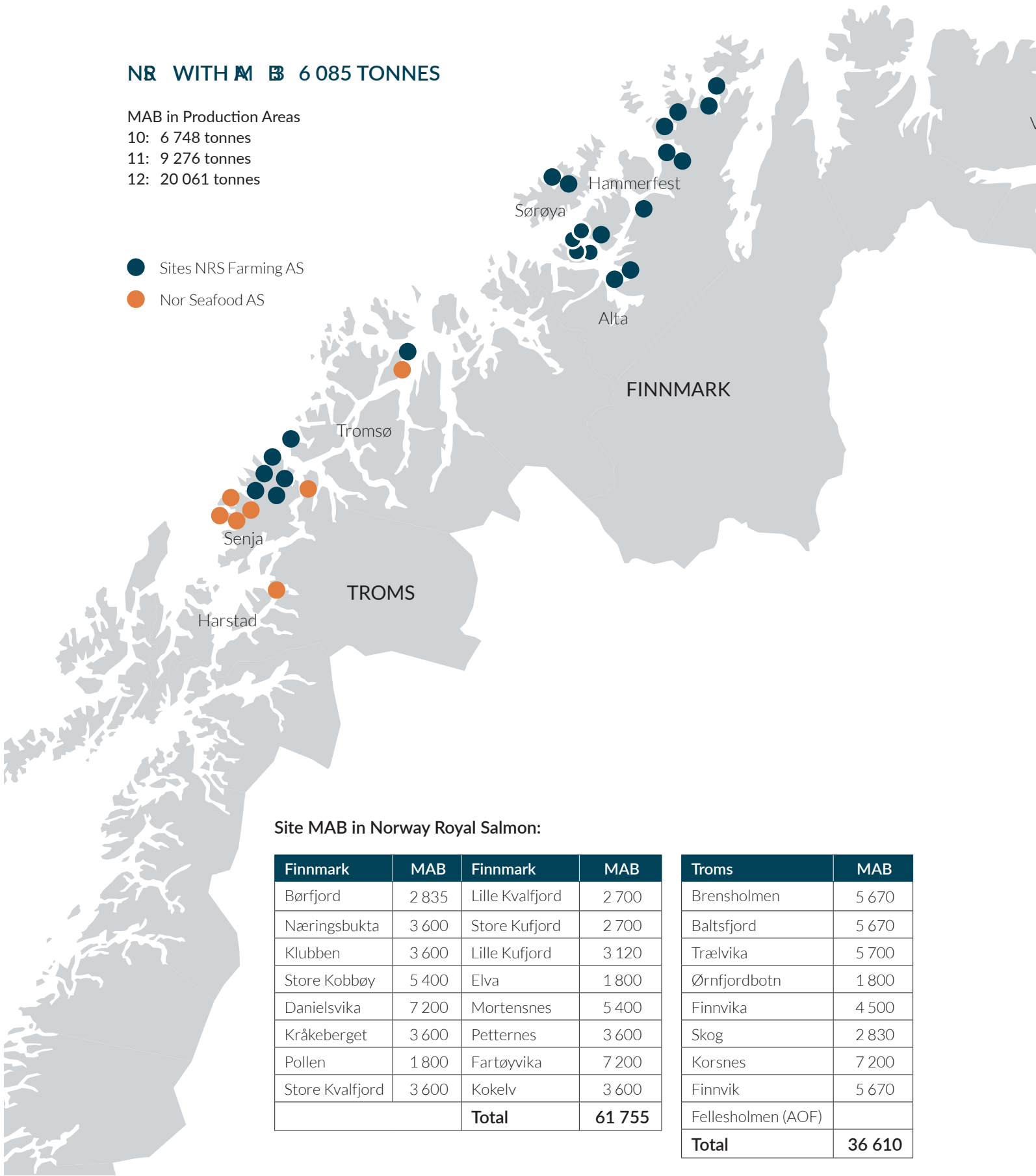
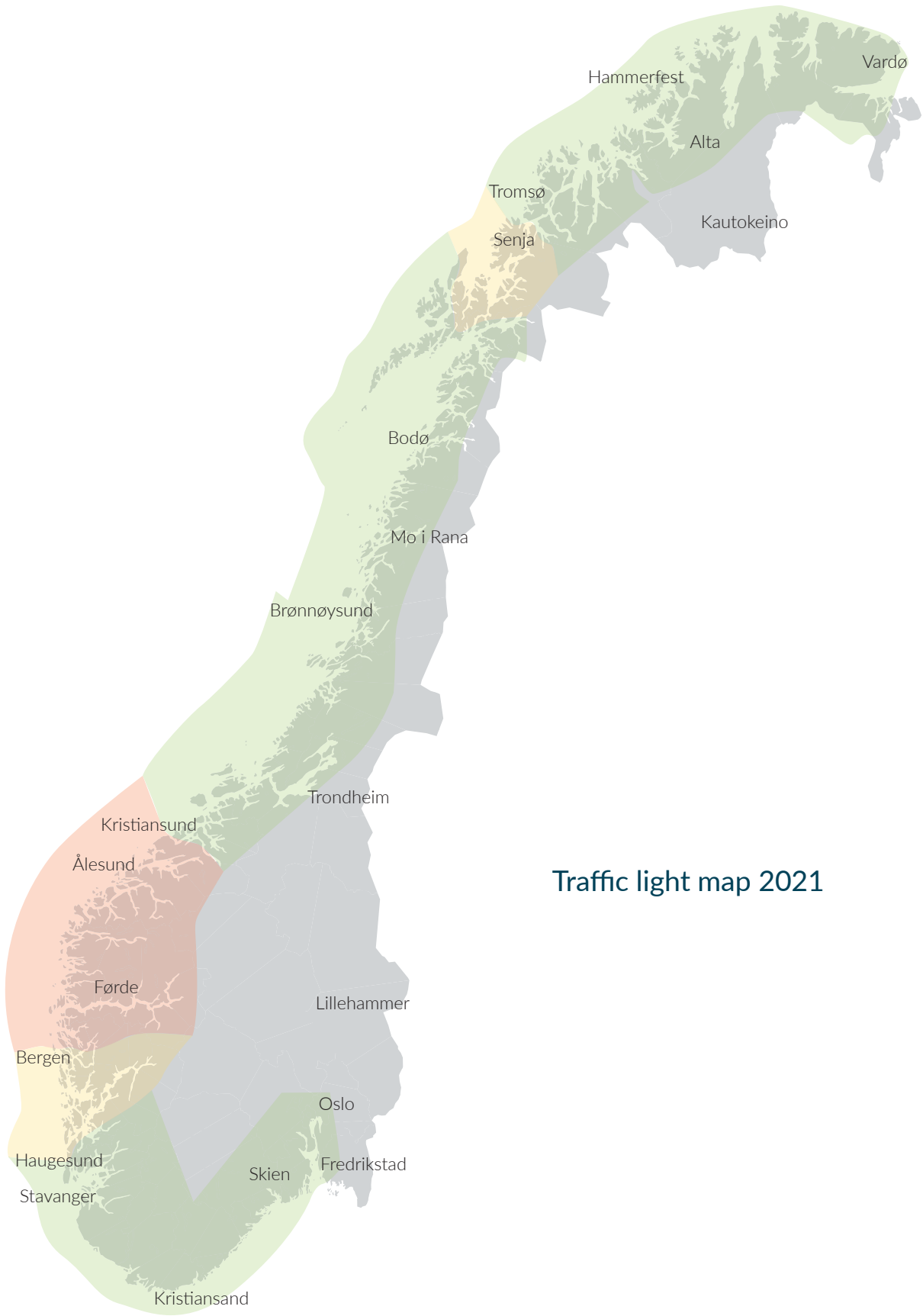
MAB for salmon and 5 300 tonnes of MAB for trout. In addition, the company has pending applications for 8 800 tonnes MAB. In 2021, the company harvested and sold 11 479 tonnes and expects to harvest 10 100 tonnes in 2022. The estimated harvest volume for 2025 is 24 000 tonnes gutted weight. In addition, the company owns a new hatchery with RAS technology. This facility is situated in the vicinity of the fish farms. All Arctic Fish sites are ASC certified.



MAB for Arctic Fish in Iceland:

Area (see map)	MAB today	Application	Total	Maximum allowed in area
Isafjardardjup	5 300	4 800	10 100	30 000
Dyrafjordur	10 000	0	10 000	10 000
Arnarfjordur	4 000	0	4 000	20 000
Talkna- and Patreksfjordur	7 800	0	7 800	20 000
Total	27 100	4 800	31 900	80 000

4 000 tonnes MAB in Arnarfjordur received March 2022



Strategically important smolt facility in production from 2021

In the spring of 2021, Norway Royal Salmon’s new smolt facility started the production of smolt and will deliver its first big size smolt in the spring of 2022. The facility is strategically important for NRS and will help increase the biological safety, quality, and size of Norway Royal Salmon’s smolt. This will help the group to improve the timing of smolt releases, make better use of MAB and reduce production costs.

The facility is situated in Dåfjord near the fish farms of NRS Farming. The facility has a production capacity of 3 400 tonnes and is among the world’s largest and most modern smolt facilities. The facility is licensed to produce up to 10 million smolt up to 400 grams annually.



The growth departments is used for fry from 5 grams to 40 grams. The salmon is vaccinated out of this department and further out into the facility.



Sales with international focus

The sales activities in Norway comprise the trading of salmon and trout. Norway Royal Salmon has its own dedicated sales and marketing organisation that buys and sells farmed fish through a comprehensive network. In a competitive market, this ensures good access to high-quality fish from a network consisting of own production, associates and external producers. The principal products are fresh and frozen salmon, which were sold to customers in 48 countries in 2021. Around 84 per cent of the company’s sold volume were

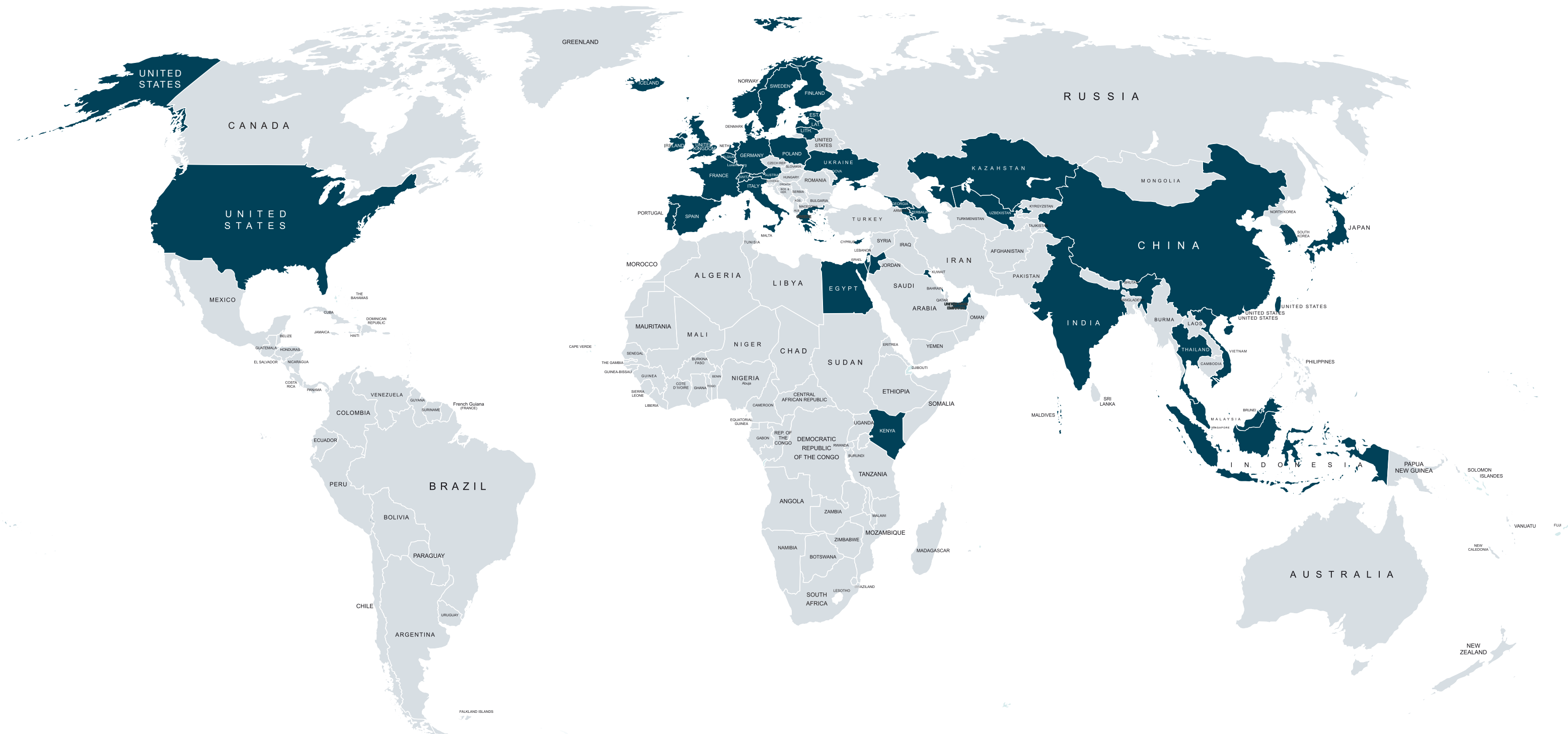
exported. Western Europe accounted for 81 per cent of the company’s exports, while the remainder were sold to countries in Eastern Europe (7 per cent) and Asia (12 per cent).

Since its establishment, the sales turnover has increased steadily year after year. In 2021, the sales operations sold 84 891 tonnes. A large share of the sales of fish come from the Group’s fish farming operations in Norway (45 per cent in 2021).

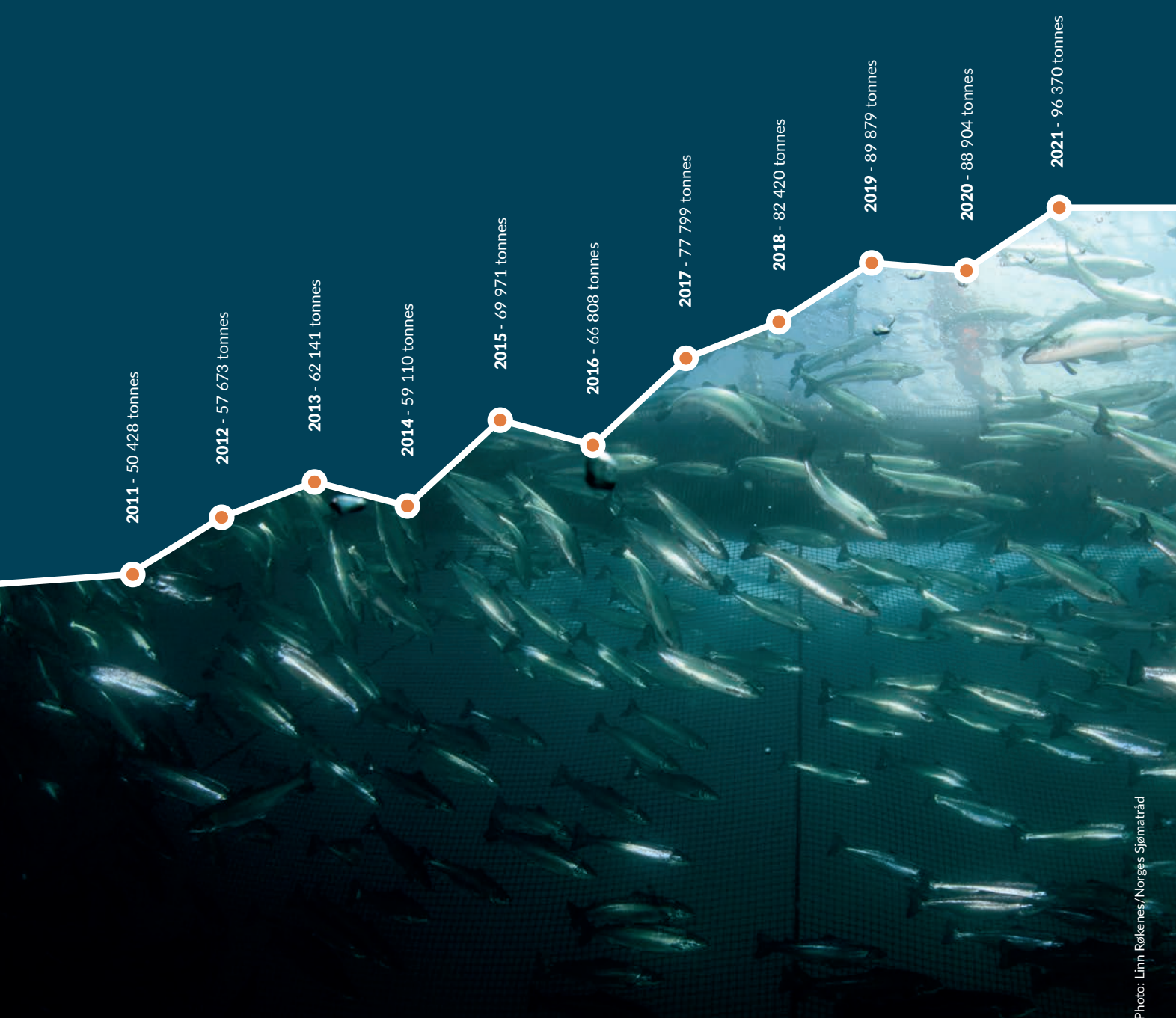
Key figures

48	45%	84%
countries purchase fresh and frozen salmon	of the volume comes from own salmon farming	of sold volume was exported

- Countries that purchase fresh and frozen salmon



Volume sold in the Group



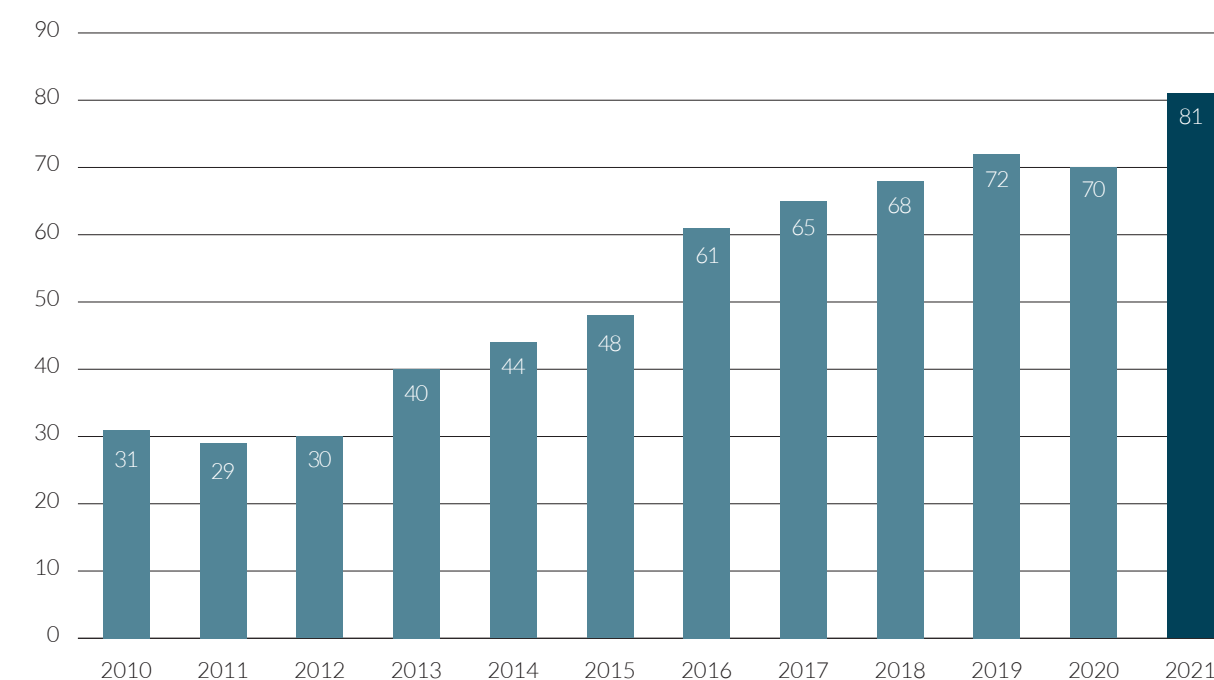
A challenging year with new records

Despite the challenges related to Covid-19 was 2021 a good year for Norway Royal Salmon and the Norwegian salmon industry. The market was affected by restrictions due to Covid-19 in 2021, but not to the same extent as in 2020. The value of Norwegian salmon exports totalled NOK 81.3 billion, an increase of NOK 11.2 billion from 2020. The export volume increased by 13.3 per cent to 1 484 841 tonnes (round weight). Export prices rose by 2.7 per cent to NOK 60.81 per kg (FCA Norway's border, gutted weight). This is the highest export value, volume and salmon price achieved in the last 25 years. Even with Covid-19 restrictions, strong demand in most markets contributed to the value increase in 2021. The changes in trading patterns from hotels and restaurants to retail that was seen in 2020 were still apparent in the markets, but in 2021 the hotel and restaurants recovered as the Covid-19 restrictions were gradually lifted throughout the year.

Prices fluctuated strongly in 2021, both from week to week and in fluctuations through the year. The

highest prices in 2021 were in the period from the end of April to the middle of July and in December. At the beginning of the year, the supply growth was high and the Covid-19 restrictions strong, which led to low prices. As restrictions were lifted and supply decreased prices rose steadily from March to July. From July to end of October prices started to decrease because of normal seasonal variations. Due to low supply, and increased demand as Covid-19 restriction were eased prices rose from November to the all-year high in December. The high prices continued into the first quarter of 2022. The average spot price (Nasdaq FCA Oslo) came to NOK 58.01 per kg (gutted weight). An increase of NOK 3.51 per kg from NOK 54.50 per kg in 2020. The highest spot price for a week, NOK 74.72 per kg, was noted during week 50. The lowest price was in week 2, when the spot price stood at NOK 42.67 per kg. The difference between the year's highest and lowest price was as much as NOK 32.05 per kg.

EXPORT VALUE OF NORWEGIAN SALMON (NOK Bn)



In 2021, the growth in supply of salmon increased significantly in the first quarter and stable in the last three quarters. In the first quarter, global supply increased by 17 per cent. In the second quarter, supply increased by 3 per cent before the supply increased by 4 per cent in the third quarter. In the fourth quarter, supply increased to 4 per cent. In total, 7 per cent more salmon were harvested in 2021 than in 2020. In 2022, Kontali Analyse believe the global harvest volume will change from 2021. In the longer term, we still expect moderate growth. The figure below shows the historical development of global supply growth in tonnes and as a percentage.

The 7 per cent increase in global supply in 2021 came mainly as a result of a 12 per cent increase from Norway offset by a 7 per cent decrease from Chile. In addition, the Faroes and the UK had a high increase in harvest volumes. In Norway, harvest volumes increased by 163 000 tonnes, mainly because of good growth, because of good biological conditions in the sea and a high level of biomass in the sea at the beginning of the year. The high

growth in Norway is not expected to continue in 2022 as the biomass at the end of the year was 3 per cent lower than in 2020. The decrease in Chile were due to biological challenges and is expected to continue into 2022. Norway and Chile's harvest volume increased by a total of 105 000 tonnes in 2021, while other countries accounted for an increase of 76 000 tonnes. As harvest volumes from Norway are expected to increase with 1 per cent and volumes from Chile are expected to be the same as in 2021, we will have a low global increase in 2022.

Higher supply in 2021 have resulted in growth in the demand for salmon in most markets. However, there was a large difference in demand growth between the first and second half of 2021. As a result of the high supply growth and easing of Covid-19 restrictions the first half of the year, global demand increased significantly. The high price level and decreased supply in the second half of the year led to low growth in global demand. In 2020 Covid-19 had a significant impact on demand patterns. Demand shifted from the hotel, restaurant and catering segment (Food

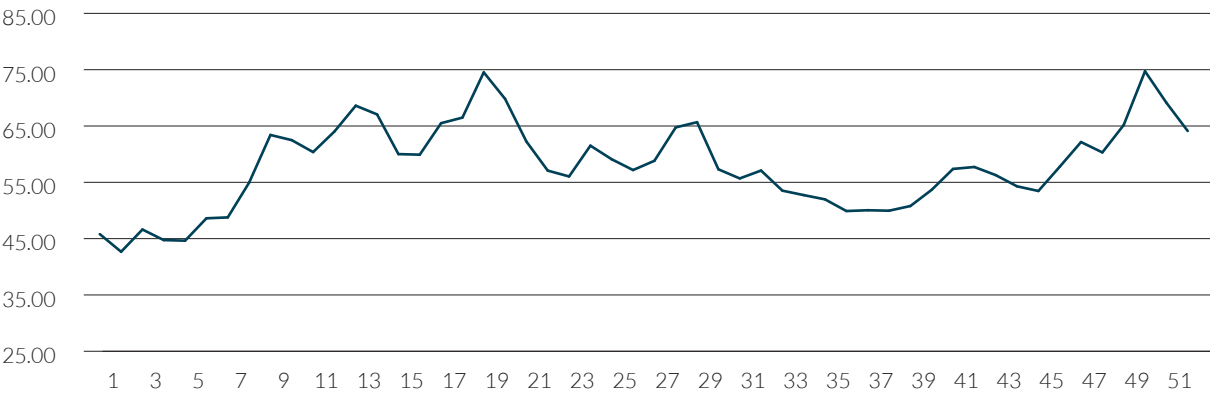
Service), which in many key markets was virtually shut down, to retail. Demand in the Food Service segment was low, while demand in the retail increased. Although Covid-19, especially at the start of the year, continued to affect the markets in 2021, the Food service segment have recovered somewhat while demand from retail is still strong. The largest increase in percentage was in the United States and Eastern Europe (excluding Russia). Growth in the EU increased from 5 per cent in 2020 to 8 per cent in 2021. Most markets and regions bought more salmon and used more money on salmon than they have ever before in 2021.

The consumption pattern of salmon changed under Covid-19. More people eat salmon at home, which led to increased retail sales. About half of the increase comes from new customers who have not previously bought salmon through retail. The other half comes from existing customers. The shift from Food Service to retail has been partly reversed during 2021 as restrictions have been lifted, but experience from the time with restrictions may also lead to permanent changes in

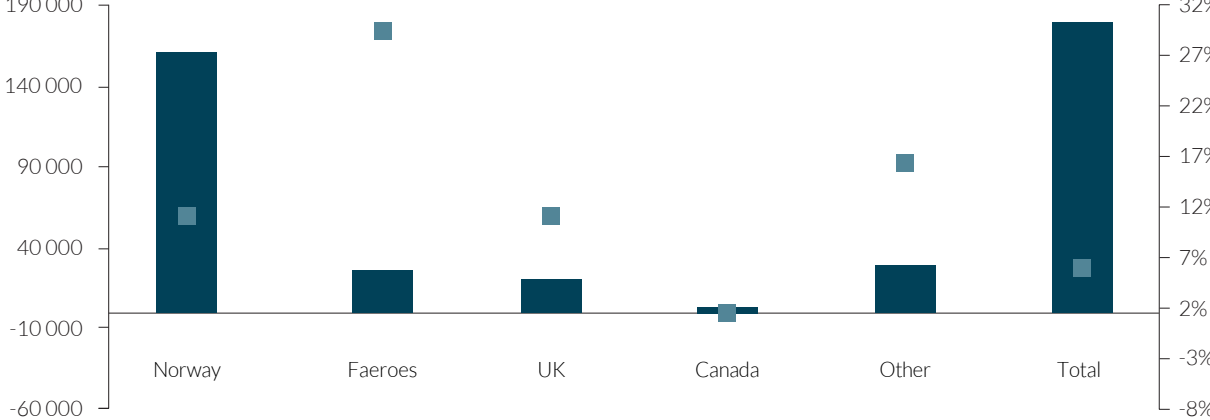
consumption patterns. With an increasing proportion of people preparing food at home, combined with an increasing preference for healthy food, the demand for salmon may increase in the retail segment in the future.

Barriers to trade have always affected the trading volumes of the salmon farming industry. In 2020 and in 2021, we have seen how Covid-19 has affected demand. But the industry has many markets that consume salmon and 2021 has once again showed the flexibility of the industry and the market in relation to the flow of goods when prices and volume change significantly. Although the uncertainty at the beginning of 2022 associated with Covid-19 is less than at the beginning of last year the pandemic continues to affect the markets. In addition, we see that the war in Ukraine will affect the markets. However, the market width, flexibility in product flows and the fact that salmon have reached new consumers during the pandemic together with a strong underlying demand is give the Norwegian salmon industry great opportunities in the future.

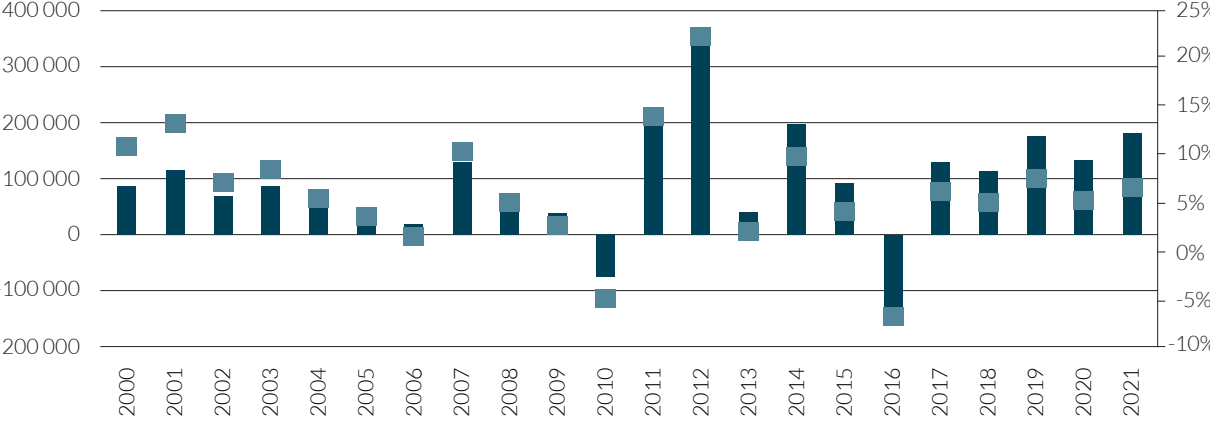
SALMON PRICES 2021 Nasdaq pr kg (gwt) FCA Oslo



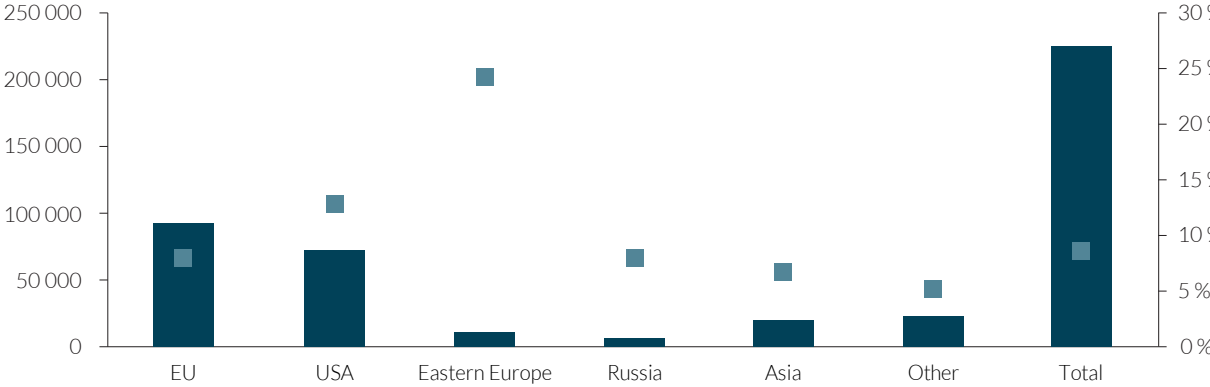
GLOBAL SUPPLY GROWTH PER PRODUCING COUNTRY



GLOBAL SUPPLY GROWTH

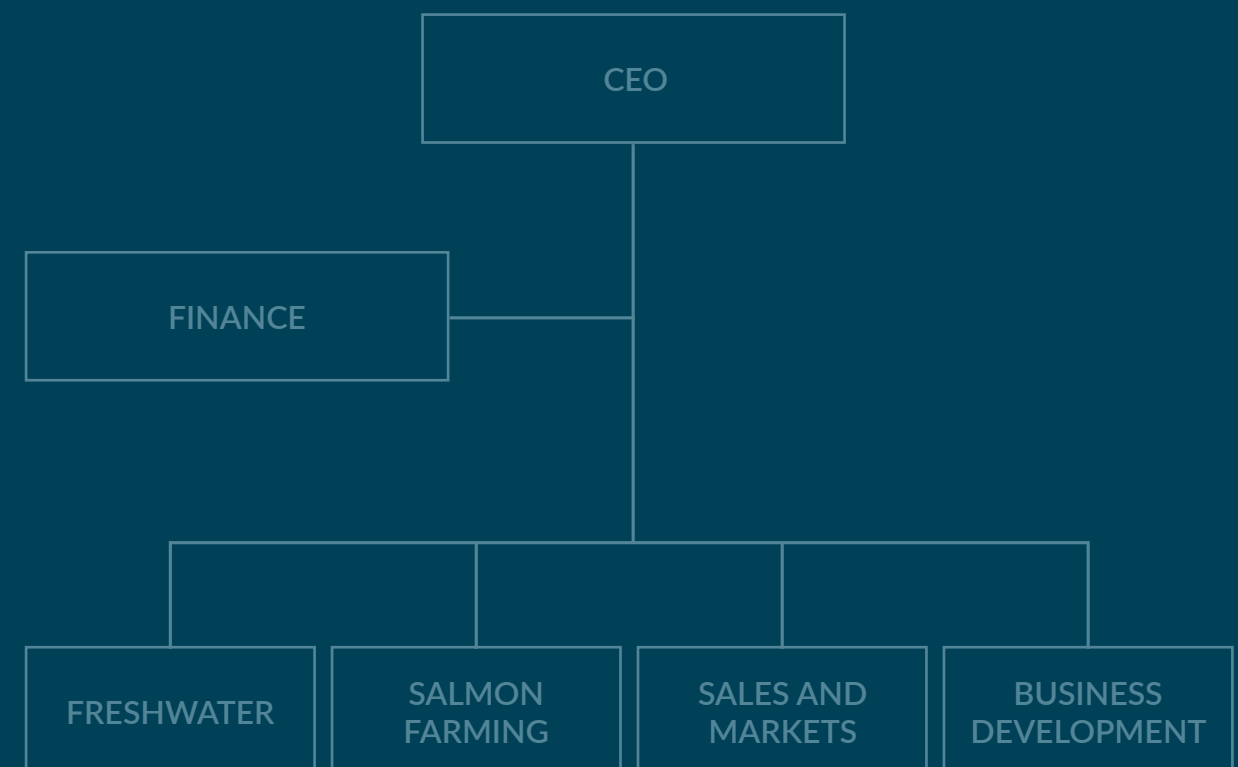


GLOBAL DEMAND GROWTH IN SELECTED MARKEDETS



Organisation

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



Management



Ola Loe (1966)

Chief Financial Officer

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

Tore Evjen (1965)

Chief Operating Officer
Freshwater

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

Klaus Hatlebrekke (1974)

Interim CEO

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

Arve Olav Lervåg (1971)

Chief Operating Officer Farming

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

Anne Sofie Utne (1961)

Chief Operating Officer
Business Development

Anne Sofie Utne holds a Master of Science in Economics from the Norwegian University of Life Sciences. Prior to joining Norway Royal Salmon in February 2019, she worked as a Business Development consultant for 12 years. In that period, she held several directorships within the seafood sector. She has also worked at the Fishery & Aquaculture Unit in DNB Bank ASA for 8 years, for the last two years she was Vice President of the unit.

The Board of Directors



Roald Dolmen (1964)

Chair

Roald Dolmen has worked in the aquaculture industry since 1984. He has been general manager and production manager in Damfisk and Midtnorsk Havbruk(MNH). Roald served as CEO in MNH from 2000 to 2008. He is currently working in his own investment company Rodo Invest and is involved in building Gaia Salmon which is a land-based fish farm. Roald holds several board positions in the maritime sector. From 2021, he has been involved in building up the Moen Group.



Ivar Rolf Sandnes (1961)

Vice chair

Ivar Rolf Sandnes holds a Master degree in engineering from the Norwegian University of Science and Technology (NTNU), department Machine Engineering. He has held senior positions in Glamox AS (1987-1997) and in the Stokke Group (1998-2015). CEO in Foraform AS from 2016 to 2018. He has experience from business consulting, latest as Project Manager in Mørenot Aquaculture (2019-2021), in addition to have held several positions as board member and chairman.



Lillian Bondø (1952)

Board member

Lillian Margrete Bondø has worked as Authorized Public Accountant From 1982 to 2021, the last 12 years for own company, SalmoNor AS. She has served as Chairman of the board of SalmoNor AS from 2014 until 2021. Co-owner and participant in the administration in SalmoNor AS from 1986 and as main shareholder in own company from 1998 until 2021.



Ingri Marie Sivertsen (1987)

Board member

Has a bachelor's degree in Economics and Management and a bachelor's degree in Economics and International Marketing from the University of South-Eastern Norway. Currently employed as CEO of Nyhamn AS.



Kristine Landmark (1954)

Board member

Kristine Landmark holds a Master degree in Economics and Business Administration from the Norwegian School of Economics and Business Administration (NHH). She has extensive experience as CEO from the Stokke Group and Slettvoll Møbler AS. Kristine has experience from active directorships include among others Arendals Fossekompagni ASA, Hexagon Composites ASA, Entec Group AS, Hagen AS, Endur ASA, Flokk Holding AS and Devold of Norway AS. She has also served at the main board of the Norwegian Central Bank and is a member of the government-appointed Aquaculture Committee.

Shareholder information

NRS had 3 114 shareholders at 31 December 2021 (2 651). The 20 largest shareholders owned 87.35 per cent of the shares at 31 December (82.16 per cent).

Share capital

Norway Royal Salmon ASA had 43 572 191 ordinary shares with a nominal value of NOK 1 per share at 31 December 2021. The company has only one share class, and each share has one vote. The company's shares are freely transferable.

Prevailing board authorities

At the company's ordinary general meeting 27 May 2021, the board was authorised to purchase treasury shares up to a total nominal value of NOK 4 357 219, which corresponded to 10 per cent of the share capital. The lowest and highest price that to be paid for the shares is NOK 1 and NOK 300 respectively. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2022.

At the company's ordinary general meeting 27 June 2020, the board was authorised to issue up to 4 357 219 shares with a nominal value of NOK 1.00 per share. The board mandate covers consideration of the acquisition of other companies and the raising of capital to strengthen the company's position. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2022.

Analyst coverage:

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

Option schemes

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

Listing

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

Share price development and liquidity

The share had a closing price as at 31 December 2021 of NOK 163.4 per share. 15 903 955 shares were traded during the year (2020: 13 220 801). The NRS share price decreased by 24 per cent during 2021. The main index at the Oslo Stock Exchange increased 28 per cent in the same period. The company's total market value at 31 December 2021 was NOK 7 087.4 million.

FINANCIAL CALENDAR 2021 for Norway Royal Salmon ASA

23.02.2022	Presentation of preliminary annual results 2021
06.04.2022	Annual report
25.05.2022	Presentation Q1 2022
02.06.2022	Annual General Meeting 2022
31.08.2022	Presentation Q2 2022
16.11.2022	Presentation Q3 2022

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

STOCK PRICE 2018/2021 NOK



Ownership structure – the 20 largest shareholders as of 31 December 2021:

Shareholder	No. of shares	Shareholding
NTS ASA	29 688 820	68.14 %
BROWN BROTHERS HARRIMAN & CO.	1 169 013	2.68 %
HELLESUND FISKEOPPDRETT AS	1 051 076	2.41 %
HAVBRUKSINVEST AS	700 775	1.61 %
THE NORTHERN TRUST COMP, LONDON BR	632 514	1.45 %
STATE STREET BANK AND TRUST COMP	624 192	1.43 %
MORGAN STANLEY & CO. INT. PLC.	615 914	1.41 %
RBC INVESTOR SERVICES TRUST	573 575	1.32 %
BNP PARIBAS SECURITIES SERVICES	457 856	1.05 %
JPMORGAN CHASE BANK, N.A., LONDON	388 466	0.89 %
THE BANK OF NEW YORK MELLON	363 087	0.83 %
JPMORGAN CHASE BANK, N.A., LONDON	266 980	0.61 %
THE BANK OF NEW YORK MELLON	218 631	0.50 %
J.P. MORGAN BANK LUXEMBOURG S.A.	215 934	0.50 %
EUROCLEAR BANK S.A./N.V.	208 990	0.48 %
NORWAY ROYAL SALMON ASA	197 495	0.45 %
FORTE NORGE	190 000	0.44 %
RBC INVESTOR SERVICES TRUST	186 895	0.43 %
NYHAMN AS	171 000	0.39 %
STATE STREET BANK AND TRUST COMP	140 108	0.32 %
Total 20 largest shareholders	38 061 321	87.35 %
Total other shareholders	5 510 870	12.65 %
Total no. of shares	43 572 191	100.00 %

The share in 2021

Highest traded price	NOK	276.50
Lowest traded price	NOK	156.20
Share price at 31 December	NOK	163.40
Outstanding shares at 31 December	Number	43 374 696
Market value at 31 December	NOK	7 087 425 326

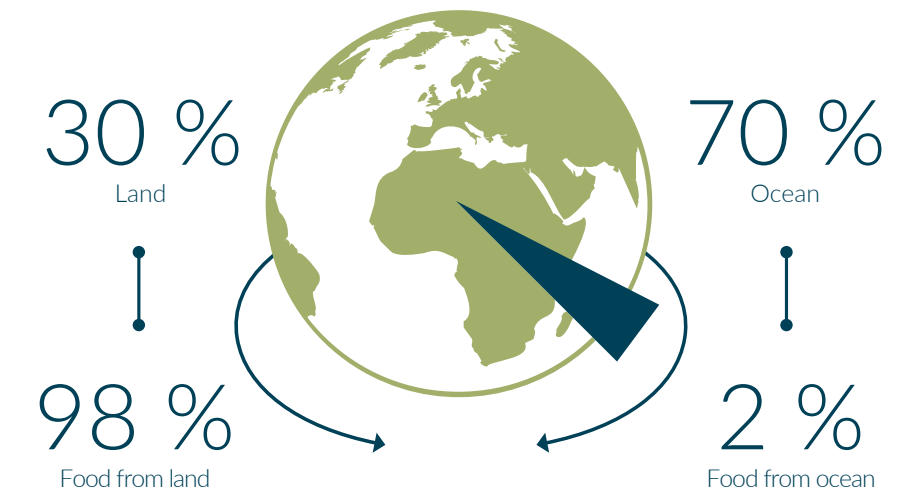
02

Committed by name

48	Sustainable aquaculture
54	UN's sustainable development goals
56	Our performance
58	Committed to customers
64	Committed to nature
76	Committed to people
84	House of Salmon

Sustainable aquaculture

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



The future lies in the ocean

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

Salmon farming has a low environmental impact and is a highly sustainable food resource for people all around the world both now and in the future.

The ocean and the seabed are biological treasure chests. Seafood is an important ingredient in a healthy diet. Protecting and harvesting the sea in a sustainable way is therefore of great importance to all of us.

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

Sustainable growth

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

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

We are continuously working with further improvements to achieve our ambitions. We have focused on achieving the strictest environmental certificates within aquaculture. Our first production sites were ASC certified in 2015 and this year we achieved ASC certification on all our active sites. All of our production sites in Norway are GLOBALG.A.P. certified.

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



In Norway Royal Salmon we are:



COMMITTED TO
CUSTOMERS



COMMITTED TO
NATURE



COMMITTED TO
PEOPLE

Sustainable development
on the agenda

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

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

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

Stakeholder dialogue

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

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

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

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

Our stakeholder groups

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

Customers

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

Suppliers

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

Local community

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

Investors, creditors, analysts and asset managers

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

Authorities

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

Interest organisations and research institutions

Norway Royal Salmon collaborate and has a dialogue with several interest organisations and research institutions that together with us can constructively improve both our business and the industry. We have dialogue with environmental organisations to manage the deforestation risk in our supply chain and we participate in several research projects. We handle inquiries openly and honestly.

The most important aspects from the
materiality analysis:

Solid shareholder returns



Product certification
Healthy and safe seafood



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



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

Technological innovation and automation

How do NRS ensure transparency?

Transparency and openness are keys to build trust and credibility with our stakeholders. NRS is committed to share information about our governance and our environmental, social and product performance. Our carbon accounts are audited by third parties and the sustainability report is based on global standards such as Global Reporting Initiative (GRI).

Examples of sustainability reports from NRS:

Our Annual Report is an integrated report combining financial results with information on governance and product, environmental and social performance.

Task Force on Climate-related Financial Disclosures (TCFD) report is included as an appendix in the annual report. The report is prepared in accordance with the recommendations of TCFD and summarizes climate-related risks and opportunities.

CDP forest report shares NRS governance of forest-related risks. Both reports are available at www.cdp.net.

ASC (Aquaculture Stewardship Council) audit reports and certificates from all certified farms are available at <https://www.asc-aqua.org/>

GLOBALG.A.P. certification can be validated at https://www.globalgap.org/uk_en/

Our quarterly reports provide quarterly financial results and highlights from our product, environmental and social performance.



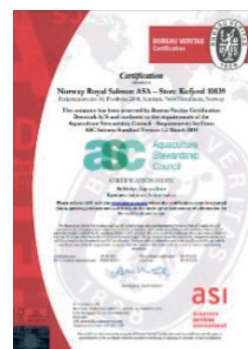
Annual Report



TCFD Report



CDP Reports



ASC Reports



Quarterly Reports



GLOBALG.A.P. certificate

In 2021 NRS participated in CDP's annual disclosure and scoring process for environmental transparency for the third time. While we are only in the beginning of our journey towards a low carbon economy, we are pleased to see that our efforts so far were awarded with the score B for handling climate change. CDP has rated NRS as one of the leading companies, with score A-, for both handling deforestation risks in our supply chain and in its Supplier Engagement Rating (SER).



Norway Royal Salmon supports the UN's Sustainable Development Goals

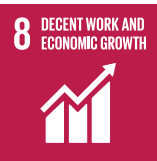
In autumn 2015, UN adopted the 17 Sustainable Development Goals (SDG), which should be achieved by year 2030. Within a 15-year period the goal is to end poverty, achieve social equality and stop climate changes.

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



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

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



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



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

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




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



Partnerships for the goals
Norway Royal Salmon will take part in active stakeholder dialogue and partnerships to achieve ambitions for a sustainable future.

Our performance

		KPI	AMBITIONS	STATUS	2021	2020	2019	2018	2017
 COMMITTED TO CUSTOMERS	Shareholder returns	ROCE	> 12 %	●	6.6 %	8.5 %	25.9 %	36.8 %	39.8 %
	Product certification	Conduct external and internal audits to ensure that our production is in accordance with laws, regulations and internationally accepted standards	Compliant with laws, regulations and standards	●	Yes	Yes	Yes	Yes	Yes
 2 ZERO WASTE 3 GOOD HEALTH AND WELL-BEING	Healthy and safe seafood	Conduct monitoring program for contaminant levels	Compliant with own standards	●	Yes	Yes	Yes	Yes	Yes
 COMMITTED TO NATURE	Climate friendly food production	Emissions per tonne produced fish	Reduction in kg CO ₂ e per tonne produced fish	●	125	141	141	115	119
		ASC-share of active sites	100 % by year 2022	●	100 %	88 %	70 %	60 %	58 %
		GLOBALG.A.P.- CERTIFIED SITES	100 %	●	100 %	100 %	100 %	100 %	100 %
		Share of sites with MOM-B state 1 or 2	100 %	●	97 %	97 %	87 %	94 %	94 %
	Prevent escapes	Incidents of escapes	Zero	●	0	0	0	0	0
	Ensure good fish health / welfare	Survival	> 92%	●	93.5	95.5 %	95.0 %	95.7 %	94.5 %
	Sea lice management	Minimize number of sites above sea lice action limit	Number of sites above action limit shall be less than 1 % of number of active weeks on sites	●	5.3 %	2.0 %	1.7 %	0.9 %	2.3 %
	Low medicine use	Use of antibiotics per tonne produced LWT	No antibiotics	●	0.00	0.78	0.01	0.00	0.00
		Medicine use in sea lice treatments per tonne produced fish	Reduction in medicine use in sea lice treatments	●	No	No	Yes	No	No
	Sustainable and efficient fish feed	Feed according to ASC requirements and GLOBAL G.A.P. certification	Compliant with standards	●	Yes	Yes	Yes	Yes	Yes
 COMMITTED TO PEOPLE	Ethical guidelines	Identified violations of ethical guidelines	Compliant with ethical guidelines	●	No	No	No	Yes	Yes
	Health, safety and environment	Absence rate	< 5%	●	3.6 %	5.5 %	2.6 %	2.3 %	4.3 %
		Number of injuries which led to absence	Zero	●	10	5	11	7	9
	Education and development	Increase number of vocational trained employees in farming	Yes	●	Yes	Yes	Yes	Yes	Yes

Committed to customers

Norway Royal Salmon wants to deliver healthy and tasty salmon of high quality. The Group has good quality assurance system and focus on the salmon's welfare throughout the production phase.

Norway Royal Salmon emphasises quality in production, product, and has strict requirements to traceability and food safety in order to achieve customers and consumers trust.



Healthy and safe seafood

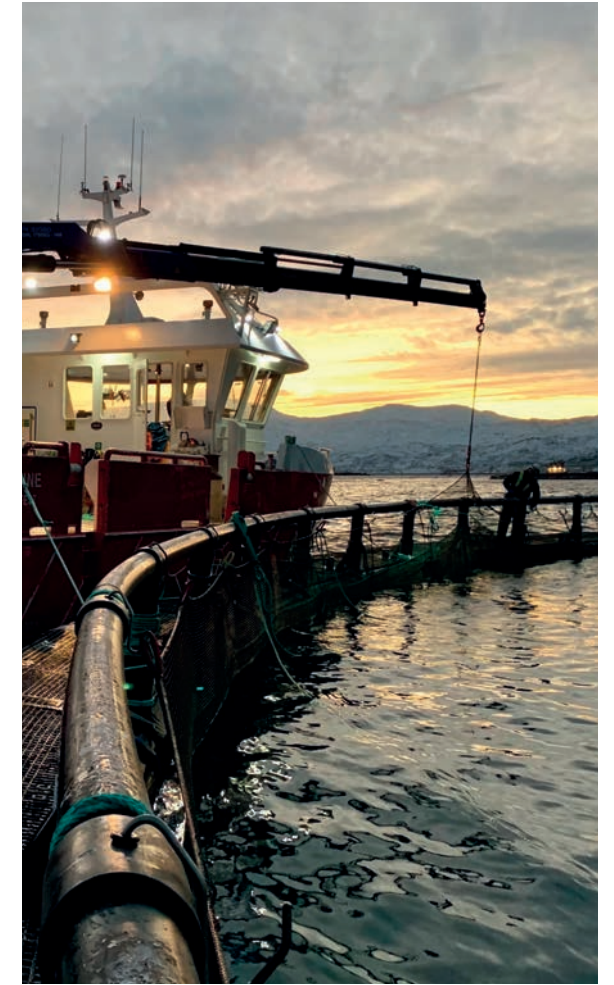
When it comes to healthy eating, few products can compare with salmon. Salmon is full of vitamins, minerals, Omega-3 and proteins. One portion of farmed salmon will cover the need for the essential omega-3 fatty acid for five days. The Norwegian Scientific Committee for Food Safety has concluded in its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

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

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

Antibiotics

Antibiotics are rarely used in Norwegian salmon farming and only in cases when authorised fish health personnel find it necessary. As a fish farmer we are obliged to treat sick fish. Effective vaccines against the most common fish diseases contribute to a reduction in use of antibiotics by 99% since 1987.



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

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

Norway Royal Salmon has used less than 1 kg of antibiotics active substance in 2021 for treatment of fish wounds in Norway. In 2020, 32,60 kg antibiotics were used to treat fish wounds. Antibiotics has never been used on our Icelandic sites.

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

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

Aquaculture Stewardship Council (ASC)
Aquaculture Stewardship Council (ASC) is an environmental standard negotiated with World Wildlife Fund (WWF). It sets strict standards for how the fish is produced. The standard requires documentation related to fish health, fish welfare, environmental impact, use of feed, relationships with neighbours, and requirements for suppliers. ASC certified fish is produced in a responsible and sustainable way within very strict requirements.

Norway Royal Salmon's ambition was to achieve 100 per cent ASC certification on all of our active sites within year

2022 and this was achieved in 2021. As of 31 December 2021, Norway Royal Salmon has 17 ASC certified sites in Norway, which accounts for 100 per cent of our active sites. In 2020, we had 15 ASC certified sites in Norway. Arctic Fish was the first Icelandic salmon farmer to receive an ASC certification. Since 2016 all active sites in Arctic Fish have been ASC certified or accepted certified.

Organic certificate
Norway Royal Salmon's operations in Iceland has achieved the European Union's Euro Leaf organic certification. The first organic certified smolt is intended to be released in 2022 and will be harvested and ready for market in fall 2023.

The EU organic regulations are strict regulations that promotes and ensures that food is produced as naturally as possible with high standard of animal welfare while minimizing environmental impact. The European legislation guarantees that food labelled as organic has been produced, processed, handled and distributed in accordance with specific standards.

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

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

Certifications

100%

GLOBALG.A.P. certified sites

100%

ASC certified sites



Nutritious salmon

Selenium

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

Vitamin D

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

Protein

Needed to build and maintain the body's cells.



Iodine

Important for ensuring a normal metabolism.

Vitamin B12

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

Vitamin A

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

Omega-3

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

Committed to nature

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



Climate friendly food production

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

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

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

Carbon footprint
(Kg CO₂/kg edible parts)



Feed conversion ratio
(Kg feed/kg edible parts)



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

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



NRS's first hybrid boat, "Edel", is a diesel-electric catamaran that can reduce diesel consumption by 60 per cent.

Emissions and energy

We use a sustainability management system to register and monitor our energy consumption and our carbon footprint. The system is in accordance with the Greenhouse Gas Protocol (GHG). The standard is used worldwide for measuring greenhouse gas emissions. Below is a summary of our energy consumption and emissions of greenhouse gases converted into CO₂ equivalents. Our reporting is based on the emissions from operations Norway Royal Salmon manage and thus can have an impact on. Direct emissions of greenhouse gases (scope 1) are related to fossil fuels which are used on boats and feed barges in our farming operations. Our indirect emissions (scope 2) are related to emissions of CO₂ from purchased electricity. All electricity consumption in Iceland is from either geothermal energy

or hydropower, which is 100 % renewable with no CO₂ – emissions. Emissions for electricity consumed in Norway are calculated based on an emission factor for Nordic energy mix. We purchase guarantees of origin to promote energy from renewable sources.

NRS achieved majority ownership of 51.3 per cent of Arctic Fish in Iceland in 2021 and the consumption from this company is incorporated in energy consumption for 2021, hence increasing the consumption from 2020 to 2021. In 2021, NRS reduced its consumption of kg CO₂e per tonne of fish produced compared with the previous year. While NRS increased its operations with both its subsidiary Arctic Fish and a smolt facility in Norway, several low carbon initiatives introduced in 2021 reduced the intensity of GHG emissions.

NORWAY

ENERGY CONSUMPTION		2021	2020	2019
Scope 1: Fossil fuel	liter	2 102 998	2 198 496	2 006 064
Scope 2: Electricity	MWH	5 090	1 468	1 365
EMISSIONS		2021	2020	2019
Scope 1: Fossil fuel	tCO ₂ e	4 898	5 915	5 388
Scope 2: Electricity	tCO ₂ e	158	59	53
Total emission (Scope 1 and 2)	tCO ₂ e	5 096	5 974	5 442
KgCO ₂ e/tonne fish		124	141	141

ICELAND

ENERGY CONSUMPTION		2021	2020	2019
Scope 1: Fossil fuel	liter	723 394	-	-
Scope 2: Electricity	MWH	7 709	-	-
EMISSIONS		2021		
Scope 1: Fossil fuel	tCO ₂ e	1 951	-	-
Scope 2: Electricity	tCO ₂ e	-	-	-
Total emission (Scope 1 and 2)	tCO ₂ e	1 951	-	-
KgCO ₂ e/tonne fish		130	-	-

GROUP

ENERGY CONSUMPTION		2021	2020	2019
Scope 1: Fossil fuel	liter	2 826 392	2 198 496	2 006 064
Scope 2: Electricity	MWH	12 798	1 468	1 365
EMISSIONS		2021	2020	2019
Scope 1: Fossil fuel	tCO ₂ e	6 849	5 915	5 388
Scope 2: Electricity	tCO ₂ e	158	59	53
Total emission (Scope 1 and 2)	tCO ₂ e	7 007	5 974	5 442
KgCO ₂ e/tonne fish		125	141	141

The greenhouse gas emissions data is audited by KPMG in accordance with the International Standard for Assurance Engagements (ISAE 3000). The auditor's report is attached to the Annual Report.

Historically Norway Royal Salmon had few sites connected to the power grid and most of them received power from diesel generators. To change this, NRS has explored the opportunities for electrifying the feed barges. We want to connect as many sites as possible to the power grid. At the sites where land power is challenging, NRS will invest in hybrid operation of feed barges. The first hybrid package was installed in December 2020 and 17 more barges got hybrid packages during 2021 which account for 89 per cent of our barges in Norway. Some barges will both have hybrid packages and be connected to land power. We will start connecting barges to land power and continue to optimise the use of the hybrid solutions during 2022. New barges will be purchased with hybrid power solutions.

During 2021 most of the Norwegian barges have converted from regular diesel to a renewable diesel blend with hydrotreated vegetable oils (HVO) which contributes to 30 % reduction in CO₂ – emissions.

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

engine. We also believe that a quieter boat causes less stress to the fish.

Scope 2 emissions have increased in 2021 due to our new smolt facility in D  fjord. The facility will now produce most of the smolt for the Norwegian production. The smolt has previously been purchased from suppliers with both traditional flow through systems and RAS systems along the coast in Northern Norway. The shift from external suppliers, some with more energy demanding production of smolt and longer transportation to sites, to our own smolt production will nonetheless reduce our total carbon footprint. Our subsidiary in Iceland increases the total consumption of electricity, but has no impact on scope 2 emissions due to the natural advantages of geothermal and hydro power. The geothermal energy is exploited by the smolt facility which does not have to heat water intake and thereby reducing energy consumption.

Indirect GHG emissions (scope 3)

Indirect GHG emissions are the result of our activities which occur at sources not owned or controlled by the company, but we indirectly impact in our value chain.

Scope 3 data has been reported to CDP since 2019. However, this is the first year of reporting in the annual report. The quality and the availability of data is continuously improved. We report on the categories that are relevant in the value chain, namely purchased goods and services, fuel and energy related activities,

upstream transportation, business travel and waste. The emission data is according to the GHG Protocol and feed emissions are calculated based on general emission factors from the feed producers.

In addition to the annual negotiations, Norway Royal Salmon has a continuous dialogue with the fish feed suppliers throughout the year. By working together with our fish feed suppliers, we can contribute to the development of more sustainable fish feed with lower emission factors. In 2020 the company started using algae in our feed which contributes to improved fish health and will contribute to reduced CO₂. However, the emission factor for feed constituting algae oil has not been available yet and we are therefore not able to report on reductions. All soy used in fish feed delivered to NRS is Pro Terra certified or Europe Soy certified, and the feed is both ASC and GLOBALG.A.P. certified. NRS is together with the fish feed suppliers considering increasing the share of European soy in the feed to reduce the emissions.

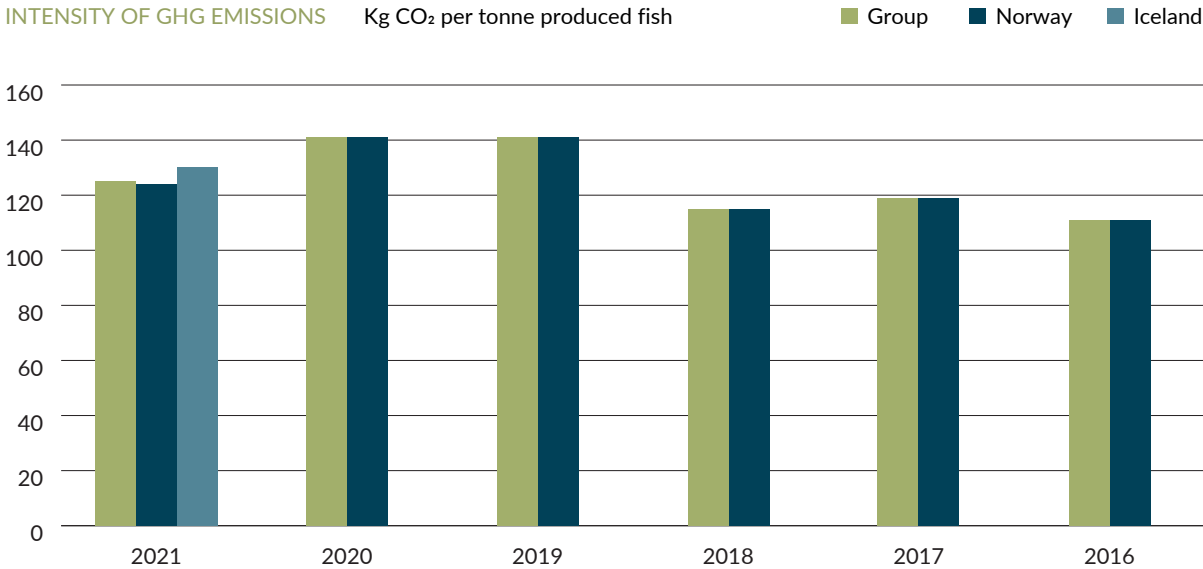
NRS has customers in almost 50 countries and the products are distributed around the world. Our product is mainly sold as fresh salmon and time spent on transportation is relevant for the customer. 74 % of our salmon is transported by road and train, while the rest is transported by air.

Emissions of nutrient salts

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

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

MOM-B survey is one of the regular surveys performed. This survey monitors the degree of environmental impact on the seabed in the immediate vicinity of the site. The status as of 2021 is that 97 per



Scope 3 GHG emissions in 2021 were 184,013 tCO₂e

96%

of our GHG emissions were scope 3

64%

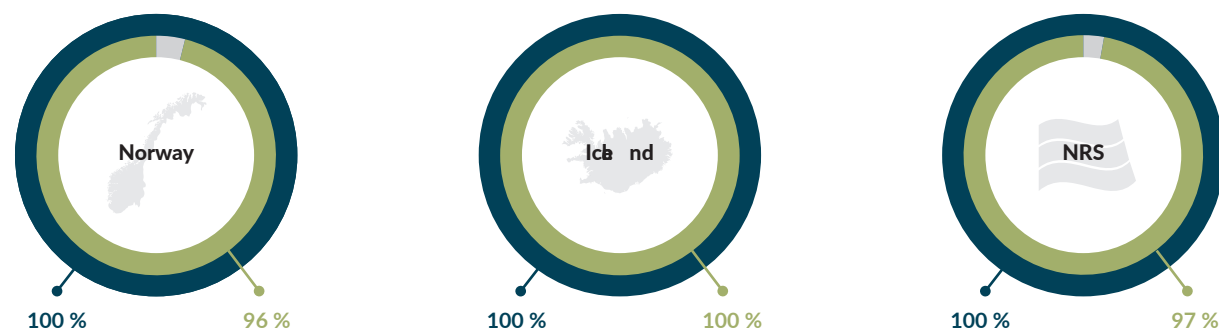
of scope 3 emissions are from feed

31%

of scope 3 emissions are downstream transportation*

*emissions are calculated ex. Arctic Fish sales volume

MOM SCORE 1 OR 2



cent of our sites have site status 1 (very good) or 2 (good) based on the last reported MOM-B survey. We aim to find new solutions for sites with status 3 and facilitate for extended fallow period. None of our sites have condition 4 which is measured as a considerable effect on the environment.

Prevent escapes

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

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

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

fish is more exposed to bacterial and virus diseases. Consequently, NRS will phase out the production of triploid salmon and the production will end within 2023.

Fish health and fish welfare

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

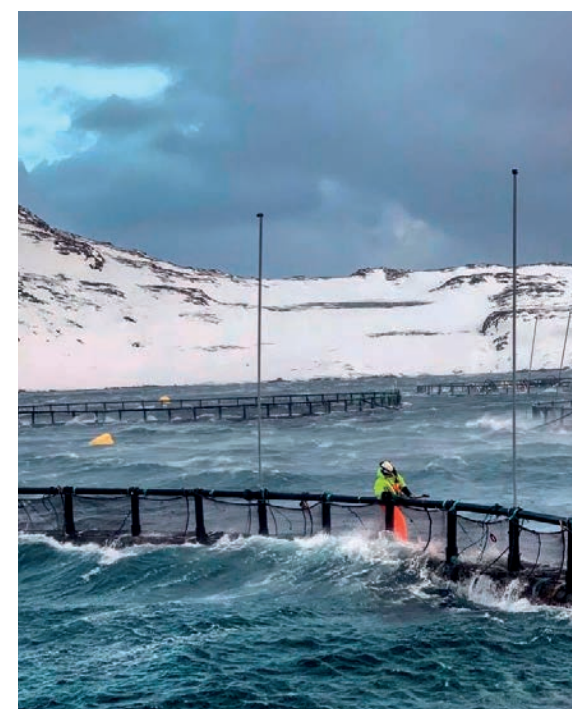
The farming strategy is to prevent diseases using vaccination, cleaner fish, lice skirts and other natural means rather than to introduce medical treatments after outbreaks of diseases.

Operational routines that contribute to maintain control of the health situation of the fish are established and implemented in cooperation with authorised fish health personnel. Good hygiene routines, segregated production areas and fish generations, good water exchange, fallow periods, use of effective vaccines, and well-qualified and experienced employees provide good health and welfare for the fish. The Group has increased the number of employees with fish health expertise in the last couple of years and will continue to invest in this.

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

Fish survival

Fish survival is a key indicator for evaluating fish health during production. Reduced mortality is a key target for Norway Royal Salmon. Mortality is monitored and reported weekly and monthly to the management and



the board. Welfare withdrawal of fish has intensified over the last years, which means that the proportion of culled fish is higher than in previous years.

2021 has been a biologically challenging year and the survival rate decreased with 2.1 per cent from 2020. In 2021 the survival rate was 93.5* per cent of the number of fish in the sea at the beginning of the year and fish put in the sea during 2021.

The fish health department in NRS has increased its focus on smolt quality, as well as gentle and high biosecurity related to transport of smolt from hatcheries to our sites. The fish health personnel work closely with production to protect the health and welfare of our fish. We will continue to monitor the causes of mortality, develop our welfare procedures, and find new and more gentle methods for sea lice treatments.

Algae bloom

Norway Royal Salmon has carried out risk-mapping algae monitoring in collaboration with other fish farmers in the last couple of years. The algae monitoring was carried out based on experience from the large algae outbreak in South-Troms and Nordland during the spring of 2019. A sampling regime was used to detect harmful growth of algae in areas that were considered most critical for NRS's farming activity. The algae development was monitored

during the most critical time of the year, and dispersal models helped to map the risk to the fish farming sites in the selected area. In 2021 we collaborated with even more fish farmers reaching both Troms and Finnmark to provide a more complete picture of the situation. None of the observations affected NRS's aquaculture activities directly. We also aim to monitor algae bloom in 2022.

Medication

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

Vaccinations

Vaccination is used when considered effective for the particular species and particular district as an integral part of our preventive health measures. Examples of diseases that the fish is vaccinated against are IPN, Moritella viscosa (winter wounds) and Aeromonas salmonicida (furunculosis). All salmon in Norway Royal Salmon is vaccinated with at least a six-component vaccine in appropriate time before they are put in the sea. Most of the fish released in 2021 even have a seven-component vaccine. This seven-component vaccine also includes prevention against Infectious Salmon Anemia (ISA).

The cage

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

Transport, handling and harvesting

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

*Survival rate is measured in accordance with the Global Salmon Initiative's methodology

Sea lice

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

Cleaner fish is one of the requirements for our green licences and is used based on the expectations of sea lice on each site. In some cases, cleaner fish is not used due to environmental conditions such as currents and the lice situation does not require it. The Group has continued the practice using lice-skirts where appropriate.

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

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

Finnmark had higher levels of sea lice in 2021 compared to 2020. This led to an increase in number of lice treatments, both non-medical and medical treatments. However, by the end of 2021 the levels are lower than 2020. There has been high lice pressure and above an average year in Troms during 2021. In Troms, the

number of lice treatments decreased from last year. The Group has used cleaner fish on suitable sites, which probably has been an important contributor to control.

In 2021, NRS had an increase in weeks above the lice limit of 0.5 adult female lice. This is due to several factors, both due to delivery problems of boats caused by Covid-19 and an increase in the number of ISA cases in Troms and Finnmark. The ISA cases has over long periods tied up wellboat and harvest capacity. This has led to challenges in acquiring wellboats for lice treatments, as well as opportunity to treat the fish at the right time. In addition, this has meant that fish that normally would have been harvested had to stay in the sea due to priority sanitary harvest. The access to wellboats has also contributed to an increase in the use of medical treatments.

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

Sustainable and efficient use of feed

Norway Royal Salmon has high focus on sustainable salmon production. With both diploid and triploid salmon production we have been in the frontline for sustainable salmon production for several years. To further strengthen the sustainability for our salmon, we started using algae in our feed in 2020. Using algae, instead of fish

oil contribute to reduced fish oil content in our salmon feed and reduced CO₂-emissions, while we feed more of the healthy fatty acids EPA/DHA in our compared to the industry standard. EPA/DHA contributes to improved fish health and is positive for human health.

Fish health is essential and NRS continuously focus on improving all production stages, including improved nutrition for a more robust fish. To achieve this, NRS is in continuous dialogue with feed suppliers about the use of different raw materials, both traditional and novel ingredients. The raw materials are purchased according to strict specification requirements when it comes to, among other things, sustainability, nutrient content, and undesirable substances. Feed producers continuously monitor their suppliers and perform several audits annually. As a fish farmer, we are constantly aware of the content of fish feed and the origins of the raw materials used to manufacture the feed.

NRS only use certified and responsibly produced raw materials. All marine ingredients, excluding byproducts, are from MSC and MarineTrust (including FIP) fisheries. All feeds are ASC- and GLOBALG.A.P. certified and soy is ProTerra or Europe Soy certified.

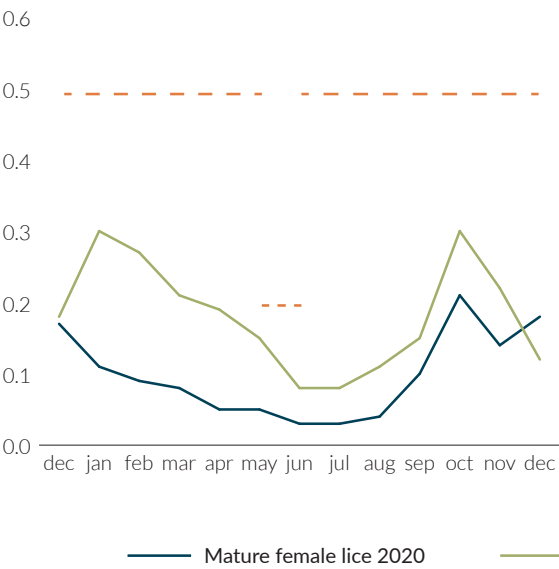
In 2020, NRS, together with some other companies in the Norwegian aquaculture industry and the World Wildlife Fund, exerted pressure on Brazilian soybean producers to ensure that 100% of their soy production is deforestation-free. This has now resulted in the Brazilian soy suppliers to the Norwegian salmon industry, C.J Selecta, Caramuru and Imcopa, being the first Brazilian soy retailers to become

100 % deforestation-free in their soybean value chains. The Brazilian soy suppliers have agreed not to deliver soy grown on land deforested after August 2020 to any of their customers internationally, including those who do not set this type of requirement (a so-called “August 2020 cut-off date”). In addition, they have accepted a system of monitoring, verification and reporting proposed by Brazilian environmental organizations, including WWF Brazil, to ensure compliance. An independent audit has now been performed and the conclusion is that soy producers for the very first time are confirmed to be fully deforestation and conversion-free in all their operations.

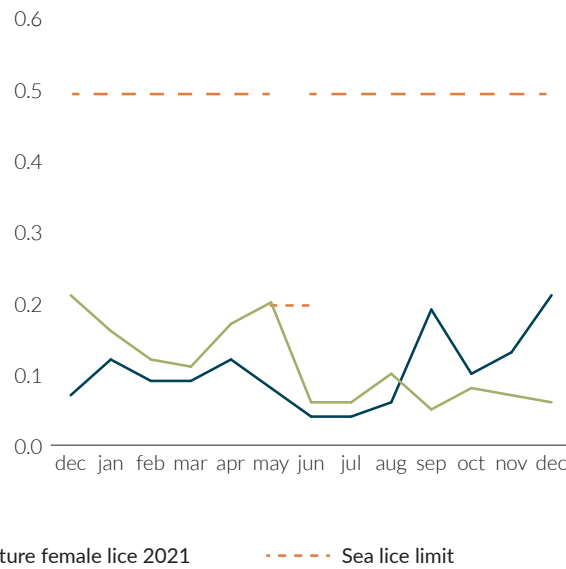
Sustainable feed

- Feed is ASC and GLOBALG.A.P. certified
- High level of EPA/DHA using algae
- ProTerra or Europe Soy certified Soy Protein Concentrate
- Guaranteed fully deforestation and conversion-free soy suppliers in all their operations
- FFDRm and FFDRo below ASC requirement
- High levels of marine ingredients from trimmings
- Marine ingredients, excluding byproducts, are certified according to MSC and MarineTrust (including FIPs)

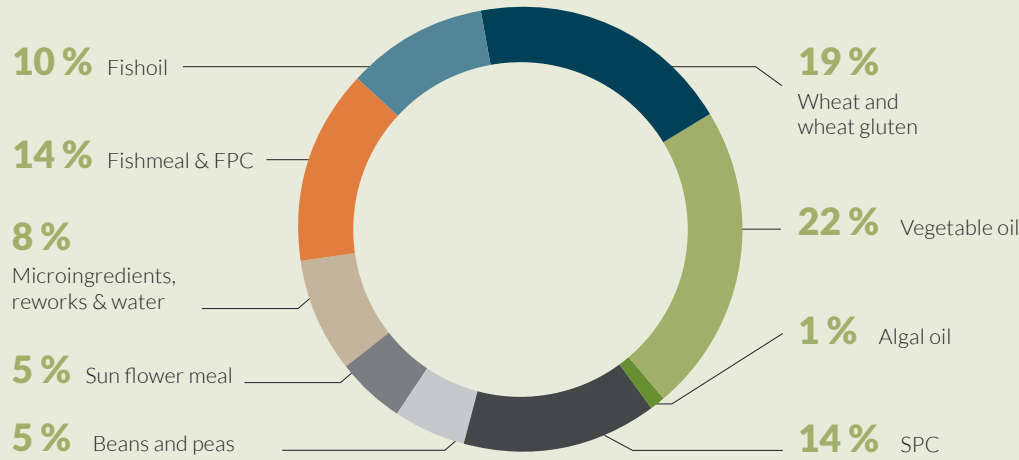
SEA LICE FINNMARK Average number



SEA LICE TROMS Average number



TYPICAL FEED RECIPE IN OUR SALMON PRODUCTION. INCLUSION LEVELS VARIES.



During a production cycle we can trace every feed type used. From smolt to harvest there are several feed types, each optimized to secure optimal growth, low FCR and a robust fish. Looking at raw materials used, we find approximately 25% of marine ingredients and 75% from other sources. A typical recipe varies during a year based on raw material prices and availability.

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

Efficient use of feed

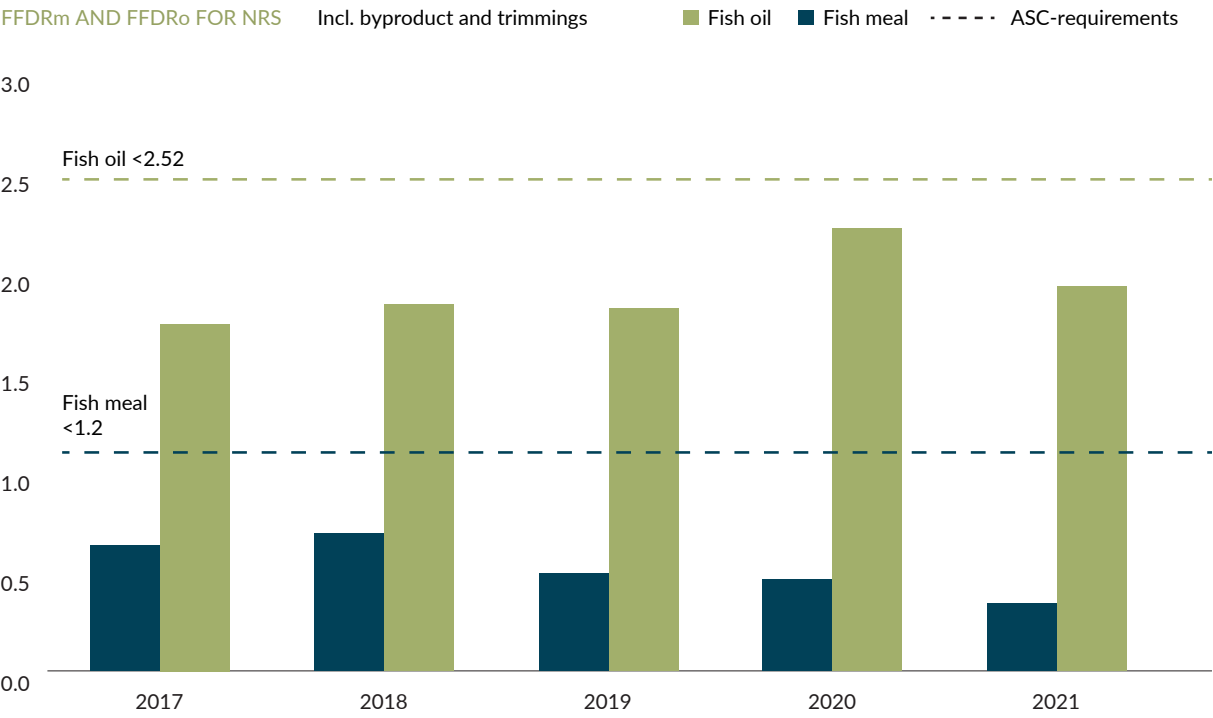
Fish feed is cost-intensive and it is important to utilize the feed at a best possible way to secure good growth and fish health, at a low feed conversion ratio. NRS produces salmon under rough conditions in the Arctic regions, both in Iceland and in the regions of Troms and Finnmark in Northern Norway. NRS use feed operation centers to optimize feeding. NRS have two feeding centers, one located in Iceland and one located in Tromsø, Norway. A dedicated team of feeding operators with specific competence have the responsibility to feed all our salmon in close cooperation with each fish farming site. A team of expertise with focus on feeding will secure good growth at a lowest possible feed conversion rate (FCR).

FCR is an important indicator of how much feed we use to produce the fish. FCR is often defined as kg feed used / kg biomass produced. Farmed salmon is very effective in feed utilization compared to other livestock and is one of the best ways to produce protein.

The FCR was 1,23 for 2021 which is a decrease from previous year. A continuous focus on improving FCR during good nutrition and feeding operations will hopefully contribute to a further improvement in 2022.

Waste management and recycling

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



Biological waste

Dead fish from farm are collected every day and processed to fish silage. The silage is delivered to companies that use it as ingredients for various new products.

The smolt facilities are required to treat the wastewater before discharge and the sludge resulting from this is recycled and used as ingredient in fertilizer production.

Farming equipment

Used farming equipment such as cages, nets and feeding tubes in Norway are safely removed and delivered to companies which recycle the plastics. The feeding tubes are recycled and for example used for tubes and pipes for fiber cables. The nets are recycled and used in the production of textiles, carpets, furniture etc.

The plastics in most new farming equipment are made of 100 per cent recycled plastics.

Clean shorelines and reducing plastic in the sea

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

Freshwater from low-risk areas

Freshwater is a critical key resource for the planet and important for the value chain of Norway Royal Salmon. Salmon has a very low water usage compared to other traditional livestock. The freshwater consumption in NRS derives mainly from its smolt facilities.

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

Water consumption and water quality is evaluated when establishing smolt facilities. Both of our facilities are built with state-of-the-art RAS technology, which involves recycling water that also ensures optimal water quality. A RAS facility needs considerably less new water compared to a flow-through system. About 94-98 % of the water consumption is purified and reused. The share of smolt from RAS facilities is increasing year by

year, which means that our salmon's freshwater usage is improving significantly.

In Iceland the water consumption in the facility in Nordurbotn comes from geothermal ground water, which makes the facility one of the most sustainable smolt facilities in the world.

Climate risk

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

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

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

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

EU taxonomy

The EU taxonomy is a new classification system, establishing a list of environmentally sustainable activities. The purpose is to enable the scale up of sustainable investments and provide a tool for both investors and companies to navigate the transition to a low carbon and resilient economy. When this report is published, the technical screening criteria for aquaculture is not yet published. Norway Royal Salmon will study which of our activities are aligned with the EU taxonomy once the set of technical criteria is published.

Committed to people

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



Our corporate values

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

Norway Royal Salmon has continuous focus on compliance with ethical guidelines and standards for areas located under corporate social responsibility.

The Group's corporate values are:

- A safe workplace and a safe product are the most important value we have and are fundamental to our business
- Committed employees are necessary to develop work processes, products and the organisation
- To be at the forefront of our future-oriented industry, we continuously search for innovative and sustainable solutions
- There must be consistency between what we say and what we do. Credibility is a crucial aspect of our culture

Ethical guidelines and human rights

Norway Royal Salmon has a continuous focus on compliance with guidelines and standards for areas that are under the Group's social responsibility. Our values are also reflected in the Group's ethical guidelines which are outlined in the NRS Code of Conduct. The ethical guidelines describe Norway Royal Salmon's ambitions as well as requirements for how the company and the company's employees should behave and what external shareholders can expect from us. Norway Royal Salmon shall in its daily operations comply with applicable laws and regulations, and in an ethical and responsible manner. The guidelines have been communicated to all employees and are reviewed regularly. In 2021, the company revised the ethical guidelines to adapt these to both internal requirements and expectations from our stakeholders.

For details regarding the ethical guidelines, please visit our webpage www.norwayroyalsalmon.com.



NRS had no cases of committed or alleged corruption or discrimination in our business, nor any major breaches of our Code of Conduct in 2021. The company had one minor identified breach which was investigated and handled according to internal procedures. We were fined twice with the total amount of MNOK 1.25, and both incidents are appealed and still not settled. In December 2021, our subsidiary NRS Farming AS was charged for alleged breach of the Norwegian Animal Welfare Act and the Norwegian Food Act. The charge relates to the company's handling of smolt delivery from an external supplier to the company's site Fartøyvika, in July 2021. The case is still under investigation and will probably not be settled in 2022.

Human rights

All employees of Norway Royal Salmon shall be familiar with and comply with the company's guidelines regarding human rights. The company's operations have human rights conventions included through both Norwegian and Icelandic legislation. The company complies with the United Nations Universal Declaration of Human Rights and the ILO conventions. The company also has third-party certifications that includes independent audits of human rights in practice.

- The ASC has requirements based on the ILO Convention which prohibits the use of child labour or forced labour, and sets requirements for freedom of association, complaint procedures and HSE
- GLOBALG.A.P also has requirements through GRASP related to the ILO Convention and sets requirements regarding employees' representation and complaint procedures, good social practice, HSE, training of employees, freedom of association and no child labour or forced labour

All employees have the freedom to join or establish labour unions at their own discretion and to negotiate collectively. NRS will not interfere with, prevent or oppose labour unions or collective bargaining negotiations. The labour unions representatives have quarterly meetings with the company. NRS has quarterly meetings with representatives from labour unions and appreciates the cooperation of the labour unions.

Whistleblowing

Norway Royal Salmon wants to be transparent and have a good corporate culture that ensures that undesirable situations are discussed and handled in a good way. It is necessary that situations which conflict with the company's code of conduct or expectations are handled when and where they arise. At NRS, there are different options available for reporting Code of Conduct

violations. The employees are encouraged to use the channel they feel most comfortable with. The identity and information will be shared only with those responsible for resolving the matter. It is also possible to report the matter anonymously through an external and confidential whistleblower portal. NRS has a zero-tolerance policy when it comes to retaliation against whistleblowers or anyone who has helped resolve situations involving Code of Conduct violations. Our whistle blower channels had three reported cases in 2021. All cases were personnel related and are investigated and handled with measures to avoid similar cases in the future.

Supplier requirements

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

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



Norway Royal Salmon or approved GLOBALG.A.P. inspectors shall have the opportunity to conduct supplier audits. In 2021, NRS performed several supplier audits, and an annual supplier audit program is maintained. The annual supplier audit program is based on a risk assessment of all suppliers of services or goods to NRS.

Responsible employer

The employees' efforts and contributions are essential for Norway Royal Salmon's operations. The employees are our most valuable resources, and we want to offer safe and meaningful jobs. The Group seeks to be a preferred employer, by offering competitive benefits, employee follow-ups, and a safe and stable employment.

Employee health and safety

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

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

Effective and comprehensive risk management is central to the entire group. It is essential that risk management is a natural part of the daily operations. The safety management systems undergo annual revisions based on a plan for each site and followed up through internal training in first aid, safety, and contingency exercises. All employees have access to the safety management system and are trained in registration of deviations and improvements to help capture undesirable events and improvement areas within health, safety and working environment.

Unionized employees

40%

Norway

97%

Iceland



Sickness absence in the Group

2021	2020
3.6%	5.5%

Sickness absence in the parent company

2021	2020
3.7%	1.2%

Sickness absence rate 2021

Norwegian operation	Icelandic operation
4.2%	1.6%

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

We perform continuous training in HSE and other relevant topics. To clarify all matters relating to the Group's employees, a handbook for employees and managers has been prepared and distributed within the Group. Norway Royal Salmon cooperates with an external healthcare service, which, among other things, conducts annual safety inspections and health checks of employees based on scheduled activity plans. Norway Royal Salmon follow up employees on sick leave in accordance with public guidelines and requirements. The Group have designated HSE-responsible employees and a safety representative is also elected for the parent company and each farming site. All employees have been informed of the Group policies for health, safety and working environment during onboarding and annual training. All policies are made available on the Group's quality and safety management system.

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

Diversity and equality

In Norway Royal Salmon we value diversity and equal opportunities. The Group shall have a working environment in which women and men enjoy complete equality. There shall be no gender-based discrimination with respect to pay, promotion or recruitment, or in any other matter. There must be no discrimination at NRS on the grounds of ethnicity, race, age, disability, sexual orientation, language, religious persuasion, political affiliation or any other situation where a person is not treated as an individual.

In 2021 we held a training course related to sexual harassment for all employees in our Norwegian farming operations. The ambition with the course was to raise



awareness and contribute to a safe culture of respect. We are glad to see that the results from Great Place to Work survey from 2021 shows a reduction in employees who has had negative experiences at work. The results shows that employees experience a great sense of community and a high degree of autonomy and responsibility.

The aquaculture industry has traditionally been a male-dominated workplace. On 31 December 2021, women made up 24 per cent of the Group's workforce. The corresponding figure for Norway Royal Salmon ASA was 40 per cent. The highest percentage of female workers is in the finance department. One of the five members of the Group management is a woman. Three of the five members of the Group's board of directors are women.



In 2021 NRS carried out a detailed review of salaries across the Group to map gender differences. The company has 9 women and 29 men in total in management positions. Management positions in general have higher salary than non-leading positions, and as there are more men in management positions in the company, the total average salary for men is higher in NRS. In 2021, the ratio of salary of women to men in Norway Royal Salmon is 90 %. Women had an average annual salary per full-time equivalent of NOK 593,089 and men NOK 652,624. The pay ratio of women to men on mid-management level is 92 % and corresponding figure for top management is 107 %.

During 2022, Norway Royal Salmon will try to improve the gender balance in the company, including promoting women to take management positions. We want a positive development within gender equality in the company and that there should be a gender balance in the company.

NRS offer fair compensation and our guidelines for salaries and benefits are based on an annual survey to ensure that the salary reflects market level. Women and men shall have equal pay for equal work. We have a salary policy that safeguards the principles of salary in the various positions, where each salary level is on a scale that reflects competence and seniority.

- We comply with laws and regulations related to employment, compensation and working hours
- All our employees have written employment contracts
- All permanent employees are part of our annual bonus programme

Education and development

In Norway Royal Salmon we have employees with a high level of expertise in both salmon farming, but also many other fields. The Group wants to facilitate for further learning and development, and many employees has achieved certificate of apprenticeship within aquaculture. We invite new employees on an onboarding event where they are introduced to the business activities and get to meet other new employees and the management. The company continuously educate workers both through the annual employment of new apprentices, as well as facilitating for other employees so they can achieve the certificate as private students while they are in paid employment. We encourage employees to study for the certificate by providing supplementary salary to those who have achieved the certificate. The company has 2-year trainee program which aims to educate employees for site manager positions. We offer internships for students through special programs in cooperation with upper secondary schools. The company is working actively with recruitment of students to aquaculture studies both on high school and university level.

Our employees are trained and educated continuously in several (both statutory and preferred) areas, within both management, production, fish health, HSE and within technical areas. All employees must prepare their own development plan, which shall ensure that necessary and desirable training / education is completed. Highly skilled

and trained workers are essential to ensure that our operations can take place in the most professional, safe and careful manner.

Contribution to local communities

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

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

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



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



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

4

Trainees site manager

11

Achievement of Certificate of Apprenticeship



«Miljøagentene» on a guided tour in the center.



Interactive learning



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



House of Salmon and visitation licenses

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

House of Salmon consists of two experiences – a visit to the center and a visit on a salmon farm. The center is located in the city center of Alta. Whereas the closest salmon farm is a boat trip of 25 minutes outside Alta harbor. The "House of Salmon's" has its own passenger boat "MS Taifun", which accommodates 12 passengers.

Visitors of "House of Salmon"

Thanks to the staff, visitation numbers have been promising, even though the pandemic has limited travel and visitation possibilities. In 2021, more than 350 middle school 9th grade students from Alta and adjacent municipalities have visited House of Salmon. These school classes receive a special educational program, both at the sea farm and in the center, and even compete about having the better knowledge about the industry. In addition, we have welcomed groups from retirement homes and made projects and activities for kindergartens and children in elementary school. We also implemented a digital travel guide for children called Baahdy & Birdy. Baahdy & Birdie offers a tailor-made solution that presents knowledge, history and stories on the children's terms.

The aquaculture industry is known for its innovation and technology, and installations in the center consists of many digital solutions, making it one of the most modern and up to date visitation centers in Norway. Here you achieve knowledge through games and films. It's possible to choose between three languages: Norwegian, English and Sami. Our team at the center are also highly educated and trained to guide and educate, both in the center, on Taifun and at the sea farms. We also participate and sponsor projects such as First Lego League and "Ungt entreprenørskap". We welcome groups who want tailor-made tours, and the center can be rented for meetings or events. For example – House of Salmon have been visited by the Minister of Fisheries, local politicians and private companies who are interested in learning about this industry. Everyone is welcome to visit the "House of Salmon" center all year round! Visitation to salmon farm has some limitations due to HSE, and you can find more information about this on our website.

Want to know more?

Please visit our website www.laksenshus.no, contact us or even better! Drop by the city of Alta and visit us in person!

03

Annual performance

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Board of Directors report for 2021

Group operations and locations

Norway Royal Salmon's business is divided into three segments: Farming Norway, Farming Iceland and Sales. The Sales segment includes the purchase and sale of salmon. The fish farming business includes salmon farming and harvesting activities. The farming business in Norway is located in Troms and Finnmark and the farming business in Iceland is located in the Westfjords area. The head office is in Trondheim.

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

The Norway Royal Salmon group owns 36 085 tonnes MAB for salmon farming located in Troms and Finnmark, and 17 800 tonnes MAB for salmon farming and 5 300 MAB for trout farming in Iceland through the company Arctic Fish. The group has minority interest in two associated Norwegian fish farming companies which together own 9 fish farming licenses. In addition, the group owns 50 per cent of the smolt producer Nordnorsk Smolt AS. Sales operations are conducted from the company's office Kristiansand.

Highlights in 2021

In 2021, Norway Royal Salmon confirms its role as a forward-looking and growth-ambitious salmon farming company characterised by high sales volumes and strategic measures for sustainable growth investments.

- Norway Royal salmon sold 96 370 tonnes in 2021, represented by 84 891 tonnes from the sales operation in Norway and 11 479 from Farming Iceland.

- The farming operations harvested 49 640 tonnes in 2021. This is an increase of 63 per cent compared to 2020. Farming Norway harvested 38 161 tonnes and Farming Iceland harvested 11 479 tonnes.
- The Norwegian Directorate of Fisheries granted Farming Norway an interregional MAB distributed between all 3 production areas in 2021. This increases the potential for better MAB utilisation and higher production.
- In June, Norway Royal Salmon ASA distributed an ordinary dividend of NOK 3.00 per share.
- In 2021 we participated in CDP's annual disclosure and scoring process for environmental transparency for the third time. Our efforts were awarded with the score B for handling climate change and score A- for handling deforestation risks in our supply chain. CDP has rated NRS as one of the leading companies, with score A-, in its Supplier Engagement Rating (SER). The SER provides a rating for how effectively companies are engaging their suppliers on climate change.
- All sites at Norway Royal Salmon are GLOBALG.A.P. certified.
- Additional sites were ASC certified in 2021 and as of 31 December 2021 all active sites are ASC certified.
- NRS has started transition to electrification of the feed barges at our farming-sites in Norway. The company has been granted funds from ENOVA. Solutions for our feed barges are partly batteries charged by fossil fuel (hybrid) and partly batteries charged with electricity from the onshore power grid. At 31 December 2021 89 per cent of the feed barges in Norway have installed batteries and are operating on a hybrid solution.
- Divestment of the 36.1 % stake in Måsøval Fishfarm AS was completed during the second quarter. NRS received MNOK 148 as consideration for the shares

Sustainable focus and organic growth potential

Arctic Offshore Farming and offshore fish farms

The investment in Arctic Offshore Farming is a strategically important investment, where NRS develops and builds the offshore technology of the future for the aquaculture industry. This technological solution enables aquaculture in

significantly more exposed waters and will help to increase the utilisation of sea areas. The site Fellesholmen is per date the most exposed salmon farming site in Norway. We have now gained experience on the harsh winter conditions on the site and lowering the cages to submerged position works well. Both cages are installed on site and are ready to receive fish. Due to a significant drop in sea temperatures and harsh weather conditions, moving the fish into the cages was postponed. The next generation smolt suitable for release into the offshore cages will be ready from the new smolt facility in August 2022 and are expected to be harvested in Q4 2023 and Q1 2024.

Increased harvesting capacity in Iceland

To reduce the current harvesting limitations Arctic Fish is planning to build a brand new processing facility. The project has interest from other farmers that want to secure services from the new planned facility, this can create more economies of scale. This will secure capacity to lower the current high harvesting costs to competitive levels. The target is to substantially bring down the cost levels of harvesting from 2023 onwards.

Investing in in-house smolt facility

The investment in a new smolt facility in Norway is strategically important for NRS. The facility is centrally located in relation to the fish farming sites. When the facility is completed in the first quarter of 2022, it will be one of the world's largest and most modern smolt facilities with RAS technology. The facility is designed with potential for further extensions. The smolt facility will ensure the supply of smolts and contribute to increased biological safety, increased quality and bigger smolt, as well as improve the timing of smolt releases into the sea. This will improve the utilisation of the Group's MAB and reduce production costs. NRS started production in the smolt facility in May 2021 and will release fish into the sea in the spring of 2022 and harvest this fish during the summer of 2023. The production has performed well up to now.

In Iceland Arctic Fish has started the expansion of the existing smolt facility. The expansion is expected to be completed in Q2 2023. The smolt facility has a proven track record of smolt production, with roughly 12 million smolt produced at the facility since 2017. With the planned expansion, the yearly smolt capacity will be around 1 000 tonnes, 5 million smolt, at 200 grams.

Certifications

The future growth of the aquaculture industry will be through sustainable solutions. Ahead, the company will have full focus on utilising the Group's organic growth potential and sustainable production. All Norway Royal Salmon sites are GlobalG.A.P. certified. In addition, dedicated efforts have been made towards getting the Group certified by the ASC (Aquaculture Stewardship Council) standard. It sets strict standards for how fish

are produced and requires documentation of laws and regulations, animal diversity, animal welfare, genetic impact on wild populations, responsible feed, control of fish diseases, socially responsible production of fish, good relations with neighbours and that our suppliers meet critical and essential criteria in the standard. 100 per cent of the active sites in Norway Royal Salmon are ASC certified at 31 December 2021.

The income statement

Norway Royal Salmon generated a consolidated operating revenue of NOK 5 800.9 million in 2021, compared with NOK 5 118.9 million in 2020. Operational EBIT totalled NOK 344.3 million (2020: NOK 246.3 million). The Group had a consolidated operating result of NOK 472.2 million (2020: NOK 107.6 million). The Group's consolidated net result for the year totalled NOK 693.4 million (2020: NOK 74.7 million). The main reasons for the increase in net result is higher salmon prizes, a gain of NOK 130.1 million due to the sale of shares in the associated company Måsøval Fishfarm AS and a gain of NOK 177.4 million on financial assets when Arctic Fish was converted from an associated company to a subsidiary.

The Group recognised a positive share of result from associates of NOK 35.4 million in 2021 (2020: negative of NOK 2.0 million). The Group's associates harvested 5 796 tonnes in 2021, compared with 20 447 tonnes in 2020. The Group's share of the volume was 2 070 tonnes compared with 8 474 in 2020. In 2021, the Group had net interest expenses of NOK 60.4 million (2020: NOK 13.3 million). Gain on financial assets in 2021 was NOK 307.5 million (2020: loss of NOK 8.2 million).

The parent company made a net result for the year of NOK 361.4 million in 2021 (2020: NOK 219.5 million). Operating result totalled negative NOK 44.7 million (2020: positive NOK 41.5 million). Profit on fixed price contracts of NOK 9.9 million (2020: NOK 91.9 million) reduces the operating result with NOK 82.0 million. The volume sold by the parent company of 84 891 tonnes in 2021 represents a decrease of 4.5 per cent compared to the 88 904 tonnes sold in 2020. The increase in net result for the year is attributable to the increase by NOK 219.0 million in share of the profits from investments in subsidiaries and associates from NOK 139.9 million in 2020 to NOK 358.8 million in 2021, increased gain on financial assets of NOK 15.8 million and increase in net interests and other financial items of NOK 6.1 million.

Fish Farming Norway

The fish farming operations in Norway generated operating revenues of NOK 2 085.7 million in 2021 (2020: NOK 1 539.7 million). The segment harvested 38 161 tonnes in 2021, compared with 30 509 tonnes the year before, an increase of 20.0 per cent. The Group has fish farming licences equivalent to 36 085 tonnes MAB (including

developing permits). The farming operations including sales made an operational EBIT of NOK 374.8 million (2020: NOK 302.5 million). Operational EBIT came to NOK 9.82 per kg harvested in 2021 (2020: NOK 9.91). Operational EBIT decreased because of higher prices and volumes but was offset by a lower gain on fixed-price contracts.

Fish Farming Iceland

The fish farming operations generated operating revenues of NOK 595.9 million in 2021 (2020: NOK 339.4 million). The segment harvested 11 479 tonnes in 2021, compared with 7 443 tonnes the year before, an increase of 54.2 per cent. The Group has fish farming salmon licences equivalent to 17 800 tonnes MAB. The farming operations made an operational EBIT of NOK 99.5 million (2020: NOK 4.8 million). Operational EBIT came to NOK 8.67 per kg harvested in 2021 (2020: NOK 0.64). Operational EBIT increased because of higher prices and lower production costs compared to 2020.

Sales Norway

Sales' operating revenues increased from NOK 5 108.6 million in 2020 to NOK 5 172.9 million in 2021. The increase was due to higher sales prices. The segment sold 84 891 tonnes during the year, compared with 88 904 tonnes the year before, a decrease of 4.5 per cent. Sales had an operational EBIT of NOK 16.2 million in 2021 (2020: NOK 87.3 million), and a result before tax of NOK 27.4 million (2020: NOK 54.1 million). The sales operations operational EBIT mainly decreased due to the gain on fixed price contracts decreasing from NOK 91.9 million in 2020 to NOK 9.9 million in 2021. However, the underlying operations had a positive development compared to 2020.

Balance sheet

At the close of 2021, the Group had total assets of NOK 8 442.2 million (2020: NOK 5 814.7 million).

The change in total assets is attributable to several factors. Deferred tax assets increased by NOK 19.5 million, licenses increased by NOK 705.1 million, property, plant and equipment increased by NOK 1 521.1 million. The biomass at fair value increased from NOK 1 282.0 million to NOK 1 785.8 million during the year. The increase in the value of the biomass is due to increased biomass at cost of NOK 400.5 million and increased fair value adjustments of NOK 103.3 million which gives a total increase of NOK 503.8 million.

Inventory increased by NOK 35.0 million. Receivables increased by NOK 155.2 million. The total farming operation's biomass increased by 6 407 tonnes to 36 268 tonnes at the end of the year.

The financial assets of the Group decreased by NOK 338.6 million, mainly because Arctic Fish was converted from an associated company to a subsidiary and the sale the

associated company Måsøval Fishfarm AS. Bank deposits increased by NOK 26.4 million.

The Group's net interest bearing debt as of 31 December 2021 totalled NOK 2 581.4 million, compared with NOK 1 521.6 million at the close of the previous year. The increase in interest bearing debt is due to investments in fixed assets and licenses of NOK 1 003.8 million, increased working capital of NOK 183.0 million, payment of dividend of NOK 42.9 million, investments in associates of NOK 12.5 million, taxes paid of NOK 36.7 and interest paid of NOK 78.5 million. The consolidation of Arctic Fish increased the net interest-bearing debt with NOK 523.9 million. A positive operational EBITDA of NOK 494.2 million, dividends and gains received from associated companies of NOK 182.9 million and received payment from the share issue of Arctic Fish of NOK 144.1 million had the opposite effect.

The net increase in equity of NOK 1 312.7 million was mainly due to a positive total comprehensive income for the period of NOK 661,2 million, consolidation of Arctic Fish of NOK 644.2 million and NOK 50.5 million as equity transactions from associated companies. Paid dividend of NOK 42.9 million had the opposite effect on equity. At the close of 2021, the Group had an equity ratio of 52.6 per cent, compared with 53.8 per cent at the close of 2020.

The parent company's total assets stood at NOK 5 634.3 million at the close of the year (2020: NOK 4 604.6 million). Total financial assets increased by NOK 379.9 million from the end of 2020 due positive results in subsidiaries and associates. Bank deposits increased by NOK 583.2 million. Total receivables increased by NOK 83.9 million, this was due to higher accounts receivables of NOK 141.7 million while decreased other receivables of NOK 57.8 million had the opposite effect. Deferred tax decreased by NOK 4.4 million, fixed assets decreased by NOK 2.1 million and inventory decreased by NOK 10.8 million. As of 31 December 2021, the parent company's equity ratio was 57.5 per cent (2020: 59.8 per cent).

Cash flow

The Group's cash flow from operating activities in 2021 was NOK 275.4 million (2020: NOK 384.5 million). The positive cash flow is mainly due to a positive EBITDA of NOK 494.2 million, net decrease in inventory and biological assets at cost of NOK 34.0 million and net decrease in other current working capital items of NOK 21.8 million. A net increase in accounts receivables and payables of NOK 238.8 million and paid taxes of NOK 36.7 million had a negative effect on the cash flow.

Net cash outflows relating to investing activities in 2021 totalled NOK 709.1 million (2020: NOK 1 450.5 million). Investments in operating assets and licenses of NOK 1 003.7 million and investments in associated companies of NOK 12.5 million had a negative effect on the cash flow.

Received dividends from associates of NOK 35.2 million, received payment from the sale of shares in Måsøval Fishfarm AS of NOK 147.8 million, received payments on loans to others of NOK 45.0 million and net of cash acquired from Arctic Fish of NOK 79.2 million and had the opposite impact on the cash flow.

The Group distributed a dividend of NOK 42.9 million in 2021 (2020: NOK 106.2 million). The bank deposits at the close of the year was NOK 65.2 million (2020: NOK 38.8 million). At of 31 December 2021, the Group had a net interest-bearing debt of NOK 2 581.4 million (2020: NOK 1 521.6 million).

The parent company had a negative cash flow from operating activities of NOK 39.6 million (2020: positive cash flow of NOK 280.0 million). The negative cash flow is a result of a negative operational result of NOK 44.7 million and increased accounts receivables of NOK 141.7 million. Decreased inventory of NOK 10.8 million, increased payables of NOK 83.1 million and change in other current assets and other liabilities of NOK 52.5 million had a positive effect on the cash flow.

The parent company had a positive cash flow from investing activities of NOK 27.9 million (2020: negative of NOK 43.7 million). Proceeds from sale of shares in associate of NOK 147.8 million, received dividend from associated companies of NOK 35.2 million and received loan instalments from other of NOK 45.0 million had a positive cash flow effect. Investments in subsidiary of NOK 200.0 million had the opposite effect.

The parent company had a positive cash flow from financing activities of NOK 594.9 million (2020: NOK 849.9 million). Payment received from increased long-term debt to the bank of NOK 650.0 million and received net interest of NOK 26.8 million has had a positive effect. Paid loan instalments of NOK 37.0 million, payment of dividend of NOK 42.9 million and payments for purchase of treasury shares of NOK 2.0 million had negative effect.

The total positive cash flow of NOK 583.2 million has resulted in net bank deposits totalling NOK 2 955.2 million (2020: NOK 2 372.0 million) for the parent company at the close of the year.

Going concern

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

Research and development

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

- Arctic Offshore Farming. Project to develop an offshore aquaculture farming concept that facilitates sustainable growth in areas that the aquaculture technology thus far has not been able to exploit. Norway Royal Salmon has in relation to the project received development permits equivalent to 5 990 tonnes MAB. The construction of the farms is completed and are located at Fellesholmen in Troms. The farm will be put in operation in August 2022 when the first smolt will be released into the offshore cages. At 31 December 2021 NOK 1 829 million have been invested in the project.
- The Norwegian Food Safety Authority has given its acceptance to our triploid project; NRS TRIPWELL. The project is run by NRS, with the Norwegian Institute of Marine Research as a professional project partner. The project is researching and mapping the welfare of triploid salmon in commercial farming.
- Participation in steering or reference committees on several FHF projects in areas such as sea lice prevention, nutrition, sterile fish and infectious diseases.
- Collaboration project with ABB and Microsoft. The project aims to develop a system that can estimate biomass, count lice and detect pellets during feeding using cameras and AI (Artificial intelligence).
- Participates as an industry partner in CRIMAC - a research-driven innovation program over eight years led by the Institute of Marine Research. The program is supported by the Research Council of Norway through the scheme with SFI (Center for Research-Based Innovation). The program aims to promote the development of acoustic methodology and associated optical technologies, for use in both research, management and the fish and aquaculture industry.

Operational risk and risk management

Fish Farming

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

necessary measures. An additional risk in Iceland relates to the access to sufficient harvesting capacity. As the Icelandic operations is not in full control of wellboat and harvesting operations, these important contractors influence production planning and if there are issues or incidents there is a risk that it will impact the production plans of the Group. Actions have already been made to address this risk with the investments that have started in 2021.

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

To enhance smolt quality, Norway Royal Salmon work continuously to follow up smolt and smolt suppliers in Norway. The construction of our own smolt facility in Dåfjord is nearly finished and will further strengthen this focus. In Iceland the Group is self-sufficient with smolt from the facility in Talknafjordur. Like all other Icelandic salmon farmers, the Icelandic operations is particularly reliant on its supply of eggs from Benchmark, the only broodstock company in Iceland. Contracts for egg supply is used to mitigate this risk and secure the ongoing operations.

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

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

Sites located in relatively open water have recently been put into operation, since these areas have favourable conditions for fish farming. This is demanding for both employees and equipment. The production facilities are subjected to powerful natural forces, which represent a risk of damage to the equipment and subsequent risk of fish escaping. Norway Royal Salmon has invested in new equipment of a high standard, which can meet our own and the public authorities' requirements with respect to fish escapes.

Risk management is a key aspect of the management team's duties. The Group has implemented routines and systems for the monitoring of risk factors in all business areas. Auditing the production facilities in accordance with the quality handbook and defined site standards will be strongly emphasised.

The Group has risk in relation to licenses and demands from public authorities. For the Group to continue its growth and improve the efficiency of production, Norway Royal Salmon is dependent on getting new sites as well as being able to expand existing sites. The Group

depends on predictable terms and permissions for production. Divergent views on production criteria for green licenses in various administrative agencies, may have a material impact on the production. Norway Royal Salmon seeks to reduce this risk by continuous dialogue with the various relevant administrative bodies.

The Group's financial position and future development depends significantly on the price of salmon, which has historically been subject to significant fluctuations. Farmed salmon is a raw material, and it is therefore reasonable to assume that the market will continue to follow a cyclical pattern, but less than historically. The balance between the total supply and demand for salmon is a key parameter. Increased supply can cause prices to decline. This may have an impact on the company's profitability and liquidity; however, a moderate supply growth of salmon is expected in the next years.

Feed costs constitute a considerable proportion of the total production cost of salmon. Fluctuations in feed prices can therefore have impact on profitability. Today's recipes consist of a combination of vegetables and marine raw materials. All raw materials are volatile and affected by availability and demand, but also the exchange rates. The greatest price driver in 2021 has been price of most raw materials due to instability in the market and logistical challenges caused during Covid-19. Norway Royal Salmon only buys soy protein concentrate from producers that are guaranteed deforestation-free throughout its value chain. However, the prices are not affected by this strategy.

The war in Ukraine can affect both the availability and prices of several raw materials and other input factors for fish feed. Energy prices are rising, logistics are challenging, and we expect there will be an imbalance in the flow of goods in the global market. These are factors that are likely to affect Norway Royal Salmon in 2022, however the consequences are still uncertain.

Sales

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

The salmon industry has experienced trade barriers in several markets and over longer periods. Significant changes and aggravating conditions involve risk for the Group. In 2020 and 2021, we have seen how a pandemic can involve risk. In the beginning of 2022, we have seen that geopolitical crisis can affect risk. The sales operations sold fish to 48 countries in 2021 and such sales spread limits the risk associated with trade barriers and other conditions. Despite Covid-19, the sales operations have delivered almost the same volume as in 2020.

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

Climate risk

Climate change can present some challenges for Norway Royal Salmon and the aquaculture industry in general. The Group evaluates the exposure to climate risk and wants to be proactive in adjusting the business to meet the challenges that may arise. The company may become vulnerable to physical risks such as extreme weather, increase in temperatures that can cause illness, at the same time as we face several transitional risks associated with regulation, technology, market and reputation. The company has identified several opportunities related to climate change, such as the transition to low-emission energy sources, the development of new production equipment and initiatives for waste management. Such opportunities contribute to the company being more robust to meet possible challenges. Climate-related risk has been mapped in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD report is attached in the company's annual report.

Financial risk and risk management

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

Foreign exchange risk

Around 77 per cent of the Group's sales are in foreign currencies, with the largest exposure being to the EUR, USD and GBP. The Group's exposure to exchange rate

fluctuations is a major part of the business activities affecting the Group's cash flows and profits. In accordance with the Group's guidelines, the Group employees both forward contracts and borrows in foreign currencies to reduce its exposure to foreign exchange risk.

Interest rate risk

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

Credit risk

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

Liquidity risk

Liquidity risk is a product of the Group's earnings, financial position and access to financing in the capital markets and is defined as the risk that the Group will not be able to meet its day-to-day financial obligations. The largest single factor affecting liquidity risk is represented by fluctuations in the price of salmon. There are covenants associated with the Group's borrowings, which at the close of 2021 Norway Royal Salmon meet with good margins. Overall, the Group's liquidity risk is at an acceptable level.

Corporate Social Responsibility

Norway Royal Salmon will ensure long-term profitability through sustainable food production. Social responsibility is exercised as part of our everyday operations and focus on sustainability.

An overview of how Norway Royal Salmon takes social responsibility is available in the annual report in the chapter "Committed by name".

Issues described in the chapter "Committed by name" with regards to Corporate social responsibility are:

- The external environment and our climate impact - "Committed to nature"
- Employee rights, diversity and social issues - "Committed to people"
- Human rights - "Committed to people"
- Anti-Corruption

External environment

Norway Royal Salmon's farming operations are based on renewable resources and are located along

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

Anti-Corruption

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

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

Work environment

On 31 December 2021, the Group had 273 full-time employees, 46 of whom are employed by the parent company Norway Royal Salmon ASA. The head office of Norway Royal Salmon is in Trondheim.

The aquaculture industry has traditionally been a male-dominated workplace. On 31 December 2021, women made up 24 per cent of the Group's workforce. The corresponding figure for Norway Royal Salmon ASA was 40 per cent. In the Group management one of the five members is a woman. Three of the five Board of Directors members are women. The Group shall have a working environment in which women and men enjoy complete equality. There shall be no gender-based discrimination with respect to pay, promotion or recruitment, or in any other matter. There must be no discrimination at NRS on the grounds of ethnicity, race, age, disability, sexual orientation, language, religious persuasion, political affiliation or any other situation where a person is not treated as an individual.

The Group had a sickness absence rate of 3.6 per cent in 2021 (2020: 5.5 per cent). The corresponding figure for the parent company was 3.7 per cent in 2021 (2020: 1.2 per cent). Ten injuries, which led to absence in 2021, and fifteen injuries which did not lead to absence were registered in 2021.

The share and shareholders

As of 31 December 2021, Norway Royal Salmon ASA had 43 572 191 shares divided between 3 114 shareholders. At the close of the year, the Group held 197 495 treasury shares. The share price at the end of the year was NOK 163.4 (2020: NOK 214.6).

Corporate Governance

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

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

Norway Royal Salmon ASA has signed a global Directors and Officers liability insurance. The insurance covers board members and senior executives with overall management responsibility, their personal liability for property damage caused to third parties in connection with their role or position. The insurance applies to the board of NRS with subsidiaries, as well as employees with board positions in other companies in the group.

Market conditions and future outlook

2021 was a challenging, but good year for Norway Royal Salmon and the salmon industry. The market has been, as in 2020, affected by restrictions due to Covid-19. However, as we write 2022, these restrictions are significantly eased, and markets are not as affected as earlier. The value of Norwegian salmon exports was NOK 81.3 billion, NOK 11.2 billion higher than in 2020. Export volumes were 1 484 841 tonnes (round weight), 13 per cent higher than in 2020. This is the highest export volume of Norwegian Salmon ever. The export price was NOK 60.21 per kg gutted weight (FCA Norway's limit) against NOK 59.23 the year before. Prices increased mainly due to increased demand as the restrictions related to Covid-19 was eased. In 2020 we saw that more people started preparing food at home, and demand shifted significantly from hotels, restaurants and catering (HoReCa) and to the retail segment. The restrictions

continued into 2021 but was eased during the year and the HoReCa segment has recovered some of the market share it lost in 2020. However, we expect the shift we saw in 2020 to also affect the markets in the future, although the HoReCa segment will continue its recovery. Mainly the prices rose because of strong demand. With higher harvest volumes, exporters have worked well to develop the value of salmon in a challenging situation.

Norway Royal Salmon ASA's sales business sold 84 891 tonnes gutted weight, a decrease of 4.5 per cent. Most of this was fresh gutted salmon. The share of in-house produced salmon sold through the sales business totaled 45 per cent. Revenues were divided on 48 countries, of which 68 per cent were sold in Western Europe. Apart from this, the export was divided between Asia (10 per cent) and Eastern Europe (6 per cent), while the rest was sold in Norway. Our subsidiary in Iceland, Arctic Fish, sold 11 479 tonnes of salmon in 2021.

Kontali Analyse expects harvest volumes in Norway in 2022 to be 1 per cent higher than in 2021 and harvest volumes in Iceland to be 16 per cent higher than in 2021. The harvest volumes of Atlantic salmon from Chile and other smaller producer nations are expected to remain on the same level or slightly below 2021, which results in Kontali to expect that global harvest volume will remain on the same level as 2021.

Although the market in 2022 might be affected by both the pandemic and the economic consequences of the war in Ukraine, Norway Royal Salmon believes in a positive sales

development in most countries in the longer term. The shift from HoReCa to retail we saw in 2020 and 2021 is expected to be reversed at some point but may also lead to permanent changes in consumer behavior. Historically it has been shown that economic downturns normally do not weaken demand for salmon significantly. Salmon is now established as a nutritious and good alternative for consumers.

The strong demand we have seen in 2021 provides good prospects for the market conditions for salmon products in the long term. Sales at the beginning of 2022 were characterised by high prices and high volumes. However, the uncertainty about future development is now greater than normal. The market is still affected by Covid-19 and its consequences, and it is still too early to say the pandemic has ended. In addition, at the time of the publication of the annual report, the world is seeing a war in Ukraine that we do not know the consequences of. Potential consequences for Norway Royal Salmon are difficult to specify, but the company is monitoring the situation closely and will take corrective action when needed. With Norway Royal Salmon's solid financial foundation and highly competent staff, we are well positioned to get through these challenging times. Production and delivery of food is an activity critical to society and must be protected in every way. NRS's operational goal of producing sustainable and healthy food is especially important in times like these. The Board of Directors and the company have during the year given and will continue to give the highest priority to the work to take the necessary measures in a situation of uncertainty. NRS's operational goal of producing sustainable and healthy food is especially important in times like this.


Allocati on of profi t for the year

The parent company, Norway Royal Salmon ASA, made a net profit for the year of KNOK 361 441 in 2021. The Board of Directors proposes the following allocation of the net profit for the year:

Transferred to the reserve for valuation variances:	KNOK 201 446
Transferred from other equity:	KNOK 159 995
Total allocation of funds:	KNOK 361 441

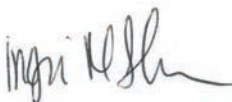
Trondheim, 6 April 2022


Roald Dolmen
Chair


Ivar Rolf Sandnes
Vice Chair


Kristine Landmark


Lillian Margrete Bondø


Ingri Marie Sivertsen


Klaus Hatlebrekke
Interim CEO



Corporate governance

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

1. Implementation and reporting on corporate governance

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

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

2. Business

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

The above is established in §3 of the company's Articles of Association.
The company's corporate values are;

SAFE - A safe workplace and a safe product are the most important value we have and are fundamental to our business.

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

INNOVATIVE - To be at the forefront of our future-oriented industry, we continuously search for innovative and sustainable solutions.

CREDIBLE - There must be consistency between what we say and what we do. Credibility is a crucial aspect of our culture.

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

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

Strategy

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

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

3. Equity and dividends

Equity

As of 31 December 2021, the Group's total equity amounted to NOK 4 443 350, which represented 52,6 per cent of its total assets. The board deems this satisfactory. The board shall maintain a level of equity commensurate with the company's objectives, strategy and risk profile.

Dividend policy

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

The Annual General Meeting sets the annual dividend based on a proposal from the board, which represents the maximum possible dividend.

Capital increase

At the Annual General Meeting of 27 May 2021, the board was authorised to issue up to 4 357 219 shares with a nominal value of NOK 1.00 per share, which corresponded to 10 per cent of the share capital at the time of authorisation. This mandate allows the board to vary the preference rights on share subscription. The board mandate covers consideration of the acquisition of other companies and the raising of capital to strengthen the company's position. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2022.

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

Purchase of treasury shares

At the Annual General Meeting of 27 May 2021, the board was authorised to purchase up to 4 357 219 treasury shares with a nominal value of NOK 1.00, which corresponded to 10 per cent of the share capital at the time of authorisation. For acquisitions, the purchase price per share should be no lower than a nominal value of NOK 1.00, and no higher than NOK 300.00 per share. The board may choose the exact method of acquisition or sale. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2022.

4. Equal treatment of shareholders and related-party transactions

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

Share classes

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

Purchase/sale of treasury shares

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

Related-party transactions

Services were purchased from a company partly owned by the former Chair and associated companies in 2021. Goods were purchased from companies controlled by shareholders and from associated companies. These were purchased on market terms and conditions. Further information on the transactions is found in Note 27 to the consolidated financial statements.

Guidelines for board members and senior executives on conflicts of interest

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

5. Freely negotiable shares

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

6. General meetings

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

the general meeting is an effective forum for both the shareholders and the board.

Notice

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

The Annual General Meeting is held within six months of the end of the accounting year, and in 2022 is scheduled for Thursday 2 June 2022. The financial calendar is published as a stock market notification and on the company's website. The convening of the general meeting shall be notified in writing to all shareholders whose address is known, no later than 21 days before the meeting is due to be held. Notification, agenda documents, proposed resolutions, the Nomination Committee's justified nominations and registration and mandate forms, are made available to the shareholders on the company's website and as a stock market notification, no later than 21 days prior to the date of the meeting. In accordance with the company's Articles of Association, a shareholder may also contact the company and request despatch of documents relating to the items to be considered by the general meeting. Agenda documents shall contain all information required by shareholders to form a considered opinion on all items to be reviewed. All shareholders who are registered in the VPS no later than the fifth business day before the general meeting (the record date) have the right to vote directly or via proxy. Shareholders or their representatives who wish to attend and vote at the AGM must notify the company within two days before the meeting. Shareholders may register for the general meeting in writing or by post or email. Shareholders who are unable to attend in person may vote by proxy. An individual proxy is required for each item that is to be considered.

Implementation

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

7. Nomination Committee

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

The members of the Nomination Committee shall be independent of the board and the administration, and the committee shall safeguard the interests of the shareholders. The Nomination Committee comprises three members: Ivar Williksen (Committee Chair), Solveig Gaasø and Anders Paulsen. No member of the Nomination Committee serves on the board or performs any other honorary office with the company. The Chair was elected for 1 year, and the other two members was elected for 2 years by the extraordinary general meeting. The Nomination Committee proposes themselves new representatives to the Nomination Committee, which are elected by the general meeting.

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

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

8. The board's composition and independence

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

Election of the board and the composition of the board

The Nomination Committee proposes members to be elected to the board by shareholders at the general meeting. The general meeting elects all the board members, including the Chair. In accordance with the company's Articles of Association, the board comprises three to nine members. At the most recent election at the Extraordinary General Meeting 3 of the representatives were re-elected. In addition, 2 new members were elected to the board. After the election the board comprised five representatives, all elected by the shareholders. Three of the board members are women. The board currently comprises Roald Dolmen

(Chair), Ivar Rolf Sandnes (Vice Chair) and board members Ingri Marie Sivertsen, Lillian Bondø and Kristine Landmark. Board representatives are normally elected for a term of office of two years. To secure continuity of board work, the aim is to re-elect half of the board representatives each year.

The board's independence

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

Board competence and shareholdings

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

9. The work of the board of directors

The board's duties

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

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

Rules of procedure for the board

The board's rules of procedure were adopted at the board meeting of 21 May 2021. The rules cover the following areas: the board's remit, convening of and matters to be reviewed at meetings, the board's decisions, duty of confidentiality and incapacity, the board's self-assessment and the CEO's obligations to the board.

The Chair is responsible for ensuring that the board's work is performed in an efficient and proper manner, in

accordance with the applicable legislation and rules of procedure adopted for the board. The board works in accordance with an annual plan.

Board committees

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

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

A Compensation Committee has been established to review matters relating to senior executives' remuneration. The Compensation Committee comprises Board Chair Roald Dolmen and Vice Chair Ivar Rolf Sandnes.

Rules of procedure for the CEO

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

Frequency of meetings

A minimum of six board meetings shall be held each year. Where required, extra board meetings are held to consider urgent items that need to be reviewed before the next board meeting. 23 board meetings were held in 2021.

Financial reporting

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

The board's evaluation of its own work

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

10. Risk management and internal control

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

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

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

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

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

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

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

auditor present to discuss issues related to the financial reporting.

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

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

Ethical guidelines

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

11. Remuneration of the board of directors

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

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

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

12. Remuneration paid to senior executives

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

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

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

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

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

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

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

13. Information and communication

NRS shall ensure that all shareholders receive accurate, clear, relevant and timely information relating to all matters of financial significance to shareholders. NRS

publishes financial information on its website and in press releases. Annual financial statements are published in both Norwegian and English. Interim financial statements are published in English.

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

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

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

14. Take-overs

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

15. Auditor

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

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

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

Guidelines for remuneration of senior executives

1. Introduction

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

2. Decision-making authority

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

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

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

Should special circumstances arise, the board may choose to deviate from the guidelines for bonuses and share-based incentive schemes. In the event of such a

decision, reasons for deviating from the guidelines shall be included in the board minutes. Furthermore, the board shall at the forthcoming annual general meeting explain the reason the deviation. In the event of changes in the company's financial capacity, such as financial sustainability, the board does not have the opportunity to deviate from the guidelines and withdraw variable remunerations.

3. Guidelines for remuneration for senior executives

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

Basic salary

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

Bonus

The group management executives have a bonus scheme which depends on goal achievement in several areas. The bonus scheme covers all employees in the company. The basic bonus scheme shall not exceed the sum of six months' salary for the group management. General bonus criteria for group management are linked to financial and operational goals that ensure that the remuneration corresponds to financial and environmental sustainability. Bonus criteria related to operational goals reflect the strategy of sustainable growth and criteria related to ESG (Environment, social and governance). Variable pay shall be based on objective, definable and measurable criteria that the manager can influence. The board shall make an annual assessment of the scheme.

Benefits in kind

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

Share-based incentive schemes

The Group has a share-based bonus scheme for the Group Management and key personnel. The share-based incentive scheme confers the right to receive shares in the company based on two criteria: price performance of the company's shares on the Oslo Stock Exchange, and EBIT/kg compared with peer listed companies. Incentive schemes related to share programs are directly measurable against the company's financial development (for the market), which in turn reflects the shareholders' belief in the company's financial viability. The scheme is designed so that it contributes to long-term efforts for the company that ensures continuity and motivates the employee. This scheme shall not exceed a year's salary. It is intended that the scheme be continued through annual programmes. The Board will adjust these annual programmes as it deems necessary.

Pension schemes

Norway Royal Salmon ASA has a defined-benefit pension scheme covering all the company's staff employed before 1 July 2016 and a defined contribution scheme for employees hired after 1 July 2016. The senior executives are part of this schemes and no members of the Group

management have any pension scheme other than that for the other staff.

Notice period and severance pay

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

Other variable remuneration components

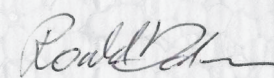
Other than as stated above, the company shall not offer its senior executives any variable remuneration components or benefits in addition to their basic salary.

The board

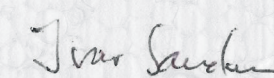
The board fees are determined according to market conditions. Measurements must be made regularly against relevant market conditions to ensure that the total compensation is competitive. Competitive compensation ensures that the right competence is on the board. Selected board members are also members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

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

Trondheim, 6 April 2022



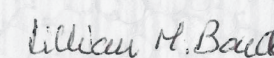
Roald Dolmen
Chair



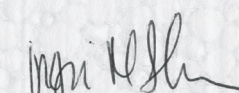
Ivar Rolf Sandnes
Vice Chair




Kristine Landmark



Lillian Margrete Bondø



Ingri Marie Sivertsen



Klaus Hatlebrekke
Interim CEO



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Consolidated income statement

(NOK 1 000)	Note	2021	2020
Operating revenues	2	5 800 895	5 118 867
Cost of materials		4 683 289	4 393 881
Personnel expenses	19,20	242 616	166 995
Depreciation	3,7,8	149 897	100 747
Other operating expenses	6,13,25,26	380 833	210 992
Total operating expenses		5 456 635	4 872 615
Operational EBIT		344 260	246 252
Fair value adjustments	15	111 668	-136 657
Production fees		-19 106	0
Income from associates	11	35 356	-1 985
Net operating result		472 178	107 609
Financial items			
Gain financial assets	17,21	307 528	-8 165
Net interest expenses	21	-60 395	-13 276
Net other financial income (expenses)	21	15 934	-13 198
Net financial items		263 068	-34 639
Result before tax		735 245	72 970
Tax	14	-41 836	1 717
Net profit/loss		693 410	74 687
Profit attributable to:			
Owners of the parent company		617 362	80 113
Non-controlling interests	4	76 047	-5 426
Net result for the year		693 410	74 687
Earnings per share (NOK)	23	14.30	1.86
Earnings per share - diluted	23	14.30	1.86

Consolidated statement of comprehensive income

(NOK 1 000)	Note	2021	2020
Net result for the year		693 410	74 687
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Translation differences from associated companies		-17 486	14 436
Cash flow hedges (net of tax)	17	-13 276	15 098
Total items that may be reclassified to profit or loss		-30 761	29 535
Items not to be reclassified to profit or loss:			
Actuarial gains/losses on defined benefit plans (net of tax)	20	-1 462	4 018
Total items not to be reclassified to profit or loss		-1 462	4 018
Comprehensive income for the year		661 186	108 240
Comprehensive income attributable to:			
Owners of the parent company		585 139	113 666
Non-controlling interests	4	76 047	-5 426
Comprehensive income for the year		661 186	108 240

Statement of financial position

ASSETS (NOK 1 000)	Note	31.12.2021	31.12.2020
Non-current assets			
Intangible assets			
Licences incl. other intangibles	3,10	1 653 720	948 616
Deferred tax assets	14	19 479	0
Total intangible assets		1 673 199	948 616
Property, plant and equipment			
Buildings, boats, fleets & other operating assets	7,10	3 493 100	2 042 887
Right-of-use assets	8,10	379 764	308 872
Total property, plant and equipment		3 872 863	2 351 759
Non-current financial assets			
Investments in associates	11	427 352	721 856
Other financial assets		4 628	3 999
Other long-term receivables	6,16,27	2 159	46 904
Total non-current financial assets		434 139	772 759
Total non-current assets		5 980 201	4 073 134
Current assets			
Inventories	10,24	139 304	104 275
Biological assets	5,10,15	1 785 781	1 282 006
Total inventory		1 925 085	1 386 281
Receivables			
Accounts receivables	6,10,16	327 543	150 539
Other short-term receivables and prepayments	6,16,17	144 217	166 002
Total short-term receivables		471 760	316 541
Bank deposits	9,16,18	18 484	7 302
Restricted bank deposits	9,16,18	46 705	31 451
Total current assets		2 462 033	1 741 574
Total assets		8 442 234	5 814 710

EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12.2021	31.12.2020
Equity			
Share capital	22,23	43 572	43 572
Treasury shares	22,23	-198	-653
Retained earnings	22,23	3 629 466	3 048 177
Total equity attributable to owners of the parent company		3 672 841	3 091 096
Non-controlling interests		770 509	39 596
Total equity		4 443 350	3 130 692
Non-current liabilities			
Pension liabilities	20	24 817	23 703
Deferred tax liabilities	14	555 392	365 569
Non-current interest bearing debt	9,10,16	1 991 682	1 200 000
Long-term leasing liabilities	9,10,25	237 150	178 514
Total non-current liabilities		2 809 041	1 767 786
Current liabilities			
Current interest bearing debt	9,10,16	362 092	178 307
Short-term leasing liabilities	9,10,25	55 703	48 512
Accounts payables	16	660 870	617 937
Tax payable	14	140	3 752
Other current liabilities	12,16,17	111 038	67 723
Total current liabilities		1 189 843	916 231
Total liabilities		3 998 884	2 684 018
Total equity and liabilities		8 442 234	5 814 710

Trondheim, 6 April 2022



Roald Dolmen
Chair



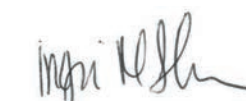
Ivar Rolf Sandnes
Vice Chair



Kristine Landmark



Lillian Margrete Bondø



Ingri Marie Sivertsen



Klaus Hatlebrekke
Interim CEO

Consolidated statement of cash flow

(NOK 1 000)	Note	2021	2020
Operational EBIT		344 260	246 252
Adjusted for:			
Taxes paid	14	-36 659	-38 379
Depreciation	7,8	149 897	100 747
Share based payment		1 675	3 100
Pension costs with no cash effect		-761	1 216
Change in inventories/biological assets	5	33 994	-183 548
Change in account receivables and accounts payables		-238 796	245 005
Change in other current assets and other current liabilities		21 813	10 154
Net cash flow from operating activities		275 423	384 548
Cash flow from investing activities			
Payments for purchase of fixed assets and licenses (MAB)	7	-1 003 710	-1 416 544
Investment in associated company		-12 500	0
Proceeds from realisation of current financial assets (TRS)	17,21	0	44 689
Proceeds from investments in non-current financial assets	11	35 172	17 625
Proceeds from sale of non-current financial assets	11	147 768	2 644
Net of cash acquired from Arctic Fish		79 171	0
Change in loans/issue associates and others		45 000	-98 935
Net cash flow from investing activities		-709 099	-1 450 521
Cash flow from financing activities			
Receipts from new non-current debt	9	650 000	1 200 000
Instalments non-current debt	9	-32 527	0
Instalments right to use liabilities	9,25	-57 931	-53 489
Interest payments for right to use liabilities	25	-11 504	-6 788
Net change in bank overdraft	9	-95 181	178 308
Total proceeds from transactions with treasury shares	22	-1 953	-239 308
Share issue		144 130	0
Net interest payments		-66 958	-20 139
Dividend payment	22	-42 922	-106 173
Realised currency effects		-25 044	0
Net cash flow from financing activities		460 111	952 411
Net increase in bank deposits		26 435	-113 563
Bank deposits as of 1 January		38 753	152 317
Cash and cash equivalents as of 31 December		65 188	38 753

Consolidated statement of changes in equity

Equity attributable to owners of the parent company

(NOK 1 000)	Note	Share capital	Treasury shares	Cash-flow hedges reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity as of 1 January 2021		43 572	-653	20 375	17 486	3 010 316	3 091 096	39 596	3 130 692
Net result for the year		0	0	0	0	617 362	617 362	76 047	693 410
Actuarial losses on defined benefit plans		0	0	0	0	-1 462	-1 462	0	-1 462
Foreign currency translation		0	0	0	-17 486	0	-17 486	0	-17 486
Cash flow hedges (net of tax)		0	0	-13 276	0	0	-13 276	0	-13 276
Total comprehensive income		0	0	-13 276	-17 486	615 900	585 139	76 047	661 186
Transactions with shareholders									
Dividend	22	0	453	0	0	-43 374	-42 921	0	-42 921
Share based payment	19	0	0	0	0	1 675	1 675	0	1 675
Net purchase and sale of treasury shares		0	3	0	0	-1 956	-1 953	0	-1 953
Non-controlling interests at acquisition		0	0	0	0	0	0	500 000	500 000
Share issue		0	0	0	0	-10 700	-10 700	154 865	144 165
Equity transactions associated companies*	22	0	0	0	0	50 505	50 505	0	50 505
Total transactions with shareholders		0	456	0	0	-3 850	-3 394	654 865	651 471
Equity as of 31 December 2021		43 572	-198	7 100	0	3 622 366	3 672 841	770 509	4 443 350

*Equity transactions in associated companies of KNOK 50 505 are related to gains on the sale of NRS shares in an associated company. See note 11 for further explanations.

Consolidated statement of changes in equity cont.

Equity attributable to owners of the parent company

(NOK 1 000)	Note	Share capital	Treasury shares	Cash-flow hedges reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity as of 1 January 2020		43 572	-141	5 277	3 049	3 259 333	3 311 090	45 949	3 357 039
Net result for the year		0	0	0	0	80 113	80 113	-5 425	74 687
Actuarial gain on defined benefit plans		0	0	0	0	4 018	4 018	0	4 018
Foreign currency translation		0	0	0	14 436	0	14 436	0	14 436
Cash flow hedges (net of tax)		0	0	15 098	0	0	15 098	0	15 098
Total comprehensive income		0	0	15 098	14 436	84 131	113 666	-5 425	108 240
Transactions with shareholders									
Dividend	22	0	449	0	0	-106 173	-105 724	-927	-106 651
Share based payment	19	0	0	0	0	3 100	3 100	0	3 100
Other equity transactions in the Group*		0	0	0	0	9 234	9 234	0	9 234
Net purchase and sale of treasury shares	22	0	-962	0	0	-239 308	-240 270	0	-240 270
Total transactions with shareholders		0	-513	0	0	-333 148	-333 660	-927	-334 587
Equity as of 31 December 2020		43 572	-653	20 375	17 486	3 010 316	3 091 096	39 596	3 130 692

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

Notes to the annual financial statements

Note 1. Accounting principles

1.1 General information

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

The consolidated financial statements for 2021 include the parent company, subsidiaries and the Group's shareholdings in associates. The Group's core business is linked to salmon farming and sales.

The annual financial statements were approved by the board on 6 April 2022.

1.2 Basis of preparation

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

Statement of compliance

The consolidated financial statements of Norway Royal Salmon ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and relevant interpretations that are mandatory for annual financial statements presented as of 31 December 2021.

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

Basis for measurement

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

- Biological assets valued at fair value (Note 5)
- Derivatives valued at fair value (Note 16)
- Pension liabilities (Note 20)

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

1.3 Introduction of new and amended standards

Norway Royal salmon has not applied any new standards in 2021. The most significant changes in the IFRS standards in 2021 are:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

None of these changes have had any effect on the financial statements of Norway Royal Salmon ASA in 2021.

1.4 Summary of important accounting principles

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the company. Control over a company arises when the Group is exposed to variability in the return of a company and has the ability to influence this return through its influence over the company. Annual financial statements of subsidiaries are included in the consolidated financial statements from the date control is achieved until the date control ceases.

Business combinations are recognised using the acquisition method. The consideration paid is measured as the fair value of the assets transferred, liabilities assumed, equity instruments issued and the fair value of contingent assets or liabilities resulting from the contract. Costs in connection with business combinations are expensed as they are incurred. Identifiable assets and liabilities are recognised at fair value at the time of acquisition. Non-controlling shareholdings in acquired companies are measured on a case-by-case basis either at fair value or as the respective share of the net assets of the company acquired.

Should the total of the consideration, carrying amounts of non-controlling owners and fair value at the time of acquisition of previous shareholdings exceed the fair

value of identifiable net assets of the company acquired, the difference is recognised in the balance sheet as goodwill. Should this total be less than the company's net assets, the difference is recognised in income immediately.

Eliminations

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

Non-controlling interests

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

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

Associates

Associates are entities over which the Group exercises considerable influence but not controlling influence. A considerable influence normally applies to investments in which the Group owns between 20% and 50% of the voting rights. The consolidated financial statements include the Group's share of profits of associates in accordance with the equity method from the time considerable influence is achieved and until such influence ceases. Should the Group's share of losses exceed the investment in an associate, the Group's carrying amount is reduced to zero and no further losses are recognised unless the Group has assumed legal or constructive obligations or made payments on the company's behalf. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

The equity method is regarded as a consolidation method. By cross-ownership, the associates'

investments in Norway Royal Salmon ASA are treated as treasury shares.

Classification of accounting items

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

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

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

Statement of cash flow

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

Segment reporting

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

Revenues

Sale of goods

The Group's operating revenues derive mainly from the sale of fish. Revenues from the sale of goods are recognised in income when control has been transferred to the customer. This is normally the delivery date. The timing of the transfer of risk to the customer depends on the delivery terms specified in the sales contract

and varies from customer to customer. The normal credit term is 30 days net. The transaction price is the consideration that Norway Royal Salmon expects to be entitled to in exchange for the transfer of agreed goods to the customer, except for amounts received on behalf of third parties. The consideration agreed upon in a contract with a customer may include fixed amounts, variable amounts or both.

Interest income

Interest income is recognised when the income is earned.

Dividends

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

Fish-farming licences

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

In Iceland, licences are granted for a period of 16 years and must then be renewed. Licences will be renewed if the applicant meets the prevailing statutory and regulatory requirements at the time the licence comes up for renewal. A small charge must be paid for the licence's renewal. Because licences have a 16-year lifespan, with the possibility of renewal, NRS has elected to presume that these licences have an indeterminate usable life. They are therefore not depreciated, but tested annually for impairment.

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

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

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

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

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

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

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

According to past and present legislation and the general interpretation and practice in the industry, Norwegian fish farming licenses are not a time-limited right, and licenses should therefore not be subject to amortisation.

Write-downs

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

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

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

Biological assets

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

Roe, fry, smolt and cleaner fish are valued at historic cost. Historic cost is deemed to be the best estimate of fair value for these assets, due to little biological conversion.

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

Expected biomass (volume) is based on the estimated number of individuals in the sea, adjusted for expected mortality until harvesting and multiplied by the expected harvest weight per individual at the time of harvest. The measuring unit is the individual fish, but for practical reasons the calculation is made on site level. Live weight of fish in the sea is translated into gutted weight to get the same measurement unit as the prices are set in.

The price is calculated based on forward prices from Fish Pool. The forward price for the month in which the fish expected to be harvested, is used in the calculation of expected cash flow. The price quoted by Fish Pool (sales price from Oslo) adjusted for the export cost is the reference price. This rate is further adjusted for expected harvest costs (well boat, harvest and packing) and transport to Oslo. Adjustments for expected size and quality differences are also made. The adjustment in relation to the reference price is done at site level. Estimated remaining production costs to breed the fish to harvestable weight represents the cost estimate a rational operator would assume, if he wanted to buy the immature fish with the purpose to breed to harvestable size.

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

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

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

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

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

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

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

Financial instruments

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

Financial liabilities at fair value through P&L

Forward currency contracts

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

Total Return Swaps

The Group uses a Total Return Swaps (TRS)-agreements to get a result and liquidity exposures that are linked to the value of Norway Royal Salmon's shares. The TRS-agreement is recognised at fair value and changes in fair value are recognised in financial items. The Group has no TRS-agreements as of 31 December 2021.

Fish Pool – Purchase contracts

The Group also derivatives to hedge margins connected to deliveries in the sales department. In cases where

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

Fish Pool – Sales contracts

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

Hedge accounting

Forward currency contracts -hedge accounting

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

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

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

hedge expires, gains and losses in the hedging reserve within equity are recycled through profit or loss in accordance with the above principle. If the hedged transaction is no longer expected to occur, accumulated unrealised gains and losses previously recognised in other comprehensive income is immediately reversed and recycled through profit or loss.

Financial liabilities at amortised cost

Liabilities

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

Financial assets at amortised cost

Loans and receivables

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

Accounts receivables

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

Bank deposits

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

Property, plant and equipment

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

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

When assessing the recoverable amount or reassessing useful economic lives, significant future developments are considered including technological, economic, market and climate changes.

Physical fixed-price sales contracts

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

Tax

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

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

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

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

Pension schemes

Defined contribution pension schemes

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

Defined benefit pension schemes

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

Share price-based bonus scheme

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

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

Equity

Treasury shares

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

Dividends

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

Inventory

Inventories comprise raw materials of which is mainly feed for the fish farming business, finished goods in

transit and stocks of finished goods, largely frozen salmon for sale.

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

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

Leases

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

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

See notes 7, 8 and 25 for more information.

Foreign currency

Presentation currency

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

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

losses deriving from the settlement and translation of monetary items in foreign currencies to the exchange rate in effect on the balance sheet date are recognised and classified as operating items.

Exceptional items

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

Events after the balance sheet date

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

Accounting standards and interpretations issued but not applied

There are no IFRSs or IFRIC interpretations that are not yet effective for the financial year ending 31 December 2021 that would be expected to have a material impact on the Group.

1.5 Important accounting estimates and judgments

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

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

Valuation of the biological assets

Biological assets are fish in the sea. In accordance with IAS 41 and IFRS 13, the biological assets are valued at fair value. The difference between the fair value adjustment of live inventory at the beginning and the end of the period is recognised as a fair value adjustment in the income statement. The technical model for calculating fair value is a present value model. The inventory to be valued is in

the sea and are exposed to operational risk. All harvest is in the future, normally within the next 1 to 24 months. The following factors affecting the calculation of fair value of biomass are uncertain: volume, growth rate, price, cost and discount factor.

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

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

There is considerable uncertainty associated with the estimate for the remaining production costs. Biological challenges greater than expected, with respect to disease or sea lice, results in higher costs. Changes in exchange rates and the market prices of the input factors related to feed entail changed remaining production costs. Change in regulatory conditions, which can enforce higher cost, represent an uncertainty in the estimation of fair value of biomass.

The discount factor used in the model consists of several components. The valuation model implies that the license rent is deducted from the inventory value in the form of an additional premium in the discount factor. There is uncertainty about the charge for the license rent because it will be influenced and correlated with the market price of salmon and value of the license. The discount factor for Norway is 5.0 % and 4.0 % for Iceland. The discount factor for Iceland was increased from 2.0 % to 4.0 % in the second quarter of 2021. The increase is based on increased expectations of profitability in the industry and impact on the hypothetical license- and site rent.

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

1.6 Financial risk

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

Foreign exchange risk

The bulk of the Group's transaction risk is linked to sales in currencies other than the functional currency of its sales business. The exposure is largely connected to EUR, USD and GBP. Hedging of contracted currency revenues is managed through forward currency contracts. Hedging of the currency exposure deriving from trade receivables is managed through forward currency contracts and by drawing on the overdraft facility in the same currency. In addition, Arctic Fish use forward currency contracts in ISK to hedge payables due in ISK. Details of the Group's exposure in foreign currency can be found in Notes 6 and 8. Forward currency contracts, see Note 17. Given the financial instruments in effect on 31 December 2021, a 2 per cent reduction in the value of the NOK towards USD would decrease the Group's profit by KNOK 1 687, a 2 per cent reduction in the value of the NOK towards EUR would decrease the Group's profit by KNOK 6 784, a 2 per cent reduction in the value of the NOK towards GBP would decrease the Group's profit by KNOK 738 and a 2 per cent reduction in the value of the NOK towards ISK would increase the Group's profit by KNOK 13 629. The contractual future revenues that the instrument hedge (hedged items) are not recognized in the accounts.

Interest rate risk

The Group's interest-bearing debt is currently exposed to variable interest rates. This means that the Group is exposed to changes in interest rates. The Group's interest-bearing debt is capitalised at amortised cost. Given the financial instruments in effect on 31 December 2021, an increase of 100 basis points in the interest rates level would decrease the Group's profit by KNOK 25 814, assuming all other variables are constant.

Credit risk

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

Price/liquidity risk

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

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

The farming business, to a certain extent, enters fixed price contracts with the aim to hedge fluctuations in the spot price. If the sales business concludes fixed-price contracts, the margin is closed at the same time by concluding financial contracts to buy fish to an equivalent volume at Fish Pool or possible physical contracts with suppliers. In 2021 Norway Royal Salmon entered into agreements to secure the price of self-produced fish in the Group. 6 per cent of harvested volume were hedged. The Group had a net exposure on Fish Pool contracts for sale of 3 510 tonnes at 31 December 2021 (2020: 300 tonnes). Given the financial instruments in effect on 31 December 2021, a reduction of NOK 5.00 in the price would increase the Group's profit by KNOK 17 550. See note 17 for more information.

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

Capital structure and equity

The Group's objectives when managing capital are to safeguard the continued operation of theThe Group's objectives when managing capital are to safeguard the continued operation of the Group, have a reasonable debt ratio to ensure adequate returns for shareholders

and other stakeholders, as well as maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and adjusts in the light of changes in underlying economic conditions. Capital structure can, in addition to organisation of the operations, be affected through dividends to shareholders, repayment of capital to shareholders, issuing of new shares or sale of assets to reduce debt.

The company's main borrowing covenants are important indicators for measuring risk of the capital structure. The main loan terms (covenants) are based on standard ratios and the Group has two independent financing schemes, one for the Norwegian operations and a separate for the Icelandic operations.

The bank agreement in Norway has a financial requirement for a minimum 30% equity ratio where the right-of-use-assets and lease obligations have been deducted (see calculation in Alternative Performance Measures). Withdrawals from the short-term credit facility shall not exceed 75% of the book value of inventories and accounts receivable.

The bank agreement on Iceland has a financial requirement for 40 % equity ratio, 12 months rolling EBITDA has to be at least 30 MNOK and the leverage ratio NIBD/12 months EBITDA needs to be lower than 5.

At the end of 2021, the Group complies with all loan terms in accordance with the loan agreements.

The Group's principal financial liabilities apart from bank liabilities consist of trade payables and derivatives. These financial liabilities constitute the majority of the Group's debt financing. The Group has various financial assets such as cash, accounts receivable and shares. The Group also uses financial derivatives, principally forward currency contracts. The purpose is to manage

currency risks arising from the operations of the Group. Derivatives of this type are not entered into for speculation purposes.

Equity not considered necessary for further growth will be returned to shareholders through dividends. At 31 December 2021, the Group had equity of NOK 4 443 million. The equity ratio, defined as equity divided by total assets, was at the same time 52.6 per cent. Net interest-bearing debt, defined as total debt less cash and cash equivalents and interest-bearing receivables were NOK 2 581 million at year-end.

The Company's dividend policy is to distribute at least 60% of profit after tax, provided that the Group's equity ratio is above 40 per cent and that the Group's own capital requirements have been satisfied. The shareholders should obtain a current yield directly correlated with the results. The board has not proposed dividend distribution based on the financial statements of 2021. See Note 22 for further information regarding dividend and shareholder information.

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

The board is authorised to purchase up to 4 357 219 treasury shares with a face value of NOK 4 357 219. For acquisitions, the purchase price per share should be no lower than a nominal value of NOK 1.00, and no higher than NOK 300.00 per share. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2022. The Group owns 197 495 treasury shares at the end of 2021.

The board is authorised to issue up to 4 357 219 shares. The mandate runs until the date of the next Annual General Meeting; this should not, however, be later than 30 June 2022. See Note 22 for further information.

Note 2. Segment reporting

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

The Group's business areas are divided into the Sales and Fish farming. The Sales segment includes the purchase and sale of salmon. The fish farming business

includes salmon farming and harvesting activities. The farming business in Norway is located in Troms and Finnmark and the farming business in Iceland is located in the Westfjords area. All transactions between the segments are made at arm length prices.

Group management reviews monthly reports in connection with the segments. Performance is evaluated based on operating results (EBIT) per segment.

	Sales		Fish farming				Total	
			Farming Norway		Farming Iceland			
(NOK 1 000)	2021	2020	2021	2020	2021	2020	2021	2020
Total segment revenues	5 172 881	5 108 577	2 085 714	1 539 658	595 895		7 854 490	6 648 235
Revenues between segments	0	0	-2 053 595	-1 529 368	0		-2 053 595	-1 529 368
Revenues from external customers	5 172 881	5 108 577	32 119	10 290	595 895		5 800 895	5 118 867
Cost of materials	5 118 295	4 984 257	1 289 751	939 026	299 189		6 707 235	5 923 283
Depreciation	400	253	99 280	99 335	46 501		146 181	99 588
Other costs	37 948	36 774	338 140	286 111	150 678		526 766	322 885
Operating result before fair value adjustments	16 237	87 293	358 544	215 186	99 527		474 308	302 479
Fair value adjustments	15 576	-27 605	50 517	-109 052	45 574		111 668	-136 657
Production fees	0	0	-15 263	0	-3 843		-19 106	0
Operating result	31 814	59 688	393 797	106 134	141 258		566 869	165 822
Interest income	0	0	636	868	10		645	868
Interest expenses	0	0	-67 472	-24 305	-21 067		-88 539	-24 305
Other financial items	-4 451	-5 577	-1 149	1	23 638		18 038	-5 576
Segment result before tax	27 362	54 110	325 811	82 696	143 838		497 014	136 808
Total assets	1 062 097	513 264	3 718 836	2 748 489	1 382 679		6 163 612	3 261 754

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

(NOK 1 000)	2021	2020
Segment result before tax for operating segments	497 014	136 808
<i>Unallocated income statement items:</i>		
Profit before tax NRS Settefisk AS	-16 355	-15 233
Profit before tax Arctic Offshore Farming AS	-41 163	-16 958
Unallocated expenses (operations)	-62 991	-47 825
Income from associates	35 356	-1 985
Gain on realisation of financial assets	307 529	44 689
Unrealised gains (+)/ losses (-) on financial assets	0	-52 854
Unallocated interest (finance)	15 855	26 328
Result before tax	735 245	72 970

Reconciliation of reported segment assets to total assets:

(NOK 1 000)	2021	2020
Segment assets for reportable segments:	6 163 612	3 261 754
<i>Unallocated assets:</i>		
Investments in associates	427 352	721 856
Investments in other shares	1	1
Assets in NRS Settefisk AS	0	653 907
Assets in Arctic Offshore Farming AS	1 851 270	1 132 193
Other long-term receivables	0	45 000
Total assets in the balance sheet	8 442 234	5 814 710

Geographical market sales:

(NOK 1 000)	2021	2020
Norway	720 859	668 436
Iceland	595 895	9 298
Western Europe	3 485 483	3 530 974
Eastern Europe	299 724	296 334
Asia & Middle East	696 853	610 409
Other countries	2 081	3 415
Total operating revenues	5 800 895	5 118 867

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

(NOK 1 000)	2021	2020
Spain	615 784	709 396
France	618 461	420 837

Note 3. Intangible assets

Cost (NOK 1 000)	2021			2020		
	Fish farming licenses	Other intangible assets	TOTAL	Fish farming licenses	Other intangible assets	TOTAL
Acquisition cost as of 1 January	948 616	0	948 616	713 947	0	713 947
Additions during the year ^{1) 2)}	703 495	2 010	705 505	234 669	0	234 669
Depreciation		-401	-401			0
Acquisition cost as of 31 December	1 652 111	1 609	1 653 720	948 616	0	948 616

¹⁾ The additions in licenses during 2021 are KNOK 685 791 as acquisition cost in Q1 2021 from the initial consolidation of Arctic Fish and KNOK 17 704 as capitalised licenses related to application costs for new and extended licenses in Iceland.

²⁾ The additions in other intangible assets are KNOK 519 as capitalised R&D costs in Iceland and KNOK 1 491 as other intangibles in Farming Norway.

Specification of fish farming licenses by region:

(NOK 1 000)	Licenses tonnes MAB	Cost	Book value 31.12.2021
Farming Norway	36 085	948 616	948 616
Farming Iceland	23 100	703 495	703 495
Total	59 185	1 652 111	1 652 111

Licenses

NRS has licenses in Norway equivalent to a MAB of 36 085 tonnes and the licences are capitalised at cost. Licences granted in Norway are deemed to have an indefinite usable life and are therefore not depreciated, but tested annually for impairment. All licenses in Norway are managed by the Norwegian Department of trade, industry and fisheries.

In Iceland NRS has licenses equivalent to 17 800 tonnes MAB for salmon farming and 5 300 MAB for trout farming through the subsidiary Arctic Fish. In Iceland, licences are granted for a period of 16 years and must then be renewed. Licences will be renewed if the applicant meets the prevailing statutory and regulatory requirements at the time the licence comes up for renewal. A small charge must be paid for the licence's renewal. Because licences have a 16-year lifespan, with the possibility of renewal, NRS has chosen to assume that these licences have an indeterminate usable life. They are therefore not depreciated, but tested annually for impairment.

The main condition for all ordinary licenses is that they shall be operated in accordance with current laws and regulations. Serious breaches of the terms of the licenses may give rise to loss of the licenses.

Annual impairment test

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

Impairment testing is performed for each cash flow generating unit (CGU). After the acquisition of Arctic Fish in Q1 2021 the Group has two CGU's; Farming Norway and Farming Iceland. All production management, evaluation of harvesting plans, etc. are treated as one within these two separate farming operations.

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

Note 3. cont.

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

The impairment test did not give indications for write-downs of the book value of the licenses at 31 December 2021. There are significant positive differences between estimated recoverable amounts and book values in both Farming Norway and Farming Iceland.

Key assumptions

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

As a result of the current Covid-19 situation, all significant estimates are being continuously reviewed in light of this situation, including estimates of key assumptions included in the impairment test on intangible assets. As at 31.12.2021, no significant changes in estimates have been performed and NRS has not identified or experienced a Covid-19 impact that has significant impact on the impairment test as at 31 December 2021.

EBIT margin per kg

EBIT per kilo is highly volatile due to the fluctuations in the price of salmon. Costs can under normal

circumstances be forecasted with a relatively high level of accuracy. Due to expectations of continued high salmon prices the next years, a higher EBIT margin per kg than average achieved in the period between 2018 and 2021 is applied for the period 2022 to 2025. After this period, the margin has been reduced to a normalized EBIT per kg of approximate NOK 15.00. Necessary investments to meet anticipated growth has been taken into consideration. In the latter part of the forecast period the investments will equal the depreciations and represents maintenance investments.

Discount rate

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

Harvest volume

Future production are estimated on the basis of current production and harvest plan, adjusted for expected increases in future output given current licenses. The table below shows the production capacity used in the calculation.

	Farming Iceland		Farming Norway	
	2021	2020	2021	2020
EBIT margin per kg (NOK)	15,00		15,00	15,00
Discount rates after tax	7,8 %		7,0 %	7,5 %
Harvest volume	24 300		55 000	52 000

Sensitivity analysis

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

	Farming Iceland		Farming Norway	
	2021	2020	2021	2020
EBIT margin per kg (NOK)	-4,37		-5,33	-6,18
Discount rates after tax *	+ 14,2 %		+ 17,4 %	+ 22,8 %
Harvest volume (tonnes)	-7 144		-19 035	-19 468

Note 4. Companies in Group

The consolidated financial statements for 2021 include the following companies:

				Share holding %	
(NOK 1 000)	Owner	Registered Office	Nominal share capital	2021	2020
Parent company					
Norway Royal Salmon ASA		Trondheim	43 572		
Subsidiaries					
NRS Farming AS	Norway Royal Salmon ASA	Alta	9 429	100,00 %	100,00 %
NRS Settefisk AS*	Norway Royal Salmon ASA	Trondheim			100,00 %
Arctic Offshore Farming AS	Norway Royal Salmon ASA	Trondheim	50 000	100,00 %	100,00 %
Nor Seafood AS	Norway Royal Salmon ASA	Senja	205	82,50 %	82,50 %
Arctic Fish Holding AS	Norway Royal Salmon ASA	Trondheim	30	100,00 %	100,00 %
Arctic Fish ehf	Arctic Fish Holding AS	Isafjordur	689	51,28 %	50,00 %
Arctic Oddi ehf	Arctic Fish ehf	Isafjordur	39	100,00 %	100,00 %
Arctic Seafarm ehf	Arctic Fish ehf	Isafjordur	628	100,00 %	100,00 %
Artic Smolt ehf	Arctic Fish ehf	Isafjordur	403	100,00 %	100,00 %

*In 2021 NRS Settefisk AS merged into NRS Farming AS with effective date 01.01.21.

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

Summarised financial information on subsidiaries with material non-controlling interests:

	Nor Seafood AS		Arctic Fish
Summarised balance sheet	2021	2020	2021
Current			
Assets	189 809	164 113	701 626
Liabilities	-40 073	-18 794	-136 010
Total current net assets	149 736	145 319	565 616
Non-current			
Assets	109 363	114 240	1 385 317
Liabilities	-29 807	-33 297	-453 120
Total non-current net assets	79 556	80 943	932 197
Net assets	229 292	226 262	1 497 813

Note 4. cont.

	Nor Seafood AS		Arctic Fish
Summarised income statement	2021	2020	2021
Operating revenues	50 037	64 432	595 895
Operational EBIT	-15 849	-841	83 101
Result before tax	3 884	-39 025	133 125
Tax	(854)	8 472	21 877
Total comprehensive income	3 030	-30 553	155 002
Total comprehensive income allocated to non-controlling interests	530	-5 425	75 517
Dividends paid to non-controlling interests	-	927	-

	Nor Seafood AS		Arctic Fish
Summarised cash flows	2021	2020	2021
Cash flows from operating activities			
Cash generated from operations	40 615	9 034	273 872
Interest paid	208	526	-22 464
Income tax paid	-949	-11 050	0
Net cash generated from operating activities	39 874	-1 490	251 408
Net cash used in investing activities	0	-3 337	-160 846
Net cash used in financing activities	-1 894	-11 059	-131 607
Net increase in cash and cash equivalents	37 980	-15 886	-41 045
Cash, cash equivalents at beginning of year	111 951	127 836	79 171
Cash and cash equivalents at end of year	149 931	111 951	38 126

Note 5. Biological assets**Book value of inventory:**

(NOK 1 000)	31.12.2021	31.12.2020
Raw materials	82 219	36 372
Finished goods	57 085	67 903
Total other inventory	139 304	104 275
Biological assets	1 785 781	1 282 006
Total inventory	1 925 085	1 386 281

Note 5. cont.**Book value of biological assets recognised at fair value:**

(NOK 1 000)	31.12.2021	31.12.2020
Biological assets held at sea farms at cost	1 503 988	1 172 790
Fair value adjustments of biological assets	212 503	109 216
Total biological assets held at sea farms at fair value	1 716 491	1 282 006
Roe and smolt at cost	69 290	0
Total biological assets	1 785 781	1 282 006

Changes in book value of biological assets:

(NOK 1 000)	2021	2020
Biological assets as of 1 January	1 282 006	1 231 662
Increase due to Arctic Fish consolidation	402 191	0
Increase due to production/purchase in the period	1 938 094	1 322 815
Non-recurring events and other costs	-26 144	0
Reduction due to harvesting/sale in the period	-1 906 997	-1 163 419
Fair value adjustments of biological assets	96 631	-109 052
Biological assets as of 31 December	1 785 781	1 282 006
Biological assets Norway	1 272 016	1 282 006
Biological assets Iceland	513 765	0

Specification of biological assets held at sea farms – tonnes (ungutted weight)	2021	2020
Biological assets as of 1 January	29 861	26 033
Increase due to Arctic Fish consolidation	10 513	0
Increase due to smolt releases in the period	1 715	1 342
Increase due to production in the period	55 189	41 309
Reduction due to mortality in the period	-3 430	-2 843
Reduction due to harvesting in the period	-57 239	-35 980
Non-recurring event	-341	0
Biological assets fish in sea as of 31 December	36 268	29 861
Biological assets held at sea farms Norway	24 823	29 861
Biological assets held at sea farms Iceland	11 444	0

Note 5. cont.

Biological assets 31 December 2021

	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	4 791	2 084	178 047	31 214	209 261
1-4 kg	8 060	17 908	763 646	38 695	802 341
Larger than 4 kg	3 502	16 276	562 295	142 594	704 890
Biological assets held at sea farms	16 353	36 268	1 503 988	212 503	1 716 491
Roe and smolt at cost			69 290	0	69 290
Bib ogia l assets			1 573 278	212 503	1 785 781

Biological assets 31 December 2020

	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	5 794	3 385	236 187	60 956	297 143
1-4 kg	7 675	20 155	756 759	31 724	788 483
Larger than 4 kg	1 006	6 320	179 845	16 535	196 380
Biological assets held at sea farms	14 475	29 861	1 172 790	109 216	1 282 006
Roe and smolt at cost			0	0	0
Bib ogia l assets			1 172 790	109 216	1 282 006

Fair value of biological assets

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

Valuation model

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

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

The fair value of fish in the sea is calculated in the present value model as a function of the expected

biomass at the time of harvest multiplied by the expected sales price. For fish that are not harvestable, estimated remaining costs to breed the fish to its harvestable weight are deducted. Cash flows are discounted monthly using a discount factor. The discount factor consists of three main components: 1) risk for events that affect cash flow, 2) hypothetical license and site rent and 3) the time value of money. Expected biomass (volume) is based on the estimated number of individuals in the sea, adjusted for expected mortality until harvesting and multiplied by the expected harvest weight per individual at the time of harvest. The measuring unit is the individual fish, but for practical reasons the calculation is made on site level. Live weight of fish in the sea is translated into gutted weight to get the same measurement unit as the prices are set in.

The price is calculated based on forward prices from Fish Pool. The forward price for the period in which the fish expected to be harvested is used in the calculation of expected cash flow. The price quoted by Fish Pool adjusted for the export cost is the reference price. This rate is further adjusted for expected harvest costs

Note 5. cont.

(well boat, harvest and packing) and transport to Oslo. Adjustments for expected size differences and quality differences are also made. The adjustment in relation to the reference price is done at site level.

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

The valuation model uses the following forward prices:

Fish Pool forward prices 31.12.2021	NOK/kg	Fish Pool forward prices 31.12.2020	NOK/kg
Q1 22	68,67	Q1 21	50,33
Q2 22	68,23	Q2 21	58,90
Q3 22	56,43	Q3 21	53,67
Q4 22	62,27	Q4 21	55,83
Q1 + Q2 23	68,45	Q1 + Q2 22	61,85
Y 2023	60,50	Y2022	58,00

The following discount factor is used in the valuation model:

	31.12.2021	31.12.2020
Discount factor Norway	5 %	5 %
Discount factor Iceland	4 %	

Sensitivity analysis:

Based on the Group's biomass at 31 December 2021, a change in some factors will affect the book value of the biomass in sea in the following manner:

		Effect on bio-mass value at 31 December 2021	Effect on bio-mass value at 31 December 2021	
	Increase		Reduction	
Change in price	NOK 5,- per kg	-228 449	NOK -5,- per kg	228 449
Change in production cost on finished projects, gutted weight	NOK 1,- per kg	45 690	NOK -1,- per kg	-45 689
Change in discount factor	0.5 %	-69 710	-0.5 %	73 981
Change in discount factor	1 %	-135 459	-1 %	152 569
Change in time of harvest	1 month earlier	52 810	1 month later	-158 348
Biomass at 31 December 2021	1 %	6 996	-1 %	-6 996
Biomass at 31 December 2021	5 %	34 979	-5 %	-34 979

Note 5. cont.

Non-recurring events recognised in the income statement ¹⁾	2021		2020		
	Cost	Fair value adjustments	Fair value	Cost	Fair value
Culling of fish due to sores NOR Seafood AS	16 257	0	16 257	0	0
Culling of smolt in NRS Farming AS	17 382	0	17 382		0
Biological assets	33 639	0	33 639	0	0

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

Note 6. Accounts receivables, other receivables and prepayments**Specification of accounts receivables, other receivables and prepayments:**

(NOK 1 000)	31.12.2021	31.12.2020
Account receivables	327 985	152 282
Provision for bad debts	-441	-1 742
Net accounts receivables	327 543	150 539
Other short-term receivables and prepayments	144 217	166 002
Other long-term receivables	2 159	1 904
Other long-term interest-bearing receivables	0	45 000
Total accounts receivables, other receivables and prepayments	473 919	363 445

Other short-term receivables and prepayments comprise:

(NOK 1 000)	31.12.2021	31.12.2020
Fair value derivatives	12 695	39 800
Prepayments	30 133	15 319
Value added tax repayable	90 973	90 591
Insurance settlements	3 000	0
Other receivables	7 416	20 292
Total other short-term receivables and prepayments	144 217	166 002

Note 6. cont.

At 31 December 2021, accounts receivables of KNOK 88 470 (2020: KNOK 90 828) were past their due date but not impaired. These relate to a number of different customers that have not previously defaulted on their obligations to the group. The age distribution of these receivables are:

(NOK 1 000)	31.12.2021	31.12.2020
Less than 1 month	68 005	75 920
Between 1 and 3 months	17 199	11 653
More than 3 months	3 264	3 254
Accounts receivables past due date, but not impaired	88 470	90 828

Change in provision for bad debts:

(NOK 1 000)	2021	2020
Provision for bad debts as of 1 January	-1 793	-2 623
Bad debts recorded in the year	1 235	3 016
Change in provision for bad debts	117	-2 136
Provision for bad debts as of 31 December	-441	-1 742

At 31 December 2021 was nominal accounts receivables of KNOK 2 842 (2020: KNOK 6 946) written down. The size of the provision was KNOK 441 at 31 December 2021 (2020: KNOK 1 742). The individually impaired receivables relate to customers who have had financial problems and the provision covers both realised and expected losses. Accounts receivables are insured with a deductible mainly between 10 and 20 per cent. The age distribution of the written down receivables are:

(NOK 1 000)	31.12.2021	31.12.2020
2 to 6 months	1 076	379
More than 6 months	1 766	6 567
Accounts receivables written down	2 842	6 946

Foreign currency exposure on receivables:

(NOK 1 000)	31.12.2021	31.12.2020
CHF	376	0
EUR	127 967	60 967
GBP	7 381	4 082
JPY	9 402	7 141
PLN	179	0
USD	45 957	31 334
NOK	136 281	47 015
Total book value trade receivables	327 543	150 539

Note 7. Property, plant and equipment

(NOK 1 000)	Land and buildings	Machinery and equipment	Boats and barges	Other operating assets	Total
Acquisition cost as of 1 January 2020	65 460	882 983	117 345	46 132	1 111 917
Acquisition cost purchased right-of-use assets	0	21 552	0	0	21 552
Acquisition cost as of 1 January 2020 including purchased right-of-use assets	65 460	904 535	117 345	46 132	1 133 469
Additions	12 095	1 256 044	9 329	4 290	1 281 758
Disposals	0	-40 248	-11 926	-326	-52 500
Acquisition cost as of 31 December 2020	77 555	2 120 332	114 745	50 095	2 362 727
Acquisition cost as of 1 January 2021	77 555	2 120 332	114 745	50 095	2 362 727
Acquisition cost purchased right-of-use assets	0	20 225	35 016	0	55 240
Acquisition cost as of 1 January 2021 including purchased right-of-use assets	77 555	2 140 557	149 760	50 095	2 417 967
Additions due to Arctic Fish consolidation	293 374	218 319	142 484	10 183	664 360
Reclassification	548 325	-548 325	0	0	0
Additions	288 298	618 562	57 665	21 416	985 942
Disposals	-4 185	-13 661	-5 965	-1 769	-25 580
Acquisition cost as of 31 December 2021	1 203 368	2 415 452	343 944	79 925	4 042 689
Accumulated depreciation as of 1 January 2020	13 914	155 114	56 459	27 856	253 343
Depreciation purchased right-of-use assets	0	13 234	0	0	13 234
Accumulated depreciation as of 1 January 2020 including purchased right-of-use assets	13 914	168 348	56 459	27 856	266 577
Depreciation for the year	4 275	45 497	11 442	8 066	69 280
Disposals	0	-3 772	-11 926	-326	-16 025
Accumulated depreciation as of 31 December 2020	18 189	210 073	55 974	35 596	319 832
Accumulated depreciation as of 1 January 2021	18 189	210 073	55 974	35 596	319 832
Depreciation purchased right-of-use assets	0	9 599	20 328	0	29 927
Accumulated depreciation as of 1 January 2020 including purchased right-of-use assets	18 189	219 673	76 302	35 596	349 759
Depreciation as of 1 January due to Arctic Fish consolidation	19 796	67 423	11 693	5 459	104 371
Depreciation for the year	15 139	71 876	24 595	9 115	120 726
Disposals	-4 185	-13 661	-5 665	-1 755	-25 266
Accumulated depreciation as of 31 December 2021	48 939	345 311	106 925	48 415	549 590
Book value as of 1 January 2020	51 546	727 868	60 886	18 275	858 576
Book value as of 31 December 2020	59 366	1 910 258	58 768	14 497	2 042 897
Book value as of 31 December 2021	1 154 428	2 070 141	237 019	31 510	3 493 100

The Group has no identified immobile machines or facilities (stranded assets) that could be affected by climate change. There are no specific climate risks beyond normal project risks associated with the business that significantly can affect the impairment calculations. Significant changes because of climate risk have consequently not been necessary to include in the calculations.

Economic life 20-33 years 3-40 years 5-15 years 3-5 years

Depreciation method Straight-line Straight-line Straight-line Straight-line

Note 8. Right-of-use assets

(NOK 1 000)	Land and buildings	Machinery and equipment	Boats and barges	Other operating assets	Total
Acquisition cost as of 1 January 2020	3 725	120 493	302 846	0	427 061
Additions	9 691	1 378	20 587	0	31 656
Disposals*	0	-21 552	0	0	-21 552
Acquisition cost as of 31 December 2020	13 416	100 318	323 433	0	437 165
Acquisition cost as of 1 January 2021	13 416	100 318	323 433	0	437 165
Additions	10 981	4 644	108 011	0	123 636
Disposals*	0	-20 225	-35 016	0	-55 240
Acquisition cost as of 31 December 2021	24 397	84 737	396 428	0	505 560
Accumulated depreciation as of 1 January 2020	186	48 735	61 141	0	110 060
Depreciation for the year	1 479	8 332	21 656	0	31 467
Disposals*	0	-13 234	0	0	-13 234
Accumulated depreciation as of 31 December 2020	1 665	43 833	82 797	0	128 295
Accumulated depreciation as of 1 January 2021	1 665	43 833	82 797	0	128 295
Depreciation for the year	3 563	5 391	19 816	0	28 770
Disposals*	0	-10 939	-20 328	0	-31 267
Accumulated depreciation as of 31 December 2021	5 228	38 285	82 285	0	125 797
Book value as of 1 January 2020	3 538	71 755	241 707	0	317 001
Book value as of 31 December 2020	11 750	56 485	240 636	0	308 872
Book value as of 31 December 2021	19 169	46 452	314 143	0	379 764

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

Economic life 5-10 years 3-15 years 5-20 years
Depreciation method Straight-line Straight-line Straight-line

Note 9. Interest bearing debt

Non current interest bearing debt:

(NOK 1 000)	31.12.2021	31.12.2020
Debt to financial institutions	1 991 682	1 200 000
Non current liabilities for right-of-use assets	237 150	178 514
Other long-term debt	0	0
Total non current interest bearing debt	2 228 832	1 378 514

Current interest bearing debt:

(NOK 1 000)	31.12.2021	31.12.2020
Liabilities to financial institutions	184 905	178 307
First year's instalment liabilities for non current debt	177 187	0
First year's instalment liabilities for right-of-use assets	55 703	48 512
Total current interest bearing debt	417 796	226 819

Total interest bearing debt	2 646 628	1 605 334
Other non current interest bearing receivables	0	45 000
Cash and bank deposits	65 188	38 753
Net interest bearing debt	2 581 439	1 521 581

Total long term financial facilities	2 916 138	2 200 000
Used credit facility long-term debt	-2 168 869	-1 200 000
Limit overdraft facilities	630 000	600 000
Used overdraft facilities	-184 905	-178 307
Unutilised credit rights	1 192 364	1 421 693

The Group has two independent financing schemes, one for the Norwegian operations and one for the Icelandic operations.

Loan agreements Norway

At 31.12.2021 the credit facilities to banks in Norway is total KNOK 2 800 000. KNOK 1 000 000 is a revolving loan facility that is instalment-free and expires 17 March 2025. KNOK 1 200 000 is a sustainability term loan that has an 8.5 year instalment profil with the first instalment paid in Q4-21 and a duration until 31.12.2025. The sustainability loan's margin is adjusted in accordance with the Group's ASC certification development as well as the progression of electrification of the Groups's barges. In addition a multi-currency overdraft facility of KNOK 600 000 is committed and covers all the group's companies in Norway.

Interest on the debt is floating and linked to the 3-month

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

Financial covenants Norway

The main loan terms (covenants) are based on standard ratios. The agreement has a financial requirement for a minimum 30 % equity ratio where the right-of-use-assets and lease obligations have been deducted (see calculation in Alternative Performance Measures). Withdrawals from the short-term credit facility shall not exceed 75 % of the book value of inventories and accounts receivable. At the end of 2021, the company complies with the loan terms in accordance with the loan agreement.

Note 9. cont.

Loan agreements Iceland

Per 31.12.2021 the credit facilities to banks in Iceland is total KNOK 781 000. The existing loan agreement has the following components; KNOK 300 000 revolving facility for Biomass, KNOK 301 000 long term loan and a KNOK 30 000 overdraft facility. An additional KNOK 150 000 construction facility has been approved by the bank and is to be finalized in line with the ongoing construction project. The loan agreement expire in December 2023 and has an optional add on for one year.

Financial covenants Iceland

The main loan terms (covenants) are based on standard ratios. The agreement has a financial requirement for 40 % equity ratio, 12 month EBITDA has to be at least 30 MNOK and the leverage ratio NIBD/12 month EBITDA needs to be lower than 5. At the end of 2021, the company complies with the loan terms in accordance with the loan agreement.

At 31 December 2021 the book value of the Group's liabilities for right-of-use assets amounted to KNOK 292 854. Interest rates on these liabilities are typical three-month NIBOR plus a margin.

Foreign currency exposure in connection with company's interest bearing debt at 31 December 2021:

(NOK 1 000)	NOK	EUR	USD	GBP	JPY	Other	Total
Long term liabilities to financial institutions	1 673 529	318 152	0	0	0	0	1 991 682
First year's instalment liabilities for non current debt	141 176	36 011	0	0	0	0	177 187
Non current liabilities for right-of-use assets	237 150	0	0	0	0	0	237 150
Short term liabilities to financial institutions*	264 635	465	-58 734	-12 356	-9 437	332	184 905
First year's instalment for right-of-use assets	52 280	3 423	0	0	0	0	55 703
Total interest bearing debt	2 368 771	358 052	-58 734	-12 356	-9 437	332	2 646 628

* Short term liabilities to financial institutions specifies the various currencies in the multi-currency overdraft facilities in Danske bank and in Arion Bank.

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

Foreign currency exposure in connection with company's interest bearing debt at 31 December 2020:

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

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

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

Note 9. cont.

Maturity structure of Group's interest-bearing debt

(NOK 1 000)	2022	2023	2024	2025	2026	After 2026	TOTAL
Non current liabilities to financial institutions	177 187	458 910	141 203	1 391 205	27	337	2 168 869
Interest on non current liabilities	53 179	48 230	43 492	38 755	15 581	9	199 246
Non current liabilities for right-of-use assets	0	47 996	41 937	39 367	34 767	73 085	237 150
Interest on liabilities for right-of-use assets	4 373	3 517	2 775	2 104	1 493	603	14 865
Current liabilities for right-of-use assets	55 703	0	0	0	0	0	55 703
TOTAL	290 442	558 653	229 407	1 471 431	51 867	74 033	2 675 833

Maturity structure of Group's interest-bearing debt

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

Note 9. cont.

Financing activities - changes in liabilities 31.12.2021

(NOK 1 000)	01.01.2021	Cashflow		Non-cash generating effects			31.12.2021
		Receipts from new debt	Instalments	Consolidation of Arctic Fish	New leasing contracts	Reclassification short/long term & other	
Long term liabilities to financial institutions	1 200 000	650 000	-32 527	357 994	0	-177 187	1 998 280
Short term liabilities to financial institutions	178 307		0	0	0	177 187	355 494
Total liabilities to financial institutions	1 378 307	650 000	-32 527	357 994	0	0	2 353 774
Non current liabilities for right-of-use assets	178 514	0	0	0	123 757	-65 121	237 150
First year's instalment for right-of-use assets	48 512	0	-57 931		0	65 121	55 703
Total liabilities for right-of-use-assets	227 028	0	-57 931	0	123 757	0	292 854
Total interest bearing debt	1 605 334	650 000	-90 458	357 994	123 757	0	2 646 628

Financing activities - changes in liabilities 31.12.2020

(NOK 1 000)	01.01.2020	Cashflow		Non-cash generating effects			31.12.2020
		Receipts from new debt	Instalments	Other	New leasing contracts	Reclassification short/long term & other	
Long term liabilities to financial institutions	0	1 200 000	0	0	0	0	1 200 000
Short term liabilities to financial institutions	0	178 307	0	0	0	0	178 307
Total liabilities to financial institutions	0	1 378 307	0	0	0	0	1 378 307
Non current liabilities for right-of-use assets	200 933	0	0	0	31 656	-54 074	178 514
First year's instalment for right-of-use assets	47 927	0	-53 489		0	54 074	48 512
Total liabilities for right-of-use-assets	248 861	0	-53 489	0	31 656	0	227 028
Total interest bearing debt	248 861	1 378 307	-53 489	0	31 656	0	1 605 334

Note 10. Pledges and guarantees etc.

Reported liabilities secured by pledge:

(NOK 1 000)	31.12.2021	31.12.2020
Non current liabilities to financial institutions	1 991 682	1 200 000
Non current liabilities for right-of-use assets	237 150	178 514
Current liabilities for right-of-use assets	55 703	48 512
Total liabilities secured by pledges	2 284 535	1 427 026
Guarantee obligations and guarantor liabilities	1 567	1 567

Book value of assets pledged:

(NOK 1 000)	31.12.2021	31.12.2020
Licenses	1 652 111	948 616
Property, plant and equipment	3 872 863	2 351 759
Inventories and biological assets	1 925 085	1 386 281
Trade receivables	327 543	150 539
Total book value of pledged assets	7 777 602	4 837 195

Note 11. Investments in associates

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

These are treated as treasury shares in the Group accounts. The fair value of the shares that the associate company own, is thus not included in the Group accounts.

2021 (NOK 1 000)	Business local authority	Share- holding	Book value 31.12.2020	Share of result for the year	Dividend received	Equity changes	Book value 31.12.2021
Company							
Wilsgård Fiskeoppdrett AS	Senja	37,50 %	168 540	19 782	0	-1 313	187 009
Måsøval Fishfarm AS**	Frøya	36,10 %	44 909	223	-30 142	-14 990	0
Hellesund Fiskeoppdrett AS***	Lillesand	33,50 %	124 393	21 846	-5 030	51 816	193 026
Arctic Fish*	Isafjörður	50,00 %	342 703	0		-342 703	0
Nordnorsk Smolt AS	Hasvik	50,00 %	41 263	-6 495		12 500	47 268
Other			48	0	0	0	48
Total associates			721 856	35 356	-35 172	-294 690	427 352

* During the first quarter 2021, NRS surpassed majority ownership of Arctic Fish. Hence, Arctic Fish was from the 1 January consolidated into the Norway Royal Salmon Group.

** Norway Royal Salmon sold the 36.1 % stake in Måsøval FishFarm to Måsøval Fiskeoppdrett in the second quarter of 2021. Received consideration for the shares was KNOK 147 768. In addition, NRS received KNOK 30 142 in dividends for 2020.

*** Equity changes relates to a gain because the associate sold NRS shares in 2021.

Wilsgård Fiskeoppdrett, Måsøval Fishfarm, Hellesund Fiskeoppdrett and Arctic Fish are engaged in fish farming activities.

38 494 as of 31 December 2021. The fair value adjustments at the start of the year was KNOK 12 449. The increase of KNOK 26 045 less tax is included in income from associates.

The Group's share of fair value adjustments in connection with biomass at associates was KNOK

Associate that own shares in NRS as of 31 December 2021:

(NOK 1 000)	Shareholding	Number of shares	Fair value 31.12.2021	NRS' share of fair value adjustment 31.12.2021
Hellesund Fiskeoppdrett AS	33,50 %	1 051 076	171 746	57 535
Total		1 051 076	171 745	57 535

Note 11. cont.

2020 (NOK 1 000)	Business entity	Share- holding	Book value 01.01.2020	Share of result for the year	Divid nd received	Eq ity changes	Book value 31.12.2020
Company							
Wilsgård Fiskeoppdrett AS	Senja	37,50 %	180 939	-8 648	-3 750		168 541
Måsøval Fishfarm AS*****	Frøya	36,10 %	26 182	7 202	-8 844	20 369	44 909
Hellesund Fiskeoppdrett AS	Lillesand	33,50 %	111 710	16 739	-5 030	972	124 392
Arctic Fish*	Isafjörður	50,00 %	227 750	-15 507		130 461	342 703
Hardanger Fiskeforedling AS**	Kvam	17,20 %	11 799	247		-12 046	0
Ranfjord Fiskeprodukter AS****	Rana	0,00 %	2 644	0		-2 644	0
Skardalen Settefisk AS***	Kåfjord	16,90 %	4 569	-1 034		-3 535	0
Nordnorsk Smolt AS	Hasvik	50,00 %	42 247	-983		0	41 263
Other			48	0	0	0	48
Total assets			607 885	-1 986	-17 624	133 577	721 856

* The changes directly against equity is translation differences and debt converted to equity.
** As a result of restructuring in Hardanger Fiskeforedling AS, Norway Royal Salmon was diluted and the shareholding was reduced to 17.2 %.
The investment will no longer be accounted as an investment in associates.
*** As a result of an capital increase in Skardalen Settefisk AS, Norway Royal Salmon was diluted and the shareholding reduced to 16.9 %.
The investment will no longer be accounted as an investment in associates.
**** In 2019, a sales agreement was entered into for NRS's shares in Ranfjord Fiskeprodukter AS, and in 2020 the shareholding was sold at book value.
***** The changes directly against equity is due to a share of the gain on sale of shares in Norway Royal Salmon ASA.

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

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

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

	Sharehold ng	Number of shares	Fair value 31.12.2020	NRS' share of fair value adjustment 31.12.2020
Hellesund Fiskeoppdrett AS	33,50 %	1 683 406	361 259	121 022
Total		1 683 406	361 258	121 022

Note 11. cont.

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

2021 (NOK 1 000)	Wilsgård Fiskeoppdrett AS	Hellesund Fiskeoppdrett AS	Other
Operating revenues	378 023	137 892	72 624
Depreciation	17 639	9 409	5 506
Net interest expenses	-892	890	2 259
Result before tax	10 183	208 211	-3 344
Net result for the year	-46 861	65 213	-1 966
Translation differences and OCI posts	0	0	0
Comprehensive income	-46 861	65 213	-1 966
Current assets	407 661	571 490	15 907
Non-current assets	325 248	80 279	90 995
Current liabilities	110 772	96 753	30 192
Non-current liabilities	169 334	5 961	23 121
Net assets	452 803	549 055	53 589
Net interest bearing debt	102 939	-360 157	30 272

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

Note 12. Other current liabilities

Specification of other short-term liabilities:

(NOK 1 000)	31.12.2021	31.12.2020
Official taxes due	27 333	12 179
Holiday pay	20 502	17 277
Provision for onerous sales contracts*	13 956	0
Provision for unrealised derivatives - Fish Pool contracts	0	4 262
Other short-term liabilities and accruals	49 245	34 004
Total other short-term liabilities	111 038	67 723

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

Note 13. Operating expenses

Specification of other operating expenses:

(NOK 1 000)	2021	2020
Short term rental of equipment and offices	58 576	33 861
Maintenance	109 425	75 122
Fuel	14 370	13 610
External fees	53 932	30 857
Off-balance sheet equipment	27 765	16 967
Insurance	18 687	2 136
Bad debts	216	6 745
Other	97 862	31 695
Total other operating expenses	380 833	210 992

Note 14. Taxation

Tax on the result is as follows:

(NOK 1 000)	2021	2020
Tax payable	140	3 752
Change in deferred tax	41 696	1 970
Corrections from previous years		-7 439
Tax	41 836	-1 717

Tax on items recognised in comprehensive income:

(NOK 1 000)	2021			2020		
	Before tax	Tax expense	After tax	Before tax	Tax expense	After tax
Cash flow hedges	-17 020	3 744	-13 276	19 357	-4 259	15 098
Actuarial losses on benefits pension scheme	-1 875	412	-1 462	5 151	-1 133	4 018
Total	-18 895	4 158	-14 738	24 508	-5 392	19 116

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2021	2020
Result before tax	735 245	72 970
Tax calculated at nominal tax rate (22 %)	161 754	16 053
Effect of different tax rates compared with nominal rates	-2 761	
Permanent differences:		
Equity method associates	-5 093	437
Gain/Loss Total Return Swap (TRS)		-9 832
Expenses not deductible for tax purposes	289	-877
Other deductions and income	-33 978	
Gain from exit of associated company	-30 276	
Tax loss carry-forwards	-48 101	-60
Corrections from previous years		-7 439
Tax on the result	41 836	-1 717
Effective tax rate	6%	-2%

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

(NOK 1 000)	31.12.2021	31.12.2020	Change
Intangible assets	962 870	311 376	651 494
Property, plant and equipment	415 171	27 716	387 455
Property, plant and equipment under financial leasing	380 593	295 498	85 095
Debt under financial leasing	-283 683	-213 653	-70 030
Current assets	1 324 183	1 279 050	45 133
Pension liabilities	-24 817	-23 703	-1 114
Short-term liabilities	-3 497	-12 521	9 023
Other temporary differences	10 613	-2 085	12 698
Tax losses carried forward	-295 632	0	-295 632
Total temporary differences	2 485 801	1 661 675	824 124
Estimated deferred tax liabilities	555 392	365 569	
Estimated deferred tax asset	-19 479		
Tax rate used to calculate deferred tax in Norway	22 %	22 %	
Tax rate used to calculate deferred tax in Iceland	20 %		

Change in deferred tax liabilities in balance sheet:

(NOK 1 000)	2021	2020
Book value as of 1 January	365 569	358 208
Deferred tax associated with acquisitions	132 806	
Deferred tax posted in income statement	61 175	1 970
Tax posted over OCI	-4 158	5 392
Book value 31 December	555 392	365 569

Change in deferred tax assets in balance sheet:

(NOK 1 000)	2021	
Book value as of 1 January	0	
Deferred tax associated with acquisitions		
Deferred tax posted in income statement	-19 479	
Book value 31 December	-19 479	

Specification of tax payables:

(NOK 1 000)	2021	2020
Tax payable basis for tax expense	140	3 752
Tax payable	140	3 752

Note 15. Fair value adjustments

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

Specification of fair value adjustments in the income statement:

(NOK 1 000)	Note	2021	2020
Change in fair value adjustments of biomass	5	96 631	-109 052
Change in provision for sales contracts	12	-13 956	3 860
Change in fair value on financial Fish Pool contracts	17	28 994	-31 466
Total fair value adjustments		111 668	-136 657

Specification of fair value adjustments in the balance sheet:

(NOK 1 000)		31.12.2021	31.12.2020	Change
Fair value adjustments biomass (biological assets)	5	212 503	109 216	103 287
Provision for onerous sales contracts (other current liabilities)	12	-13 956	0	-13 956
Fair value of financial Fish Pool contracts (other current liabilities)	17	-2 472	-31 466	28 994
Total fair value adjustments		196 075	77 750	118 325

Note 16. Financial instruments by category

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

As of 31 December 2021

(NOK 1 000)	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedge accounting	Total
Cash flow hedging	17	0	0	9 199	9 199
Fair value hedging	17	0	3 465	0	3 465
Trade and other receivables*	6	443 786	0	0	443 786
Cash and cash equivalents	18	65 188	0	0	65 188
Total		508 974	3 465	9 199	521 638

* Trade and other receivables exclude prepayments.

(NOK 1 000)	Note	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedge accounting	Total
Loans (excluding finance leases)	9	2 353 774	0	0	2 353 774
Finance leases	9	292 854	0	0	292 854
Fish Pool contracts**	17	0	2 472	0	2 472
Trade and other payables	12	769 436	0	0	769 436
Total		3 416 064	2 472	0	3 418 536

** Unrealised value of Fish Pool contracts have daily cash settlements against a bank account. Unrealised value of KNOK -2 502 is drawn from a bank account which is part of the Group's cash pool.

Note 16 . cont.**As of 31 December 2020**

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

* Trade and other receivables exclude prepayments.

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

* Trade and other payables excluding statutory liabilities

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

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

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

Fair value measurement of financial instruments

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

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

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

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

Note 16 . cont.**The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2021:**

(NOK 1 000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Forward currency contracts	0	3 465	0	3 465
Hedge accounting				
- Forward currency contracts	0	9 199	0	9 199
Total assets	0	12 664	0	12 664
Liabilities				
Financial liabilities at fair value through profit or loss				
- Fish Pool contracts	0	2 472	0	2 472
Hedge accounting				
- Forward currency contracts	0	0	0	0
Total liabilities	0	2 472	0	2 472

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

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

Note 17. Derivatives

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

As of 31 December 2021

(NOK 1 000)	Bank overdraft	Other short-term receivables	Other current liabilities
Forward currency contracts		12 664	0
Financial Fish Pool contracts*	-2 502	31	0
Total	-2 502	12 695	0

* Unrealised value of Fish Pool contracts have daily cash settlements against a bank account. Unrealised value of KNOK -2 502 is drawn from a bank account which is part of the Group's cash pool.

As of 31 December 2020

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

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

Derivatives used to reduce risk

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

Forward currency contracts

Forward currency contracts are recognised at fair value at the balance sheet date. At 31 December 2021 forward currency contracts were nominated in EUR, USD, GBP and ISK. These contracts mature between 10 January 2022 and 22 December 2022 and are used to hedge cash flows expected to arise during this period and reduce foreign currency exposure on receivables. In addition, the Group has entered into a forward currency contract to reduce foreign currency exposure related to payments in Iceland.

Note 17 . cont.

As of 31 December 2021

(NOK 1 000)	Type	Currency	Cur- rency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	33 997	10.01.22-22.12.22	9.7383-11.0558	9 480
Forward currency contracts – cash flow hedging	Sale	USD	9 585	10.01.22-15.12.22	8.3799-9.1430	-630
Forward currency contracts – cash flow hedging	Sale	GBP	3 105	20.01.22-20.12.22	11.9918-12.0058	349
Total forward currency contracts – cash flow hedging						9 199
Forward currency contracts – fair value hedging	Sale	EUR	20 000	05.01.2022	10.034-10.072	1 260
Forward currency contracts – fair value hedging	Buy	ISK	875 342	14.01.22-27.10.22	0.0649-0.0652	2 205
Total forward currency contracts – fair value hedging						3 465
Total forward currency contracts						12 664

As of 31 December 2020

(NOK 1 000)	Type	Currency	Cur- rency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	45 184	15.01.21-20.01.22	10.515-11.959	19 841
Forward currency contracts – cash flow hedging	Sale	USD	6 608	05.01.21-15.12.21	8.965-9.061	3 023
Forward currency contracts – cash flow hedging	Sale	GBP	2 436	15.01.21-22.03.21	12.591-13.493	3 350
Forward currency contracts – cash flow hedging	Sale	JPY	80 444	08.01.21-15.03.21	0.0827-0.0830	-54
Total forward currency contracts – cash flow hedging						26 160
Forward currency contracts – fair value hedging	Sale	USD	5 000	06.01.2021	9.304	3 872
Forward currency contracts – fair value hedging	Sale	EUR	24 000	07.01.2021	10.877	9 768
Total forward currency contracts – fair value hedging						13 640
Total forward currency contracts						39 800

Note 17. cont.

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

Specification of cash flow hedges over OCI

	Cash flow hedg es per 01.01	Cash flow hedg es per 31.12	Inefficiency	Gross change	Tax	Over OCI
2021	26 160	9 199	-59	-16 961	3 744	-13 276
2020	6 765	26 160	-38	19 395	-4 259	15 098

Financial Fish Pool contracts

A contract has been signed to purchase 125 tonnes on the Fish Pool salmon exchange. The contract prices is NOK 59.60 and cover the period January 2022. The sales department enters into the contracts with the aim of hedging margins linked to deliveries of fixed-price contracts to customers. In addition, the group has entered into an agreement to sell 3 510 tonnes on Fish Pool. The contract prices are in the range NOK 58.75-NOK 63.00 and cover the period from January 2022 to December 2022. Realised Fish Pool contracts are posted in the accounts under operational result and the unrealised value changes to the Fish Pool contracts are posted under fair value adjustments in the accounts. Realised Fish Pool contracts classified under the operational result amounted to a gain of KNOK 1 977 in 2021 (2020: a cost of KNOK 4 619). Unrealised change in the value of Fish Pool contracts was KNOK 28 994 in 2021 (2020: KNOK -31 466).

As of 31 December 2021

(NOK 1 000)	Type	Currency	Volume (tonnes)	Period	Price range	Book value
Fish Pool contracts	Purchase	NOK	125	01.01.22-31.01.22	59.60	1 063
Fish Pool contracts	Sale	NOK	3 510	01.01.22-31.12.22	58.75-63.00	-3 534
Total						-2 472

As of 31 December 2020

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

Note 18. Bank deposits

(NOK 1 000)	31.12.2021	31.12.2020
Bank deposits	18 484	7 302
Restricted bank deposits	46 705	31 451
Bank deposits	65 188	38 753

Of the restricted deposits KNOK 18 934 (2020: KNOK 31 451) is pledged as collateral related to the company's trading at Fish Pool and KNOK 19 746 (2020: 0) are payment guarantees for investment contracts in Iceland.

Note 19. Personnel expenses and benefits**Wages and personnel expenses**

(NOK 1 000)	2021	2020
Wages and salaries	194 871	135 006
Payroll tax	11 694	10 572
Pension costs defined contribution scheme	10 296	4 218
Pension costs defined benefit scheme	4 280	5 137
Other benefits	21 476	12 064
Total wages and personnel expenses	242 616	166 995
Average full-time equivalents	270	217

REMUNERATION TO SENIOR MANAGEMENT AND BOARD OF DIRECTORS:**Senior management**

2021 (NOK 1 000)	Salary	Fees ¹⁾	Bonus	Share- based payments	Pay- ments in kind	Total	Accrued pension costs ²⁾
Charles Høstlund, CEO ³⁾	2 893	40	213	595	164	3 905	294
Ola Loe, CFO	2 409	20	173	451	11	3 064	286
Arve Olav Lervåg, COO Farming	1 699		127	337	11	2 174	123
Klaus Hatlebrekke, interim CEO ³⁾	2 092		142	373	11	2 618	289
Tore Evjen, COO Freshwater	1 578		117	310	11	2 016	127
Anne-Sofie Utne, COO Business Development ⁴⁾	1 389		92	0	11	1 492	132
Total	12 060	60	864	2 066	219	15 269	1 251

1) Fees are directors' fees paid by subsidiaries

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

3) Charles Høstlund resigned as CEO as of 30 September 2021 and was replaced by Klaus Hatlebrekke as Interim CEO.

4) Anne-Sofie Utne has served as COO Business Development since 30 September 2021.

Benefits to senior executives have been carried out in accordance with guidelines on the determination of salaries and other remuneration to senior executives in Norway Royal Salmon published in Norway Royal Salmon's Annual Report for 2020. For guidelines for executive salaries for future periods, see page 104.

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

1) Fees are directors' fees paid by subsidiaries.

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

Directors fee:

(NOK 1 000)	2021	2020
Helge Gåsø, Board Chair	454	445
Trude Olafsen, Vice Chair	291	285
Karl-Johan Bakken	331	0
Tom-Vidar Rygh*	331	324
Marianne E. Johnsen*	357	350
Eva Maria Kristoffersen*	352	345
Arnfinn Aunsmo**	291	0
Lars Måsøval**	0	324
Total	2 407	2 073

* Tom-Vidar Rygh, Marianne E. Johnsen and Eva Maria Kristoffersen resigned from the board of directors at the Extraordinary General Assembly 30. September 2021.

** Arnfinn Aunsmo resigned from the board of directors at the General Assembly 27. May 2021.

*** Lars Måsøval resigned from the board of directors at the General Assembly 4. June 2020

Note 19. cont.

Share-based incentive scheme

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

the ten trading days prior to 20. March 2019, 20. March 2020 and 20. March 2021.

The schemes introduced in 2018 and 2019 shall not exceed an annual salary. The scheme introduced in 20 March 2020 had a vesting period until 20 March 2021 but was exercised in September 2021. This scheme did not exceed 25 % of an annual salary. None of the optionholders are entitled to exercise their options as of 31.12.2021.

The exercise price will be adjusted for dividends and changes in the holding of treasury shares. In 2021, a cost of TNOK 776 (2020: TNOK 3 100) was recognised in the income statement related to the option schemes. The Black-Scholes model has been used to calculate this cost.

Assumptions for calculation	Program introduced in 2019	Program introduced in 2020
Allocation date	20 March 2019	20 March 2020
Share price on the allocation date	203,48	202,04
Adjustments based on equity transactions	6,00	5,00
Share price increase from allotment price for full earnings	20 %	20 %
Expected volatility	29,00 %	30,50 %
Risk-free interest rate	1,14 %	0,10 %
Lifespan of the option	1.0 year	1.0 year
Model employed for fair value calculation	Black-Scholes	Black-Scholes

Change in number of options	Program introduced in 2019	Program introduced in 2020	All programs
At 31 December 2020	322 433	202 121	524 554
Exercised in the year	-305 847	-185 896	-491 743
Allocated during the year (new program)	0	0	0
Terminated	-16 586	-16 225	-32 811
Number of options at 31 December 2021	0	0	0
Exercise price	214,79	214,79	
Number of employees in the program at 31 December 2021	18	28	28

Note 20. Pension costs and liabilities

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

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

The parent company operates a defined benefits pension scheme and a defined contribution scheme. The defined benefits scheme covers 28 people. The pension scheme provides an entitlement to defined future benefits, the size of which is largely dependent on the number of years' entitlement, salary upon retirement and state

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

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

The Norwegian Accounting Standards Board has announced that the market interest rate for covered bonds (OMF) can be used as the discount rate when estimating the future pension liabilities. Norway Royal Salmon finds it appropriate to use the market interest rate for covered bonds as the discount rate for its pension liability. Norway Royal Salmon believes there is a deep market in covered bonds that satisfy the requirements of high quality. Norway Royal Salmon have in their calculations per 31.12.2021, used a discount rate of 1.5 per cent (2020: 1.5 per cent).

Pension costs:

(NOK 1 000)	2021	2020
Current service cost	4 010	4 343
Interest cost	334	480
Payroll tax	629	694
Administration cost	117	101
Net pension costs service – defined benefit scheme	5 090	5 618
Cost of defined benefit pension scheme	5 090	5 618
Cost of defined contribution pension scheme	10 296	4 218
Early retirement scheme	1 854	1 439
Employee contributions to scheme	-810	-482
Total pension costs	16 429	10 793

Note 20. cont.

Assumptions defined benefit scheme:

	2021	2020
Discount rate	1,50 %	1,50 %
Future salary increases	2,50 %	2,00 %
Inflation rate	1,50 %	1,50 %
Future pension increase	0,00 %	0,00 %

Demographic factors:

Disability table	IR02	IR02
Mortality table	K2013 BE	K2013 BE

Number of employees in the scheme

Active	28	29
Pensioners	8	9
Total	36	38

	2021	2020
Paid into the scheme during the year	5 128	3 858
Forecast payment to the scheme next year	5 782	4 329

Calculation of amount recognised in the balance sheet:

(NOK 1 000)	31.12.2021	31.12.2020
Present value of funded obligations	84 596	78 757
Fair value of plan assets	-59 779	-55 053
Net pension liabilities in balance sheet	24 817	23 703

Change in present value pension liabilities:

(NOK 1 000)	2021	2020
Pension liabilities as of 1 January	78 757	78 097
Current service cost	4 644	5 045
Interest expense	1 188	1 410
Payroll tax on this year's payment	-723	-544
Pension payments	-600	-599
Actuarial losses over other comprehensive income	1 331	-4 652
Pension liabilities as of 31 December	84 596	78 757

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

(NOK 1 000)	2021	2020
Estimated fair value of plan assets as of 1 January	55 053	50 458
Return on plan assets	742	836
Contributions paid	5 851	4 402
Pension payments	-723	-544
Payroll tax on this year's payment	-600	-599
Actuarial losses/ (gain) over other comprehensive income	-544	500
Plan assets as of 31 December	59 779	55 053

Pension funds are made up as follows:

(NOK 1 000)	2021	2020
Shares	9,7 %	7,2 %
Short-term bonds	19,6 %	20,4 %
Money market fund	10,6 %	10,6 %
Long-term bonds	26,7 %	30,8 %
Loans and receivables	19,1 %	17,0 %
Property	13,6 %	13,6 %
Other	0,7 %	0,4 %
Total	100,0 %	100,0 %

Sensitivity calculations

The Group's pension liabilities and costs are based on assumptions as described above. Changes in these assumptions will result in changes in liability. A 1 per cent increase in the discount rate would result in a gross pension liability of KNOK 6 668 (2020: 6 688). Conversely, reducing the discount rate by 1 per cent

would result in a gross pension liability of KNOK 49 059 (2020: 46 510). An 1 per cent increase in the future salary increases, would result in a gross pension liability of KNOK 38 018 (2020: 35 331). Conversely, reducing the future salary increases by 1 per cent would result in a gross pension liability of KNOK 13 129 (2020: 13 011).

Note 21. Financial income and financial expenses

(NOK 1 000)	2021	2020
Gain when Arctic Fish was converted from an associate to a subsidiary*	177 424	0
Gain on sale of shares in associate**	130 105	0
Realised gains on TRS agreements	0	44 689
Unrealised losses on TRS agreements	0	-52 854
Loss/Gain financial assets	307 528	-8 165
Interest income	629	2 503
Interest expenses	-61 024	-15 779
Net interest expenses	-60 395	-13 276
Other financial income	270	16
Agio	23 561	-1 782
Other financial expenses	-7 956	-11 469
Inefficiency cash flow hedging	59	38
Net other financial expenses	15 934	-13 198
Net financial items	263 067	-34 639

* During the first quarter 2021, NRS surpassed majority ownership of Arctic Fish. Hence, Arctic Fish was from the 1 January consolidated into the Norway Royal Salmon Group.

** Norway Royal Salmon ASA sold its 36.1 % stake in the associated company Måsøval Fishfarm AS to Måsøval Fiskeoppdrett AS in the second quarter of 2021.

Note 22. Share capital and shareholder information

Share capital in parent company as of 31 December 2021:	No. of shares	Nominal	Value
Ordinary shares	43 572 191	1,00	43 572 191

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

Ownership structure – the 20 largest shareholders as of 31 December 2021:

Shareholder	No. of shares	Shareholding	Voting rights
NTS ASA	29 688 820	68,14 %	68,14 %
BROWN BROTHERS HARRIMAN & CO.	1 169 013	2,68 %	2,68 %
HELLESUND FISKEOPPDRETT AS	1 051 076	2,41 %	2,41 %
HAVBRUKSINVEST AS	700 775	1,61 %	1,61 %
THE NORTHERN TRUST COMP, LONDON BR	632 514	1,45 %	1,45 %
STATE STREET BANK AND TRUST COMP	624 192	1,43 %	1,43 %
MORGAN STANLEY & CO. INT. PLC.	615 914	1,41 %	1,41 %
RBC INVESTOR SERVICES TRUST	573 575	1,32 %	1,32 %
BNP PARIBAS SECURITIES SERVICES	457 856	1,05 %	1,05 %
JPMORGAN CHASE BANK, N.A., LONDON	388 466	0,89 %	0,89 %
THE BANK OF NEW YORK MELLON	363 087	0,83 %	0,83 %
JPMORGAN CHASE BANK, N.A., LONDON	266 980	0,61 %	0,61 %
THE BANK OF NEW YORK MELLON	218 631	0,50 %	0,50 %
J.P. MORGAN BANK LUXEMBOURG S.A.	215 934	0,50 %	0,50 %
EUROCLEAR BANK S.A./N.V.	208 990	0,48 %	0,48 %
NORWAY ROYAL SALMON ASA	197 495	0,45 %	0,45 %
FORTE NORGE	190 000	0,44 %	0,44 %
RBC INVESTOR SERVICES TRUST	186 895	0,43 %	0,43 %
NYHAMN AS	171 000	0,39 %	0,39 %
STATE STREET BANK AND TRUST COMP	140 108	0,32 %	0,32 %
Total 20 largest shareholders	38 061 321	87,35 %	87,35 %
Total other shareholders	5 510 870	12,65 %	12,65 %
Total no. of shares	43 572 191	100.00 %	100.00 %
NORWAY ROYAL SALMON ASA (Treasury shares)	197 495	0,45 %	0,45 %
Total no. of outstanding shares	43 374 696		

Note 22. cont.

Shares held by members of the board, CEO and senior executives:

	Position	No. of shares	Shareholding	Voting rights
Tore Evjen	COO Freshwater	518	0.00 %	0.00 %

Treasury shares:

The board is authorised to acquire treasury shares up to a total nominal value of NOK 4 357 219. This authority runs until the Annual General Meeting in 2022, however not later than 30 June 2022. On the acquisition of such

shares, the purchase price per share may not be less than a nominal value of NOK 1.00 and not more than NOK 300.00. The group owns 197 495 treasury shares at the end of 2021, representing 0.45 per cent of the share capital in the company.

Treasury shares	2021		2020	
	No. of shares	Payment (NOK 1 000)	No. of shares	Payment (NOK 1 000)
Book value as of 1 January	653 398		140 811	
Net purchase and sale of own shares	-3 288	-706	962 071	240 270
Distribution of dividend shares	-452 615	-42 922	-449 484	-106 586
Book value 31 December	197 495		653 398	

Board and tests

The board is authorised to increase the share capital by up to NOK 4 357 219. This authority runs until the Annual General Meeting in 2022, however not later than 30 June 2022.

shares. The dividend was transferred in June 2021. The board has not proposed dividend distribution based on the financial statements of 2021.

Dividend

In 2021 an ordinary dividend of NOK 130 716 573 (NOK 3.00 per share) was paid based on the annual accounts for the financial year 2020. The dividend was partly distributed in cash, 1,00 per share, totalling NOK 42 922 081 and partly by distribution of 452 615

In 2020 an ordinary dividend of NOK 217 860 955 (NOK 5.00 per share) was paid based on the annual accounts for the financial year 2019. The dividend was partly distributed in cash, 2,50 per share, totalling NOK 106 173 120 and partly by distribution of 449 484 shares. The dividend was transferred in June 2020.

Note 23. Earnings per share

Basic earnings per share is based on the earnings attributable to shareholders of the company and the weighted average number of ordinary shares outstanding for the year, less ordinary shares purchased by the company and held as treasury shares.

Result allocated to majority shareholders:

(NOK 1 000)	2021	2020
Majority share of net result for the year	617 362	80 113
The majority's share of fair value adjustments on biomass after tax	-69 000	79 876
The majority's share of fair value adjustments on onerous contracts and Fish Pool contracts after tax	-11 730	21 532
Majority share of value-adjusted result for the year	536 632	183 837
Number of shares per 1 January	42 918 793	43 431 380
Effect of distribution of dividend of treasury shares	256 689	215 285
Effect of sale and purchase of treasury shares	2 585	-569 757
Weighted average number of ordinary shares outstanding	43 178 067	43 076 909

Earnings per share:	2021	2020
Basis	14,30	1,86
Diluted	14,30	1,86
Earnings per share, continuing operations (NOK)	14,30	1,86
Earnings per share, continuing operations - diluted	14,30	1,86

Earnings per share shows the majority's share

Earnings per share pre fair value adjustments:	2021	2020
Basis	12,43	4,27
Diluted	12,43	4,27

Earnings per share pre fair value adjustments shows the majority's share

Shares outstanding:

(NOK 1 000)	2021	2020
Shares outstanding as of 1 January	42 918 793	43 431 380
Effect of purchase of treasury shares	0	-962 071
Effect of sale / distribution of dividend of treasury shares	455 903	449 484
Shares outstanding as of 31 December	43 374 696	42 918 793

Note 24. Inventory

(NOK 1 000)	31.12.2021	31.12.2020
Raw materials	82 219	36 372
Goods in transit	52 085	54 899
Finished goods	5 000	13 004
Total inventory	139 304	104 275

Raw materials mainly comprise feed for the farming business. Finished products comprise fresh and frozen salmon for resale. Goods in transit to customers are goods where risk and control over the goods have not been transferred to the customer.

Note 25. Leasing liabilities

According to IFRS 16, Norway Royal Salmon ASA has booked the right-to-use assets and leases with a term of more than twelve months as long as the underlying value is not insignificant. Payment of short-term and leases with low value is expensed directly over the lease term. These are leases that are recognized in the income statement on an ongoing basis. The group has defined assets with low value to be assets where the rental cost is below KNOK 500 per year. The group rents office space, machinery, equipment, boats and barges. The duration of the leases is different, and at expiration the group often carries out a purchase the underlying fixed

assets. Purchases are not applicable for office premises. Call options are included in lease payments that are used to recognise assets and liabilities. The discount rate used is approximately the company's external borrowing rate. The discount rate will vary depending on the type of fixed asset the leasing obligation is linked to (short-term/long-term). There have been no facilitations related to leasing with regards to the Covid-19 pandemic.

Information on leases where the group is the lessee is presented in the table below, see also note 8 for an overview of the right-to-use assets:

	2021	2020
Opening balance	227 026	248 860
Additions	123 636	31 655
Disposal from purchase	0	0
Disposal from discontinued operations	0	0
Other effects	122	0
Interest on leasing obligation	11 504	6 788
Cash flow effect: Rent payments (instalments and interest)	-69 434	-60 277
Book value 31.12.	292 854	227 026

Note 25. cont.

Distribution of short-term and long-term debt to right-to-use assets	2021	2020
Long term debt	237 150	178 514
Short-term debt	55 703	48 512
Total debt for right-to-use assets	292 854	227 026

Cash flow effect on leasing obligation	2021	2020
Interest	-11 504	-6 788
Instalment	-57 931	-53 489
Total cash flow from leasing	-69 434	-60 277

In the period from 1 January 2022 to the presentation of the annual report, two leasing contracts have been signed for respective 5.7 MNOK and 1.1 MNOK from January 2022. The cash flow effect of these two will be a total of approximately KNOK 336 in instalments and interest per month over the rental period.

Note 26. Auditor's fees

(NOK 1 000)	2021	2020
Statutory auditing services	1 514	713
Other attestation services	85	90
Tax advisory services	0	42
Other services	107	40
Total auditor's fees	1 706	885

All auditor's fees are exclusive VAT.

Note 27. Related parties**Group transactions with related parties:****Goods and services purchased:**

(NOK 1 000)	2021	2020
Associates – products purchased	195 925	475 239
Associates – services purchased	67 610	25 661
Enterprise controlled by large shareholder – purchase of products	438 619	618 361
Enterprise controlled by board members – purchase of services	36 028	46 837
Total goods and services purchased from related parties	738 181	1 166 098

Note 27. cont.

The Group conducts transactions on normal terms with associates and suppliers who are also shareholders in NRS. This applies to the purchase of harvested fish and smolts from such. Purchases of smolt and harvested fish are made at market price.

The Group purchase harvesting services from one of its associates. Harvesting services are purchased at market

terms. Administrative services are also purchased from one of the Group's associates.

All goods and services are purchased at an arm's length distance. The board is not aware of any transactions with related parties in 2021 that in any way have a significant impact on the Group's financial position or result for the period.

Trade receivables due to goods and services sold:

(NOK 1 000)	2021	2020
Associates	0	30 457

Trade payables due to goods and services purchased:

(NOK 1 000)	2021	2020
Associates	9 930	89 883
Shareholders in Norway Royal Salmon ASA	19 721	44 019
Total trade payables related parties	29 650	133 902

Loans to related parties:

(NOK 1 000)	2021	2020
<i>Loans to associate, Arctic Fish ehf.:</i>		
Book value 1 January	0	63 470
Loans given during the year		49 065
Interest added to loan		3 489
Loans converted to equity		-116 024
As of 31 December	0	0

Note 28. Business combinations

Listing of Arctic Fish on Euronext Growth and full consolidation from Q1-2021

The shareholders in Arctic Fish ehf. transferred their shareholdings to Arctic Fish Holding AS at the beginning of February 2021 and received a corresponding shareholding in Arctic Fish Holding AS. As Norway Royal Salmon ASA was the sole shareholder in Arctic Fish Holding AS before the contribution in kind with shares in Arctic Fish ehf, Norway Royal Salmon achieved control over the company (ownership over 50 percent). The transaction will for accounting purposes be treated as a business transfer and consolidated in NRS from 1 January 2021. Previously, the company has been treated

according to the equity method as an associated company. At the time of control the entire equity investment in Arctic Fish Holding AS is considered as realised and a new cost price established. The allocation is shown below.

Arctic Fish is a fish farming company located in Westfjords, Iceland and was listed on Euronext Growth on the Oslo Stock Exchange on 19 February 2021. The company estimates to harvest 12 000 tonnes of salmon in 2021 and currently has production cost below the average for Norwegian fish farming companies. Arctic Fish has a significant growth potential and estimates a harvest volume of 24 000 tonnes in 2025.

(NOK 1 000)	01.01.2021
Book value of shares in Arctic Fish before the time of control	342 703
Fair value	500 000
Net change related to book value of shares	157 297
Of this profit before tax	174 783
OCI (translation difference reclassified to profit or loss)	-17 486

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

* Book value 01.01.2021 have been restated to IFRS and converted to NOK

Fair value of controlling interest	500 000
Non-controlling interests	500 000

On 19 February 2021, Arctic Fish Holding AS was listed at Euronext Growth on the Oslo Stock Exchange. Before the listing, a share issue of MNOK 350 was carried out, in which NRS participated with MNOK 200 and increased its ownership interest to 51.28 %.

Note 29. Events after balance sheet date

Biological challenges in Dyrafjordur for the subsidiary Arctic Fish in Iceland

Arctic Fish has been experiencing severe biological issues in two of its sites. These biological issues and mortalities are thought to have been caused by several factors. The highest mortality is related to cages with the highest average weight. Examination of the fish shows mortality related to circulation problems, suboptimal gill conditions and Heart and Skeletal Muscle Inf lammation (HSMI). HSMI is defined as an endemic in Iceland. Limitations on the harvesting capacity has increased the loss for the company, both as a preventive measurement and to reduce the loss when the situation occurred. Further examinations and analysis are ongoing to secure a sufficient evaluation and conclusions, including implementation of relevant measurement to avoid similar incidents.

The situation is now considered to be stable. All efforts were made to handle this efficiently and minimize losses, which include speeding up harvesting at these two sites. The current assessment of total mortality is about 3 000 tonnes LW, representing an estimated non-recurring cost of NOK 106 million in Q1 2022. Due to this incident the estimated harvest volumes for 2022 is reduced f rom 13 000 tonnes to 10 100 tonnes for Farming Iceland.

Acquisition of SalmoNor

On 11 January 2022, Norway Royal Salmon ASA (NRS) and NRS Farming AS entered into a legally binding Share Purchase Agreement (SPA) for NRS Farming AS to acquire 100% of the shares in SalmoNor AS from NTS ASA ("NTS").

NTS' representatives in the Board of Directors in NRS has declared themselves disqualified and have as a consequence not participated in the evaluation of the Transaction.

On 31 March 2022, NRS announced that a Private Placement had been successfully placed and that the independent Board of Directors has allocated 9,430,693 Offer Shares in the Private Placement at a subscription price of NOK 202.00 per share (the "Subscription Price"), raising gross proceeds of NOK 1,905 million.

NRS intends to use the proceeds from the Private Placement to finance the Cash Consideration of the Company's contemplated acquisition of SalmoNor AS from NTS ASA, where the purchase price is agreed financed through 68.14 % consideration shares in NRS and 31.86 % as cash.

Pursuant to the SPA, NRS' largest shareholder, NTS has undertaken to vote in favour of the private placement and to subscribe for the considerations shares to complete the acquisition of SalmoNor

The completion of the Private Placement is subject to the resolution of an Extraordinary General Meeting of the Company (the "EGM"), to be held on 7 April 2022, to increase the share capital of the Company by the issuance of the Offer Shares and the Share Consideration. In addition the private placement is subject to that NRS' agreement with NTS to acquire all the shares in SalmoNor AS have not been validly terminated before or at the date of the EGM. The independent Board of Directors proposes that the EGM on 7 April 2022 adopts the Private Placement and the Share Consideration on the final terms as set out in the proposed resolution.

Alternative performance measures

The consolidated financial statements of Norway Royal Salmon ASA are prepared in accordance with the International Financial Reporting Standards (IFRS). In addition, the management prepares alternative performance measures to provide useful and relevant information to the users of the financial statements. Alternative performance measures are designed to increase the understanding of the underlying operational performance and is not a substitute for the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The performance measures are regularly reviewed by the Board. The alternative performance measures can be defined and used differently by other companies.

Net interest-bearing debt

Net interest-bearing debt is defined as the net of long-term debt, short-term debt, bank deposits and interest-bearing receivables. The measure is useful and necessary information to investors and other users of the financial statements to assess the net of the interest-bearing external capital used to finance the group. The measure is used to calculate return on capital employed and highlights the Group's ability to take on more debt.

Alternative performance measures cont.

(NOK 1 000)	31.12.2021	31.12.2020
Reported long-term interest-bearing debt	2 228 832	1 378 514
Reported short-term interest-bearing debt	417 796	226 819
Total interest bearing debt	2 646 628	1 605 334
Reported long-term interest-bearing receivables	0	-45 000
Reported bank deposits, cash	-65 188	-38 753
Net interest bearing debt (NIBD)	2 581 439	1 521 580
Leasing (IFRS 16 effects)	-292 854	-227 026
NIBD according to bank covenant	2 288 586	1 294 554

Equity ratio

The equity ratio is defined as equity divided by total assets. The measure is expressed as a percentage. The measure is relevant to users of the financial statements to see how much of the assets are financed with equity, the measure also indicate something about the solvency of the group.

(NOK 1 000)	31.12.2021	31.12.2020
Reported equity	4 443 350	3 130 692
Reported total assets	8 442 234	5 814 710
Equity ratio	52,6 %	53,8 %
Total assets adjusted for Right-of-use-assets	8 062 471	5 505 838
Total liabilities adjusted for leasing liabilities	3 706 030	2 456 991
Equity ratio according to bank covenant	54,0 %	55,4 %

Operational EBIT per kg

Operational EBIT per kg is defined as a central performance measure for Norway Royal Salmon ASA. The measure is used to evaluate the profitability of sold goods and the operations of the Group. The performance measure is useful to users of the financial statements to evaluate the profitability of sold goods and the production. The measure is calculated before unallocated costs and non-recurring events, fair value adjustments, income from associated companies, financial expenses and taxes. The measure is expressed per kg harvested volume.

Operational EBIT per kg - Group

(NOK 1 000)	2021	2020
Operational EBIT continued operations	344 260	246 252
Unallocated expenses	96 409	56 227
Non-recurring events (note 5)	33 639	0
Operational EBIT	474 308	302 479
Harvested volume	49 640	30 509
Operational EBIT per kg	9,55	9,91

Alternative performance measures cont.**Operational EBIT per kg FARMING NORWAY**

(NOK 1 000)	2021	2020
Operational EBIT (segment, note 2)	358 544	215 186
Share of operational EBIT Sales allocated excl. Contracts	6 297	-4 631
Operational EBIT excl. Contracts	364 840	210 555
Loss(-) / Gain(+) on open fixed-price contracts	9 941	91 924
Operational EBIT	374 781	302 479
Harvested volume	38 161	30 509
Operational EBIT per kg excl. Contracts	9,56	6,90
Operational EBIT per kg	9,82	9,91

Operational EBIT per kg FARMING ICELAND

(NOK 1 000)	2021	2020
Operational EBIT	99 527	
Harvested volume	11 479	
Operational EBIT per kg	8,67	

Fair value-adjusted earnings per share

Earnings per share before fair value adjustments is defined as the period's result adjusted for fair value adjustments after tax. The performance measure is expressed per share and is useful for the users of Norway Royal Salmon ASA's financial information. The performance measure is used as raw data in analysis like of P/E.

(NOK 1 000)	2021	2020
Majority share of net result for the period	617 362	80 113
Majority share of fair value adjustments of biomass after tax	-69 000	79 876
Majority share of fair value of sales contracts and Fish Pool contracts after tax	-11 730	23 847
Majority share of value-adjusted result for the period	536 632	183 836
Weighted average number of ordinary shares outstanding	43 178 067	43 076 909
Fair value-adjusted earnings per share	12,43	4,27



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Income statement

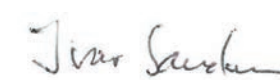
(NOK 1 000)	Note	2021	2020
Sales revenues	2	5 172 881	5 108 586
Sales revenue		5 172 881	5 108 586
Cost of goods sold	13	5 118 295	4 984 257
Personnel expenses	3,5	64 443	56 934
Depreciation	7	2 239	967
Other operating expenses	4	32 612	24 916
Total operating expenses		5 217 589	5 067 073
Net operating result		-44 708	41 513
Financial items			
Income from associates and subsidiaries	6,8	358 846	139 872
Gain on financial assets	6,17	28 994	13 223
Net interest expenses	6,13	34 730	32 137
Net other financial expenses	6,17	-7 888	-11 416
Net financial items		414 682	173 816
Result before tax		369 973	215 329
Tax	12	-8 532	4 157
Net result for the year		361 441	219 485
Allocations:			
Allocated to dividend	11	0	130 717
Allocated from/to reserve for valuation variances	11	201 446	153 089
Allocated to other equity	11	159 995	-64 320
Total allocations		361 441	219 485

Balance sheet

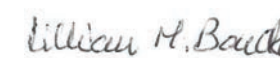
ASSETS (NOK 1 000)	Note	31.12.2021	31.12.2020
Non-current assets			
Intangible assets			
Deferred tax assets	12	4 624	9 000
Total intangible assets		4 624	9 000
Property, plant and equipment			
Other operating assets	7,15	7 511	9 603
Total property, plant and equipment		7 511	9 603
Non-current financial assets			
Investments in subsidiaries	8	1 932 489	1 175 889
Investments in associates	8	352 787	672 655
Investments in other shares		1	12 048
Other non-current receivables	9	2 159	46 904
Total non-current financial assets		2 287 436	1 907 495
Total non-current assets		2 299 571	1 926 098
Current assets			
Inventory	10,15	57 085	67 903
Total inventory		57 085	67 903
Receivables			
Accounts receivables	13,15	269 106	127 376
Other Group receivables	13,15	0	20 292
Other receivables		53 340	90 864
Total receivables		322 446	238 532
Bank deposits and cash	16	2 955 242	2 372 047
Total current assets		3 334 773	2 678 482
Total assets		5 634 344	4 604 580

EQUITY AND LIABILITIES (NOK 1 000)	Note	31.12.2021	31.12.2020
Paid-in capital			
Share capital	11	43 572	43 572
Treasury shares	11	-198	-653
Other paid-in equity	11	82 030	82 030
Total paid-in capital		125 405	124 949
Retained earnings			
Reserve for valuation variances	11	1 308 510	1 142 237
Other equity	11	1 804 739	1 488 450
Total retained earnings		3 113 249	2 630 687
Total equity		3 238 654	2 755 636
Liabilities			
Provisions			
Pension liabilities	5	24 817	23 703
Total provisions		24 817	23 703
Non-current liabilities			
Long-term leasing liabilities		7 304	9 023
Debt to credit institutions	14,15	1 814 706	1 200 000
Total non-current liabilities		1 822 010	1 209 023
Current liabilities			
Accounts payables	13	525 489	442 341
Public charges payable		4 848	6 315
Tax payable	12	0	2 803
Dividend	11	0	130 717
Other current liabilities	13	18 526	34 043
Total current liabilities		548 862	616 218
Total liabilities		2 395 689	1 848 945
Total equity and liabilities		5 634 344	4 604 580
Guarantee liabilities	15	1 567	1 567

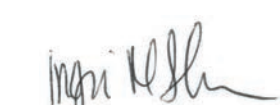
Trondheim, 6 April 2022


Roald Dolmen
Chair

Ivar Rolf Sandnes
Vice Chair


Kristine Landmark



Lillian Margrete Bondø



Ingri Marie Sivertsen


Klaus Hatlebrekke
Interim CEO

Cash flow

(NOK 1 000)	Note	2021	2020
Operating result		-44 708	41 513
Taxes paid		-2 803	0
Depreciation and write-downs	7	2 239	967
Pension costs with no cash effect		-761	1 216
Share based payment		1 675	3 100
Change in inventories		10 818	-24 234
Change in accounts receivables		-141 730	265 251
Change in accounts payables		83 148	-81 691
Change in other current assets and other liabilities		52 491	73 883
Net cash flow from operating activities		-39 632	280 005
Cash flow from investing activities			
Payments for purchase of property, plant and equipment	7	0	-9 690
Payments and proceeds from investments in current financial assets (TRS)	8	0	44 689
Proceeds from sale of shares in associate	8	147 768	0
Payments for acquisition of subsidiary	8	-200 008	0
Dividend from subsidiaries and associated companies	8	35 172	21 997
Proceeds from sale of share in associated company	8	0	2 643
Group contribution from subsidiaries		0	0
Change in loans/investments associates and others		45 000	-103 308
Net cash flow from investing activities		27 933	-43 669
Cash flow from financing activities			
New non-current borrowings		650 000	1 200 000
Non-current debt repayments		-37 014	0
Net proceeds from sale of treasury shares and payments for purchase of treasury shares		-1 953	-239 308
Net interest received		26 783	20 683
Dividend payment		-42 922	-106 173
Net cash flow from financing activities		594 895	849 893
Net increase/ reduction in cash and cash equivalents		583 195	1 086 229
Cash and cash equivalents as of 1 January		2 372 047	1 285 818
Cash and cash equivalents as of 31 December		2 955 242	2 372 047

Notes to the Financial Statements

Note 1. Accounting principles

The financial statements for Norway Royal Salmon ASA have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting practice in Norway.

Principle for valuation and classification of assets and liabilities

Assets intended for long-term ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. Similar criteria are used when classifying non-current and current liabilities.

Current assets are valued at the lower of acquisition cost and fair value.

Non-current assets are valued at acquisition cost, but are written down to their recoverable value if this is lower than book value and the impairment is expected to be permanent. Non-current assets with a limited useful economic life are systematically depreciated or amortised.

Other long-term and current liabilities are valued at nominal value.

Revenues

Revenues are recognised as they are accrued, when most of both risk and control have been transferred to the customer. This will normally be the case when the goods are delivered to the customer. Revenues are recognised at the value of the consideration on the date of the transaction.

Expenses

Expenses are generally recognised in the same period as the corresponding revenue. In cases where there is no clear connection between expenses and revenues, the allocation is determined based on an informed estimate. Other exceptions to the matching principle are specified where relevant.

Functional and presentation currency

The functional and presentation currency is NOK.

Assets and liabilities in foreign currencies

Transactions in foreign currencies are translated at the exchange rate in effect on the date of the transaction. Monetary items, receivables and liabilities in foreign

currencies are translated into NOK at the exchange rate in effect on the balance sheet date. Changes in exchange rates are recognised in the accounting period as an operational item.

The company reduces its foreign exchange risk on receivables by entering into forward contracts and raising loans for a corresponding amount in the same currency. As of 31 December, both trade receivables and withdrawals from currency accounts are valued at the day rate. See the description of forward currency contracts in the Derivatives section.

Derivatives

Currency Forward contracts are capitalised at their fair value on the date the contract was signed. Changes in fair value are recognised in the income statement, unless they qualify for hedge accounting. A derivative qualifying for hedge accounting is classified directly against equity. The instrument is derecognised when the contractual rights expire, or contractual rights and obligations are transferred. Derivative financial instruments are classified as current assets or liabilities.

Commodity derivatives entered into by the company do not meet the requirements for hedge accounting, and gains and losses are recognised in the income statement on the date they are realised. The effect is classified as an operating item in the company's financial statements.

Property, plant and equipment

Property, plant and equipment are capitalised at historical cost and depreciated in a straight line over the asset's expected useful economic life. If the recoverable value of an operating asset is lower than its book value, it is written down to its recoverable value. Recoverable value is the higher of net sales value and value in use. Value in use is the net present value of the future cash flows the asset is expected to generate.

Shares in subsidiaries and associates

Subsidiaries are defined as companies in which the shareholder has a controlling influence, normally where the shareholding exceeds 50 per cent. Associates are defined as companies in which the Group has a significant, but not controlling, influence. This is normally deemed the case where the shareholding is between 20 and 50 per cent.

Investments in subsidiaries and associates are recognised in accordance with the equity method. The company's share of the profits/losses from subsidiaries and associates will be its share of their profit/loss after tax less any amortisation of excess values on the date of acquisition. Shares of profit/loss are presented net on a separate line under financial items in the income statement. Investments in subsidiaries and associates are presented as non-current assets in the balance sheet.

Other investments in shares classified as non-current assets

Shares and other securities intended for long-term ownership are classified as non-current assets and recognised at their original cost price. A write-down is performed if the fair value is lower than cost price, and this situation is not of a temporary nature. Dividends received from these companies are recognised as other financial income.

Inventory

Inventory is recognised at the lower of acquisition cost and net sales price. The cost price of purchased goods is their acquisition cost plus freight charges.

Receivables

Trade and other receivables are recognised at nominal value less provisions for bad debts. Trade receivables are monitored continuously, and it is the company's policy to insure all material trade receivables. Provisions for bad debts are based on an individual assessment of each receivable.

Bank deposits and cash equivalents

Bank deposits, cash and cash equivalents include cash, bank deposits and other means of payment which can be immediately and with negligible exchange rate risk converted into cash.

Pensions

Defined contribution pension schemes

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

Defined benefit pension schemes

Pension schemes that are not defined contribution schemes are defined benefit schemes. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using a linear accrual method. Pension obligations are calculated based on long-term discount rate and long-term expectations of future salary growth, inflation and pension increases. Pension assets are valued at fair value. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the equity.

Statement of cash flow

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

Tax

The tax expenses are matched to the result before tax. Tax relating to equity transactions is recognised in equity. The tax expense comprises tax payable and any change in net deferred tax. Deferred tax liabilities and assets are presented net in the balance sheet.

Note 2. Sales revenues

Specification of sales by region:

(NOK 1 000)	2021	2020
Norway	688 740	658 157
Western Europe	3 485 483	3 540 272
Eastern Europe	299 724	296 334
Asia & Middle East	696 853	610 409
Other countries	2 080	3 415
Total operating revenues	5 172 881	5 108 586

Note 3. Personnel expenses and benefits

(NOK 1 000)	2021	2020
Wages and salaries	46 867	41 904
Payroll tax	9 419	8 410
Pension costs – defined benefits scheme	5 672	6 055
Other benefits	2 483	565
Total salary and personnel expenses	64 443	56 934
Average number of full-time-equivalents	46	46

For details of the salary and other benefits payable to the Board of Directors, CEO and other senior executives, see Note 19 to the consolidated financial statements.

Note 4. Auditor's fee

(NOK 1 000)	2021	2020
Statutory auditing services	648	572
Other attestation services	61	60
Tax advisory services	0	0
Other services	107	31
Total auditor's fees	816	663

All auditing costs are exclusive of VAT.

Note 5. Pension costs and pension liabilities

The company has a statutory obligation to provide an occupational pension scheme under the Norwegian Mandatory Occupational Pension Schemes Act. The company's pension scheme complies with the requirements of this legislation.

The company operates a defined benefits pension scheme and a defined contribution scheme.

The company's defined benefit scheme entitles the 28 members to defined future benefits. These are mainly dependent on the number of years of entitlement, level of salary upon reaching retirement age and the size of the pension benefits paid by the National Insurance Scheme.

The liability is funded through an insurance company. The defined contribution scheme includes 18 employees.

As a result of the application of IAS 19R, the period's net interest expense is now calculated by applying the discount rate for the liability at the beginning of the period to the net liabilities. Net interest expense therefore consists of interest on the obligation and return on assets, both calculated at the same discount rate. The change in the net pension obligation as a result of premium payments and pension payments are taken into account. The difference between the actual return on plan assets and the return recognised in the profit and loss accounts are expensed as incurred against equity.

Pension costs:

(NOK 1 000)	2021	2020
Current service cost	4 010	4 343
Interest expenses	334	480
Payroll tax	629	694
Administrational expenses	117	101
Net pension cost – defined benefit scheme	5 090	5 618
Employee contributions to scheme	-810	-482
Costs of defined contribution pension scheme	1 392	918
Total pension costs	5 672	6 055

Assumptions	2021	2020
Discount rate	1,50 %	1,50 %
Future salary increases	2,50 %	2,00 %
Inflation rate	1,50 %	1,75 %
Future pension increase	0,00 %	0,00 %

Demographic factors:

Disability table	IR02	IR02
Mortality table	K2013 BE	K2013 BE

Number of employees in the scheme

Active	28	29
Pensioners	8	9
Total	36	38

	2021	2020
Paid into scheme during the year	5 128	3 858
Forecast payment to scheme next year	5 782	4 329

Note 5. cont.

Calculation of amount recognised in the balance sheet:

(NOK 1 000)	31.12.2021	31.12.2020
Present value of funded obligations	84 596	78 757
Fair value of plan assets	-59 779	-55 053
Net pension liabilities in balance sheet	24 817	23 703

Change in present value pension liabilities:

(NOK 1 000)	2021	2020
Pension liabilities as of 1 January	78 757	78 097
Current service cost	4 644	5 045
Interest expense	1 188	1 410
Payroll tax on this year's payment	-723	-544
Pension payments	-600	-599
Actuarial gains/losses over other comprehensive income	1 331	-4 652
Pension liabilities as of 31 December	84 596	78 757

Change in estimated fair value of plan assets:

(NOK 1 000)	2021	2020
Estimated fair value of plan assets as of 1 January	55 053	50 458
Return on plan assets	742	836
Contributions paid	5 851	4 402
Pension payments	-723	-544
Payroll tax on this year's payment	-600	-599
Actuarial losses/ (gain) over other comprehensive income	-544	500
Plan assets as of 31 December	59 779	55 053

Pension funds are made up as follows:

(NOK 1 000)	2021	2020
Shares	9,7 %	7,2 %
Short-term bonds	19,6 %	20,4 %
Money market fund	10,6 %	10,6 %
Long-term bonds	26,7 %	30,8 %
Loans and receivables	19,1 %	17,0 %
Property	13,6 %	13,6 %
Other	0,7 %	0,4 %
Total	100,0 %	100,0 %

Note 5. cont.**Sensitivity calculations**

The Group's pension liabilities and costs are based on assumptions as described above. Changes in these assumptions will result in changes in liability. A 1 per cent increase in the discount rate would result in a gross pension liability of KNOK 6 668 (2020: 6 688). Conversely, reducing the discount rate by 1 per cent would result in a gross pension liability of KNOK 49 059 (2020: 46 510). An 1 per cent increase in the future salary increases, would result in a gross pension liability of KNOK 38 018 (2020: 35 331). Conversely, reducing the future salary increases by 1 per cent would result in a gross pension liability of KNOK 13 129 (2020: 13 011).

Note 6. Financial income and financial expenses**Finansposter innregnet i resultatet:**

(NOK 1 000)	2021	2020
Income from associates and subsidiaries	233 276	139 872
Gain on sale of subsidiary (see specification below)*	137 617	0
Writedown of financial assets**	-12 048	0
Net result from investment in associates and subsidiaries	358 846	139 872
Realised gains on TRS-agreements	0	44 689
Reversal of unrealised losses on Fish Pool contracts	28 994	-31 466
Gain on financial assets	28 994	13 223
Interest income	63 511	36 042
Interest expenses	-28 781	-3 904
Net interest expenses	34 730	32 137
Other financial expenses	-7 947	-11 454
Inefficiency cash flow hedging	59	38
Net financial expenses	-7 888	-11 416
Net financial items	414 682	173 816

* Norway Royal Salmon ASA sold its 36.1 % stake in the associated company Måsøval Fishfarm AS to Måsøval Fiskeoppdrett AS in the second quarter of 2021.

** Writedown of financial assets is explained by impairment of the 17.2 per cent of shares in Hardanger Fiskeforedling AS

Note 7. Property, plant and equipment

(NOK 1 000)	Other operating assets
Acquisition cost 1 January 2021	11 042
Additions	147
Acquisition cost 31 December 2021	11 189
Accumulated depreciation 1 January 2021	1 438
Depreciation for the year	2 239
Accumulated depreciation 31 December 2021	3 677
Book value 31 December 2021	7 511

Useful economic life	5 years
Depreciation method	Straight-line

(NOK 1 000)	Other operating assets
Acquisition cost 1 January 2020	37 523
Additions	9 690
Disposals	-36 171
Acquisition cost 31 December 2020	11 042
Accumulated depreciation 1 January 2020	471
Depreciation for the year	967
Accumulated depreciation 31 December 2020	1 438
Book value 31 December 2020	9 603

Useful economic life	5 years
Depreciation method	Straight-line

Note 8. Subsidiaries and associated companies

Company	Consolidated	Registered office	Last acquisition date	Voting and shareholding	Book value
Nor Seafood AS	Yes	Senja	10.08.2007	82,50 %	181 701
NRS Farming AS	Yes	Alta	01.08.2008	100,00 %	918 669
Arctic Offshore Farming AS	Yes	Trondheim	01.08.2018	100,00 %	235 886
Arctic Fish Holding AS*	Yes	Trondheim	09.11.2020	100,00 %	596 234
Total investment in subsidiaries					1 932 488

* During the first quarter 2021, Norway Royal Salmon ASA surpassed majority ownership of Arctic Fish. Hence, Arctic Fish was from the 1 January 2021 fully consolidated into the Norway Royal Salmon Group as a subsidiary. See note 28 Business Combination in the group consolidated financial statements for further information.

Wilsgård Fiskeoppdrett AS	No	Senja	19.08.2008	37,50 %	170 206
Måsøval Fishfarm AS*	No	Frøya	03.01.2003	0,00 %	0
Hellesund Fiskeoppdrett AS	No	Lillesand	21.02.2004	33,50 %	182 534
Other	No				48
Total investment in associates					352 787

* Norway Royal Salmon ASA sold its 36.1 % stake in the associated company Måsøval Fishfarm AS to Måsøval Fiskeoppdrett AS in the second quarter of 2021.

Note 8. cont.

Subsidiaries:

(NOK 1 000)	Nor Seafood AS	NRS Farming AS	NRS Settefisk AS	Arctic Offshore Farming AS	Arctic Fish Holding AS*	Total
Acquisition cost	23 691	166 611	988	50 000	469 487	
Paid excess value	14 045	102 297	0	0	122 430	
Opening balance 1 January 2021	191 681	934 424	1 017	48 742	24	1 175 889
Combination following merger of subsidiaries	0	1 017	-1 017	0	0	0
Additions due to Arctic Fish consolidation	0	0	0	0	340 038	340 038
Additions	0	0	0	0	200 008	200 008
Share of profit/loss for the year	-9 980	202 479	0	-32 108	59 201	219 593
Group contribution between subsidiaries	0	-219 252	0	219 252	0	0
Equity adjustments and dividend	0	0	0	0	-3 037	-3 037
Closing balance 31 December 2021	181 701	918 669	0	235 886	596 234	1 932 489

* During the first quarter 2021, Norway Royal Salmon ASA surpassed majority ownership of Arctic Fish. Hence, Arctic Fish was from the 1 January 2021 fully consolidated into the Norway Royal Salmon Group as a subsidiary. The shareholders in Arctic Fish ehf. transferred their shareholdings to Arctic Fish Holding AS at the beginning of February 2021 and received a corresponding shareholding in Arctic Fish Holding AS.

Paid excess value is almost entirely related to the value of licences and is not amortised, but is tested annually for impairment.

(NOK 1 000)	Nor Seafood AS	NRS Farming AS	NRS Settefisk AS	Arctic Offshore Farming AS	Arctic Fish Holding AS	Total
Acquisition cost	23 691	166 611	988	50 000	24	
Paid excess value	14 045	102 297	0	0	0	
Opening balance 1 January 2020	196 820	794 650	1 000	47 665	0	1 040 135
Additions	0	0	0	0	24	24
Share of profit/loss for the year	-767	153 711	-11 882	-12 177	0	128 885
Group contribution between subsidiaries	0	-13 938	683	13 254	0	0
Group contribution to subsidiary	0	0	11 216	0	0	11 216
Equity adjustments and dividend	-4 373	0	0	0	0	-4 373
Closing balance 31 December 2020	191 681	934 424	1 017	48 742	24	1 175 889

Paid excess value is almost entirely related to the value of licences and is not amortised, but is tested annually for impairment.

Note 8. cont.

Associated companies:

(NOK 1 000)	Arctic Fish ehf*	Wilsgård Fiskeoppdrett AS	Måsøval Fishfarm AS***	Hellesund Fiskeoppdrett AS**	Other	Total
Acquisition cost at 31.12.2021	269 487	25 011	10 977	17 472	48	
Paid excess value	102 519	17 205	7 699	11 807	0	
Excess value and goodwill as of 31 December 2021	102 519	17 205	7 699	11 807	0	
Opening balance 1 January 2021	340 039	168 541	41 385	122 642	48	672 655
Disposal	-340 039	0	-10 141	0	0	-350 179
Share of profit/loss for the year	0	2 979	-1 102	14 812	0	16 689
Conversion differences	0	0	0	0	0	0
Dividend	0	0	-30 142	-5 030	0	-35 172
Equity adjustments	0	-1 313	0	50 110	0	48 797
Closing balance 31 December 2021	0	170 207	0	182 534	48	352 787

* During the first quarter 2021, Norway Royal Salmon ASA surpassed majority ownership of Arctic Fish. Hence, Arctic Fish was from the 1 January 2021 fully consolidated into the Norway Royal Salmon Group as a subsidiary.
** The changes directly against equity is due to a share of the gain on the sale of shares in Norway Royal Salmon ASA.
*** Norway Royal Salmon ASA sold its 36.1 % stake in the associated company Måsøval Fishfarm AS to Måsøval Fiskeoppdrett AS in the second quarter of 2021.

Paid excess value is almost entirely related to the value of licences and is not amortised, but is tested annually for impairment.

Note 8. cont.

Associated companies:

(NOK 1 000)	Arctic Fish ehf*	Wilsgård Fiske- oppdrett AS	Måsøval Fishfarm AS*	Hellesund Fiske oppdrett AS	Nordnorsk Smolt AS	Other**	Total
Acquisition cost at 31.12.2020	269 487	25 011	10 977	17 472	19 241	21 777	
Paid excess value	102 519	17 205	7 699	11 807	17 022	12 211	
Of which amortisable excess value / goodwill	0	0	0	0	17 022	11 211	
Excess value and goodwill as of 31 December 2020	102 519	17 205	7 699	11 807	16 171	1 404	
Opening balance 1 January 2020	227 750	170 027	20 653	111 481	42 247	14 490	586 649
Disposal ***	0	0	0	0	-43 738	-14 690	-58 428
Share of profit/loss for the year	-18 172	2 264	9 943	15 213	1 491	247	10 986
Conversion differences	14 436	0	0	0	0	0	14 436
Dividend	0	-3 750	-8 845	-5 030	0	0	-17 625
Equity adjustments	116 024	0	19 634	977	0	0	136 636
Closing balance 31 December 2020	340 039	168 541	41 385	122 642	0	48	672 655

* The changes directly against equity is due to a share of the gain on the sale of shares in Norway Royal Salmon ASA.
** Due to a restructuring in Hardanger Fiskeforedling AS, Norway Royal Salmon was diluted and the ownership share was reduced to 17.2 %. The investment in the company, KNOK 12 047, will no longer be recognised as an investment in an associated company, but as an investment in shares. Disposal includes KNOK 2 643 paid for the sale of shares in Ranfjord Fiskeprodukter AS.
*** Disposal of KNOK 43 738 is related to the investment in Nordnorsk Smolt AS, which in 2020 was sold to the 100 % owned subsidiary NRS Farming AS. Paid excess value is almost entirely related to the value of licences and is not amortised, but is tested annually for impairment.

Income from subsidiaries and associates	2021	2020
Share of profit/loss for the year from associated companies and subsidiaries	233 276	139 872
Gain on sale of shares in associate (Måsøval Fishfarm AS)*	137 617	0
Writedown of financial assets**	-12 048	0
Net result from investment in associates and subsidiaries	358 846	139 872

* Norway Royal Salmon ASA sold its 36.1 % stake in the associated company Måsøval Fishfarm AS to Måsøval Fiskeoppdrett AS in the second quarter of 2021.
** Writedown of financial assets is explained by impairment of the 17.2 per cent of shares in Hardanger Fiskeforedling AS

Note 9. Receivables due in more than one year

(NOK 1 000)	31.12.2021	31.12.2020
Other long-term receivables	2 159	46 904
Total receivables due in more than one year	2 159	46 904

Note 10. Inventory

(NOK 1 000)	31.12.2021	31.12.2020
Goods in transit	52 085	54 899
Finished goods	5 000	13 004
Total inventory	57 085	67 903

Note 11. Share capital and shareholders

Share capital as at 31 December 2021 comprises the following classes of share:	Number of shares	Nominal value	Book value
Ordinary shares	43 572 191	1,00	43 572 191

Norway Royal Salmon ASA had 3 114 shareholders as at 31 December 2021. All shares afford the same rights in the company.

In 2021 an ordinary dividend of NOK 130 716 573 (NOK 3.00 per share) was paid based on the annual accounts for the financial year 2020. The dividend was partly distributed in cash, 1,00 per share, totalling NOK 49 922 081 and partly by distribution of 452 615 shares. The dividend was transferred in June 2021.

For details of the largest shareholders and shares owned by board members, the CEO and other senior executives, see Note 22 to the consolidated financial statements.

Note 11. cont.

(NOK 1 000)	Share capital	Treasury shares	Other paid-in equity	Reserve for valuation variances	Other equity	Total
Equity as of 31 December 2020	43 572	-653	82 030	1 142 237	1 488 450	2 755 636
<i>Change in the year:</i>						
Net result for the year	0	0	0	201 446	159 995	361 441
Dividend associates and subsidiaries	0	0	0	-35 172	35 172	0
Other changes from subsidiaries and associates	0	0	0	0	48 797	48 797
Excess provision of dividends	0	0	0	0	-452	-452
Deposited not distributed dividend	0	0	0	0	130 717	130 717
Cash flow hedges	0	0	0	0	-13 276	-13 276
Share based payment	0	3	0	0	-281	-278
Actuarial gains (losses)	0	0	0	0	-1 462	-1 462
Cash dividend	0	0	0	0	-42 922	-42 922
Net purchase and sale of treasury shares/dividend shares	0	453	0	0	0	453
Equity as of 31 December 2021	43 572	-198	82 030	1 308 510	1 804 739	3 238 654

For additional information on purchase and sale of treasury shares please see Note 22 in the consolidated accounts.

Note 12. Taxation

(NOK 1 000)	2021	2020
Tax payable	0	-5 966
Change in deferred tax	-8 532	10 183
Adjustments from previous years	0	-59
Tax related to profit/loss for the year	-8 532	4 157

Tax payable in the balance sheet:

(NOK 1 000)	31.12.2021	31.12.2020
Tax payable	0	5 966
Tax on group contributions	0	-3 163
Tax payable	0	2 803

Note 12. cont.**Specification of temporary differences and deferred tax:**

(NOK 1 000)	31.12.2021	31.12.2020	Change
Property, plant and equipment	379	300	79
Inventories and trade receivables	72	2 957	-2 885
Long term receivables and liabilities in foreign currency	169	67	102
Financial instruments	-10 459	12 521	-22 980
Pensions	24 817	23 703	1 114
Other temporary differences	174	1 359	-1 185
Tax losses carried forward	5 865	0	5 865
Basis for deferred tax	21 018	40 907	-19 889
Deferred tax assets	4 624	9 000	-4 376

Tax on items recognised directly in equity:

(NOK 1 000)	31.12.2021	31.12.2020
Actuarial losses	1 875	5 151
Cash flow hedging	17 020	19 357
Basis for deferred tax	18 895	24 508
Deferred tax on items recognised directly against equity (2 %)	4 157	5 392

Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2021	2020
Result before tax	369 973	215 329
Expected tax after nominal tax rate (22 % in 2019 and 23 % in 2018)	81 394	47 372
Actual tax	8 532	-4 159
Difference	-72 862	-51 529

Explanation of difference

Non-deductible expenses	234	154
Permanent differences related to the equity method	-48 671	-30 772
Realised and unrealised TRS gains/losses		-9 832
Gain from sale of associated company	-30 276	0
Share-based share of the option scheme	5	-1 598
Tax effect of items recognised directly in equity	5 846	-9 481
Tax on ordinary result	-72 862	-51 529

Effective tax rate	2,3 %	-1,9 %
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Note 13. Intra-group transactions and balances**Intra-group balances:****Current Group receivables**

(NOK 1 000)	2021	2021
Other short term receivables group companies	0	20 292
Loan to associated company	0	-14 379
Total current Group receivables	0	5 913

Group trade payables

(NOK 1 000)	2021	2020
Group companies	215 913	84 153
Associated companies	6 398	90 598
Total Group trade payables	222 311	174 751

Transactions with group companies:

(NOK 1 000)	2021	2020
Cost of goods sold	2 053 595	1 529 368
Other interest income	63 505	34 383

Note 14. Non current liabilities

Non current liabilities

(NOK 1 000)	2021	2020
Long term liabilities for right-to-use assets	7 304	9 023
Debt to credit institutions, Danske Bank	1 814 706	1 200 000
Total non current liabilities	1 822 010	1 209 023

Group loan agreements

Per 31.12.2021 the credit facilities to banks in Norway is total KNOK 2,800,000. KNOK 1,000,000 is a revolving loan facility that is instalment-free and expires 17 March 2025. KNOK 1,200,000 is a sustainability linked term loan that has an 8.5 year instalment profil with the first instalment Q4-21 with a duration until 31.12.2025. The sustainability link is explained by the fact that the bank's margin is adjusted in accordance with the company's ASC certification development as well as the progression of electrification of the company's barges.

In addition a multi-currency overdraft facility of KNOK 600,000 is comitted and covers all the group's companies in Norway.

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

Financial covenants

The main loan terms (covenants) are based on standard ratios. The agreement has a financial requirement for a minimum 30% equity ratio where the right-of-use-assets and lease obligations have been deducted (see calculation in Alternative Profit Measures). Withdrawals from the short-term credit facility shall not exceed 75% of the book value of inventories and accounts receivable. At the end of 2021, the company complies with the loan terms in accordance with the loan agreement.

Note 15. Assets pledged as securities, guarantees, etc.

Capitalised secured liabilities

(NOK 1 000)	31.12.2021	31.12.2020
Long-term debt to credit institutions	1 814 706	1 200 000
Total secured liabilities	1 814 706	1 200 000

Book value of assets pledged as security

(NOK 1 000)	31.12.2021	31.12.2020
Other operating assets	7 511	9 603
Inventories	57 085	67 903
Accounts receivables	269 106	127 376
Total secured liabilities	333 702	204 882

Guarantee liabilities	1 567	1 567
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In addition to the above-mentioned guarantees, the company had the following liabilities as of 31 December 2021:

- 1) Norway Royal Salmon ASA has given guarantees to credit institutions with respect to some of its subsidiaries' leasing liabilities. As of 31 December 2021 the total recognised leasing liabilities for which NRS has pledged security amounted to KNOK 288 292.
- 2) Norway Royal Salmon ASA has joint liability up to a maximum of KNOK 600 000 for the group overdraft arrangement.
- 3) In connection with Group funding the company's assets are pledged as security for the liabilities of the subsidiaries.

Note 16. Liquidity

As at 31 December 2021 the company had restricted deposits of KNOK 18 934 (2020: KNOK 31 451). The funds have been pledged as security for the company’s trading activities on Fish Pool.

The company is part of the group's cash pool, for information on unutilized overdraft please see Note 9 to the consolidated financial statements.

Note 17. Derivatives

Forward currency contracts

Forward currency contracts are recognised at fair value at the balance sheet date. At 31 December 2021 forward currency contracts was nominated in EUR, USD and GBP. These contracts mature between 5 January 2022 and 22 December 2022 and are used to hedge cash flows expected to arise during this period and reduce foreign currency exposure on receivables. The cash flow hedging satisfy the demands for hedge accounting and the changes in unrealised value are recognised directly against equity, inefficient hedging is recognised as a finance post. Realised profit/loss on the contract are recognised in revenues.

As of 31 December 2021 (NOK 1 000)	Type	Cur- rency	Cur- rency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	33 997	10.01.22-22.12.22	9.7383-11.0558	9 480
Forward currency contracts – cash flow hedging	Sale	USD	9 585	10.01.22-15.12.22	8.3799-9.1430	-630
Forward currency contracts – cash flow hedging	Sale	GBP	3 105	20.01.22-20.12.22	11.9918-12.0058	349
Forward currency contracts – fair value hedging	Sale	EUR	20 000	05.01.2022	10.034-10.072	1 260
Total forward currency contracts						10 459

As of 31 December 2020 (NOK 1 000)	Type	Cur- rency	Cur- rency amount	Currency period	Exchange rate range	Book value
Forward currency contracts – cash flow hedging	Sale	EUR	45 184	15.01.21-20.01.22	10.515-11.959	19 841
Forward currency contracts – cash flow hedging	Sale	USD	6 608	05.01.21-15.12.21	8.965-9.061	3 023
Forward currency contracts – cash flow hedging	Sale	GBP	2 436	15.01.21-22.03.21	12.591-13.493	3 350
Forward currency contracts – cash flow hedging	Sale	JPY	80 444	08.01.21-15.03.21	0.0827-0.0830	-54
Forward currency contracts – fair value hedging	Sale	USD	5 000	06.01.21	9.304	3 872
Forward currency contracts – fair value hedging	Sale	EUR	24 000	07.01.21	10,877	9 768
Total forward currency contracts						39 800

Note 17. cont.

Financial Fish Pool contracts

A contract has been signed to purchase 125 tonnes on the Fish Pool salmon exchange. The contract prices is NOK 59.60 and cover the period January 2022. The sales department enters into the contracts with the aim of hedging margins linked to deliveries of fixed-price contracts to customers. In addition, the group has entered into an agreement to sell 3 510 tonnes on Fish Pool. The contract prices are in the range NOK 58.75- NOK 63.00 and cover the period from January 2022 to December 2022. Realised Fish Pool contracts are posted in the accounts under operational result and the unrealised value changes to the Fish Pool contracts are posted as a finance post in the accounts. Realised Fish Pool contracts classified under the operational result amounted to a gain of KNOK 1 977 in 2021 (2020: cost of KNOK 4 619). Unrealised change in the value of Fish Pool contracts was KNOK 28 994 in 2021 (2020: KNOK -31 466).

As of 31 December 2021

(NOK 1 000)	Type	Cur- rency	Volume (tonnes)	Period	Price range	Book value
Fish Pool contracts	Purchase	NOK	125	01.01.22-31.01.22	59.60	1 063
Fish Pool contracts	Sale	NOK	3 510	01.01.22-31.12.22	58.75-63.00	-3 534
Total						-2 472

As of 31 December 2020

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

Total return swap

In 2020, Norway Royal Salmon ASA exercised its contractual right to purchase 994 609 own shares at a price of NOK 235.00 per share. Consequently, the TRS (Total Return Swap) agreement for the corresponding number of shares terminated. As of 31 December 2020, Norway Royal Salmon had no underlying exposure through TRS agreements. The gain on realisation amounted to KNOK 44 689 and is posted as a financial item in the accounts.

Note 18. Financial risk

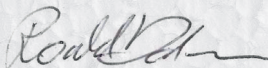
For further information relating to the management of financial risk in the parent company and group, see Note 1.6 to the consolidated financial statements.

Responsibility statement from the Board of Directors and Chief Executive Officer

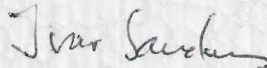
We confirm that, to the best of our knowledge, the consolidated financial statements for the period for 2021 have been prepared in accordance with IFRS and applicable additional disclosure requirements in the Norwegian Accounting Act, and that the financial statement of the parent company for 2021 have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards, and that the accounts give a true and fair view of the group and the company's consolidated assets, liabilities, financial position and results of the operations per 31 December 2021.

We also confirm to the best of our knowledge, that the Director's report provides a true and fair view of the development and performance of the business and the position of the group and the company including description of key risks and uncertainty factors pertaining to the group going forward.

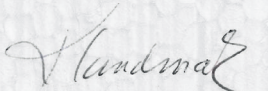
Trondheim, 6 April 2022



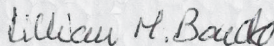
Roald Dolmen
Chair



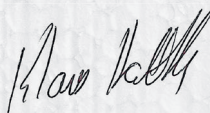
Ivar Rolf Sandnes
Vice Chair



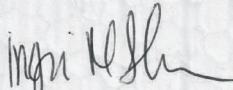
Kristine Landmark



Lillian Margrete Bondø



Klaus Hatlebrekke
Interim CEO



Ingri Marie Sivertsen





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To the General Meeting of Norway Royal Salmon ASA

Independent Auditor’s Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Norway Royal Salmon ASA, which comprise:

- The financial statements of the parent company Norway Royal Salmon ASA (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Norway Royal Salmon ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 3 years from the election by the general meeting of the shareholders on 6 June 2019 for the accounting year 2019.



Independent Auditor's Report - Norway Royal Salmon ASA

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Measurement and valuation of biological assets

Reference is made to Note 1.4 Summary of important accounting principles, Note 1.5 Important accounting estimates and judgements and Note 5. Biological assets.

The key audit matter	How the matter was addressed in our audit
Norway Royal Salmon ASA measure biological assets at fair value in accordance with IAS 41. As per 31 December 2021, the book value of biological assets is TNOK 1 785 781. This constitute 21 % of the Group's total assets.	We have established an understanding of the control environment and the Group's process for accounting for biological assets.
The book value of biological assets consists of biological assets measured at cost of TNOK 1 573 278, and a fair value adjustment of TNOK 212 503. The change in fair value in 2021 was TNOK 96 631.	We have reconciled the period's movement in the stock of live fish both in numbers and in biomass. For a sample of smolt releases, we tested the number of fish registered in the biomass system against external invoices.
Biological assets consists of the Group's live fish stock held at seafarms, roe and smolt in the operating segment Fish Farming – Farming Norway and Farming Iceland.	For the operating segment Fish Farming – Farming Norway, we have compared the accumulated feed factor on a project level with industry statistics. We have furthermore evaluated the Group's routines for the reconciliation of stock of feed and controlled a selection of feed purchases in the period.
In accordance with IAS 41, biological assets should be measured at fair value. Fair value is determined in accordance with IFRS 13. Effective markets for the sale of live fish stock do not exist, and the valuation of biological assets imply an estimation of fair value in a hypothetical market for live fish stock. This estimate is based on several assumptions, including:	We assessed the accuracy of biomass estimates by comparing the actual harvested biomass on projects harvested in 2021 with estimated biomass.
<ul style="list-style-type: none">• The stock of biological assets• Future prices• Monthly discounting factor• Mortality and quality of the live fish stock• Estimated time of harvest	We have tested the Group's model for measurement and valuation of biological assets at fair value for mathematical accuracy.
The estimation of fair value of biological assets is complex and requires the exercise of judgement by management.	Our assessment of the assumptions included a comparison of prices used with observable market prices on the estimated time of harvest. We have furthermore assessed the monthly discounting factor used against industry practice.
Based on the size of biological assets, measurement of fair value, the exercise of judgement by management both of model and assumptions, and the impact of the fair value adjustment on the net result for the year, we consider the measurement and valuation of biological assets to be a key audit matter.	Expected mortality and quality of live fish stock was evaluated on the basis of historical data. The estimated time of harvest was reconciled to the Group's budgets. We recalculated the Group's disclosed sensitivities of biological assets for changes in price, discounting factor, biomass, estimated time of harvest and production cost.
	We assessed the Group's notes related to measurement and valuation of biological assets, included in Note 1.4 Summary of important accounting principles, Note 1.5 Important accounting estimates and judgements and Note 5. Biological assets.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautorisererte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



Independent Auditor's Report - Norway Royal Salmon ASA

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Governance and the statement of Corporate Social Responsibility as included in the Board of Directors report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and



Independent Auditor's Report - Norway Royal Salmon ASA

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXGB0870-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities



Independent Auditor's Report - Norway Royal Salmon ASA

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – “Assurance engagements other than audits or reviews of historical financial information”. The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Trondheim, 6 April 2022
KPMG AS

Yngve Olsen
State Authorised Public Accountant



GRI Index

Norway Royal Salmon has based the report for 2021 on standards from the international reporting organisation Global Reporting Initiative, GRI Standards. The report mentions core elements, a selection of disclosures and other information. The GRI index below refers to the topics presented in the report.

GRI	TOPICS AND DISCLOSURES	REFERENCE
Organization profile		
102-1	Name of the organisation	Norway Royal Salmon ASA
102-2	Activities, brands, products and services	Production, processing, trade and distribution of seafood, as well as participation in other companies associated with the seafood industry. Furthermore, the company's purpose is to carry out quality assurance and chain activities for cooperating companies.
102-3	Location of headquarters	Ferjemannsveien 10, 7042 Trondheim, Norway
102-4	Location of operations	Our business, page 24-30, Board' statements page 89
102-5	Ownership and legal form	Norway Royal Salmon ASA is a public limited liability company listed on Oslo Stock Exchange. Further information, annual report 2021
102-6	Markets served	Sales with international focus, page 31-37
102-7	Scale of organisation	Shareholder information, page 44-45, Consolidated financial statements note 2 page 127-128, note 19 page 148-150
102-9	Supply chain	Our business, page 24-25
102-10	Significant changes to the organisation and its supply chain	Important strategic milestones page 12-13, Highlights 2021 page 14-15, Board of Directors report page 89-91
102-11	Precautionary Principle or approach	Committed by name page 50 and 79
102-12	External initiatives	Committed by name, Committed to customers page 60
102-13	Membership og associations	The Norwegian Seafood Federation, The Confederation of Norwegian Enterprise (NHO)
Strategy		
102-14	Statement from senior decision-maker	Message from the CEO, page 20-21
102-15	Key impacts, risks and opportunities	Board of Directors report page 89-96
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	Strategy page 22-23, Committed by people page 77-78, Corporate governance page 98-103
Governance		
102-18	Governance structure	Sustainable aquaculture page 50, Corporate governance page 98-103, Organisation page 38-41
102-19	Delegating authority	Sustainable aquaculture page 50, Organisation page 38-41
102-20	Executive-level responsibility for economic, environmental and social topics	Sustainable aquaculture page 50
102-21	Consulting stakeholders on economic, environmental and social topics	Sustainable aquaculture page 50-51
102-22	Composition of the highest governance body and its committees	Corporate governance page 98-103, The Board of Directors page 43
102-23	Chair of the highest governance body	Corporate governance page 98-103, The Board of Directors page 43, Consolidated financial statements note 27 page 159-160
102-24	Nominating and selecting the highest governance body	Corporate governance page 98-103
102-25	Conflict of interest	Consolidated financial statements note 19 page 157-159, note 22 page 155-156 and note 27 page 168-169
102-26	Role of highest governance body in setting purpose, values and strategy	Corporate governance page 98-103
102-27	Collective knowledge of highest governance body	The Board of Directors page 43

GRI	TOPICS AND DISCLOSURES	REFERENCE
Governance		
102-28	Evaluating the highest governance body's performance	Corporate governance page 98-103
102-35	Remuneration policies	Guidelines for remuneration of senior executives page 104-105. Consolidated financial statements note 19 page 157-159
Stakeholder engagement		
102-40	List of stakeholders groups	Sustainable aquaculture page 50-51
102-41	Collective bargaining agreements	Employees in farming operations are part of collective bargaining agree- ments. Committed by name, Committed to people page 78
102-42	Identifying and selecting stakeholders	Sustainable aquaculture page 50-51
Reporting practice		
102-45	Entities included in the consolidated financial statements	Consolidated financial statements note 4 page 131-132
102-46	Defining report content and topic boundaries	Committed by name page 48-51
102-47	List of material topics	Committed by name page 51
102-48	Restatements of information	Consolidated Financial Statements note 28 page 170
102-49	Changes in reporting	None
102-50	Reporting period	2021
102-51	Date of most recent report	April 6 2022
102-52	Reporting cycle	Annually
102-53	Contact point	Ola Loe
102-55	GRI content index	GRI index page 210-213
Management approach		
103-1	Explanation of the material topic and its Boundary	Committed by name page 48-53
103-2	The management approach and its components	Committed by name page 48-53
Economic performance		
201-1	Direct economic value generated and distributed	Consolidated financial statement page 110-116
201-3	Defined benefit plan obligations and other retirement plans	Consolidated financial statements note 20 page 160-162
Anti corruption		
205-3	Confirmed incidents of corruption and actions taken	No reported incident of corruption
Energy		
302-1	Energy consumption within the organisation	Committed by name, Committed to nature, Emissions and energy page 66-68

GRI	TOPICS AND DISCLOSURES	REFERENCE
Emissions		
305-1	Direct (Scope 1) GHG emissions	Committed by name, Committed to nature, Emissions and energy page 67
305-2	Energy indirect (Scope 2) GHG emissions	Committed by name, Committed to nature, Emissions and energy page 67
305-3	Other indirect (Scope 3) GHG emissions	Committed by name, Committed to nature, Emissions and energy page 67
305-4	GHG emissions intensity	Committed by name, Committed to nature, Emissions and energy page 68-69
Effluents and waste		
306-3	Significant spills	Committed by name, Committed to nature, Emissions of nutrient salts and Prevent escapes page 69-70
Occupational health and safety		
403-1	Occupational health and safety management system	Committed by name, Committed to people page 79-81
403-2	Hazard identification, risk assessment and incident investigation	Committed by name, Committed to people page 79-81
403-4	Worker participation, consultation and communication on occupational health and safety	Committed by name, Committed to people page 79-81
403-5	Worker training on occupation health and safety	Committed by name, Committed to people page 79-81
403-9	Work-related injuries	Committed by name, Committed to people page 81
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	Boards of Directors report page 94, Committed by name, Committed to people page 81-82
Customer health and safety		
416-1	Assessment of the health and safety impacts of product and service categories	Committed by name, Committed to customer page 58-63
Customer privacy		
418-1	Substantiated complaints concerning breaches of consumer privacy and losses of customer data	No complaints received

Task Force on Climate-related Financial Disclosure (TCFD) report

Norway Royal Salmon is committed to produce salmon in a sustainable manner. A clean and productive ocean is important to the world’s population, and to ensure food safety for all seafood we grow or harvest from the sea. For many years Norway Royal Salmon has worked systematically to reduce the company’s environmental impact and is well positioned to manage the challenges ahead.

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board to improve companies’ disclosure of climate-related financial risks. The TCFD has presented a framework of recommendations for disclosure of such risks, and the framework is structured in four core elements: governance, strategy, risk management, and metrics and targets. These core elements are supported by recommended disclosures and seven Principles for Effective Disclosure. In this report it is disclosed information on Norway Royal Salmon’s climate risk management, climate-related risks and opportunities and the seven Principles for Effective Disclosure is applied.

Governance

Recommended disclosure: Describe the board’s oversight of climate-related risks and opportunities.

The Board Chair together with the Board have overarching responsibility for Norway Royal Salmon’s administration and for monitoring general management and activities, including climate-related issues as these are integrated into the general management of Norway Royal Salmon. Information on climate-related issues is provided to the Board Chair and Board in the form of monthly reports from the management.

The Board Chair together with the Board has made several climate-related decisions both to mitigate climate risks and to pursue climate opportunities.

The Board Chair and Board review and guide climate-related issues on board meetings in relation to Norway Royal Salmon’s overall strategy, future business plans and action plans. The Board Chair and Board reviews the monthly reports containing relevant information on environmental performance indicators.

Recommended disclosure: Describe management’s role in assessing and managing climate-related risks and opportunities

The CEO is responsible for the Group’s operational management, management of the company’s resources, and is the highest responsible for sustainable development and climate-related issues. The CEO is supported by the Management Group which ensures focus on sustainable operations throughout the organisation. Norway Royal Salmon have identified relevant climate-related parameters which are monitored and evaluated on several levels in the Group.

The CEO receives weekly reports with non-financial information on group, company, and project level. These reports include information on relevant climate-related issues such as fish feed efficiency, sea temperature and mortality rate in the salmon farming operations. The Monthly, Quarterly and Annual reports ensure broad reporting of Norway Royal Salmon’s operations, including climate-related issues, to the CEO.

Strategy

Recommended disclosure: Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term and the impact on the organization’s businesses, strategy, and financial planning.

Norway Royal Salmon recognizes the potential impact of the climate-related risks and opportunities and has considered and factored these issues into the strategic and financial planning. We expect the climate impact to be moderate in short term horizon and to become more severe over time. The Group is pursuing the strategy to increase the production capacity and increase the number of sites that are certified by the ASC, both measures are considered as opportunities for the Group. These measures will increase the Group’s revenues and are also factored into the financial planning process. Furthermore, investments in low-emission technologies, resilient equipment and materials, and innovations are factored into the strategic and financial planning.

Details regarding risks and opportunities are described in the following pages. We have assessed the time horizons to be when a risks and opportunity is likely to occur, however some may occur both short, medium and long term.

Our commitment to sustainable production has been rewarded through the grant of green financing of MNOK 1 200 from Danske Bank. Given the increased interest from financial institutions in our commitment to sustainable production it is likely that Norway Royal Salmon has access to further financing in the future.

CLIMATE-RELATED RISKS			
Climate-related risks	Potential financial impact	Mitigation strategy	
Transition risks			
Regulatory			
Increased risk of tax & emissions Tax on fossil fuels is likely to increase and cause increased production costs directly in our operations and indirectly as it will affect suppliers' costs and may increase transportation prices for Norway Royal Salmon. Norway Royal Salmon products are transported by air, train, road and boat and increased carbon taxes may have a financial impact on operating costs and make our products less competitive.	Increased operating costs	The company is working to reduce the reliance on fossil fuels by transition to alternative energy sources as part of the overall strategy, and thereby also reducing the operational costs from fossil fuels and emissions. Currently Norway Royal Salmon is testing a diesel-electric hybrid catamaran, "Edel", which reduces diesel consumption and production costs, and CO ₂ emission by 60 % compared to diesel catamarans. A transition to electrical and hybrid solutions is in progress. Enova, a Norwegian Governmental Organisation, has granted funds for initiatives such as battery packs for feed barge with diesel generators and battery packs combined with electrification. We have installed 17 hybrid battery solutions on our barges, and several of our barges will be connected to the shore power grid. We plan that most of our sites will have new hybrid or electrical solutions in the years to come.	
Change in existing national regulations Changes in licence grants due to restrictions and regulations (including climate-related policies) can lead to unpredictable regulations. To continue Norway Royal Salmon's growth and improve the efficiency of production, the company is dependent on getting new sites as well as being able to expand existing sites. The Group depends on predictable terms and permissions for production.	Reduced revenues	Norway Royal Salmon seeks to reduce this risk by continuous dialogue with the various relevant administrative bodies.	
Change in regulation of commodities Changed conditions for management of commodities such as marine raw material and soy, due to new national and international regulations may result in reduced supply of raw materials for feed which may have an impact on prices and operating costs.	Increased operating cost due to higher prices	Norway Royal Salmon is in continuous dialogue with feed suppliers regarding the use of different raw materials. Our feed suppliers are working on adjusting the feed ingredients, to balance the risk of reduced supply and increased price of certain commodities, such as soy, fishmeal or fish oil.	
Technology			
Replacement of existing equipment Due to climate change, standards may have new requirements for equipment used in our operations. This may increase write-offs of equipment and need for new investments may increase.	Increased write-offs	Norway Royal Salmon requires that equipment is certified to withstand the weather and current conditions of the site, and the depreciation period is assessed accordingly. Since the latest certification was introduced, the company has limited breakdown of equipment.	
New investment in low emission technology Increased investments in new technology such as hybrid solutions and electrification for our barges and boats due to transition to lower carbon alternatives.	Increased capital costs and lower operating cost	As mentioned, the company is transitioning its feed barges to hybrid and electrical solutions, and we expect a reduction in both operating costs and emissions. The company will continue to explore new lower carbon alternatives.	
Increased competition due to successful R&D efforts in land-based farming Development of land-based fish-farming in East-Asia and America may be a disadvantage for Norway Royal Salmon if the product is competitive and production costs are reduced due to R&D efforts. Our products to these markets are mainly transported by air freight and an increase of carbon tax will be a disadvantage in terms of costs compared to locally produced salmon.	Increased costs and reduced revenues	Norway Royal Salmon seeks to reduce this risk with continuous dialogue with the various relevant administrative bodies to achieve competitive terms for development of sea-based farming. NRS seeks to find alternative packaging and transportation methods which can reduce emissions and costs.	

Climate-related risks	Potential financial impact	Mitigation strategy	
Market			
Shift in consumer preferences Shifts in demand for Norway Royal Salmon products are constantly assessed by monitoring the market and especially the market price of salmon. The global demand for certified salmon is a relevant risk for Norway Royal Salmon if the Group is not able to serve the demand.	Reduced revenue	Norway Royal Salmon aims to be one of the leading ASC certified salmon farming companies in the world and Norway Royal Salmon's objectives are to meet the growing demand for salmon with sustainable production.	
Reputation			
Communication failure on our approach to sustainability If we fail to communicate our dedication to sustainably farmed salmon, there is a risk that investor interest may decrease and a risk that consumer preference towards other proteins may arise.	Reduced revenue, negative effect on share price	Norway Royal Salmon is monitoring how it's perceived in the media and by stakeholders, by engaging in dialogues with relevant partners and communicating its strategy of "Committed to Nature", which includes a strong focus on climate-friendly production through ensuring good fish health, efficient fish feed and waste management. Furthermore, Norway Royal Salmon focuses on ensuring compliance with sustainability certification schemes, such as GLOBAL G.A.P. and the ASC standard, which are essential to maintain a good reputation as a sustainable salmon producer. Norway Royal Salmon aims to maintain the positive perceptions of the Group by customers and the community, by continuing to focus on innovative solutions for more sustainable salmon production and certifications.	
Physical risks			
Acute			
Extreme weather events The increased severity of extreme weather events is a risk for Norway Royal Salmon as there are biological and social risks linked to the salmon farming operations, such as fish illness and employee safety. Furthermore, there may be a risk for damage to production sites and infrastructure with fish escaping and possible downtime to due extreme weather.	Increased operating costs	Acute physical risks, such as extreme weather events with storms, waves and ice, are constantly monitored and evaluated at every operating site of Norway Royal Salmon in order to ensure fish welfare and safety of employees.	
Chronic			
Higher temperatures and changed currents Chronic physical risks, such as long-term shifts in the climate patterns with higher sea temperatures and changes in sea currents, are monitored and reported on as it is crucial for the production. There are multiple biological risks linked to higher sea temperatures and changes in sea currents.	Increased operating costs	Norway Royal Salmon monitors algae blooms, fish illness, oxygen levels and fluctuations in sea temperature and sea currents in the farming operations.	
Availability of raw materials Climate change and chronic physical changed production conditions can affect the availability of the different commodities used in the fish feed. This could result in increased prices. An increased cost of fish feed is considered a risk for Norway Royal Salmon, as feed costs constitute a considerable proportion the company's total production cost.	Increased fish feed prices and operating cost	To manage this risk Norway Royal Salmon is in continuous dialogue with feed suppliers about the use of different raw materials. Our feed suppliers are working on adjusting the feed ingredients, to balance the risk of reduced supply and increased price of certain commodities, such as soy, fishmeal or fish oil.	

CLIMATE-RELATED OPPORTUNITIES			
Climate-related opportunities	Potential financial impact	Realization strategy	
Innovation and expansion of low emission production	Increased revenue	The Arctic Offshore Farming project is completed. Arctic Offshore Farming has a potential to solve the industry's challenges with area demands as the facility is designed for harsh conditions and locations where there are no fish farms today. In addition, the project can make a positive contribution to the environmental challenges of salmon lice as the cage is submersible to under the «lice belt» in the sea. The implementation of waterborne feeding system will give a significant drop in energy consumption compared to traditional air-spread feeding. In addition, the waterborne feeding will reduce noise and micro-plastics discharge. The ambition is to combine knowledge from the aquaculture industry with offshore expertise to develop the future aquaculture industry and with this ensure future sustainable growth for the Norwegian Aquaculture industry. Arctic Offshore Farming project was granted 5990 MAB (maximum allowed biomass) by the Directorate of Fisheries.	
Demand for proteins with low emission	Increased revenue	Norway Royal Salmon assesses that there is a significant business opportunity in providing new markets worldwide with farmed salmon. Salmon is a valuable protein source and there is a shift in increased demand worldwide for sustainable food products in response to sustainable development and climate change. From a sustainability perspective, salmon farming has low environmental impact and better carbon footprint than meat-based proteins. This means that salmon, now and in the future, will be a highly sustainable protein for people all around the world. Since the ocean covers more than 70 % of the planet and produces about 2 % of the food, there is an ocean of possibilities to produce food for the population.	
Demand for certified salmon	Increased revenue	As the demand for sustainably produced salmon increases, there is a need to certify more operating sites according to the ASC standard. Norway Royal Salmon aims to be one of the leading ASC certified salmon farming companies in the world. Norway Royal Salmon's objectives are to meet the growing demand for salmon with sustainable production. The first sites were ASC certified in 2015 and the Group achieved 100 % ASC certification on all active sites in 2021.	
Renewable energy and resilience to eased oil prices	Reduced operating costs	<p>The Group is working to reduce the reliance on fossil fuels by transition to alternative energy sources as part of the overall strategy, and thereby also reducing the operational costs from fossil fuels and emissions. Currently Norway Royal Salmon is testing a diesel-electric hybrid catamaran, "Edel", which reduces diesel consumption and production costs and CO2 emission by 60 % compared to diesel catamarans.</p> <p>A transition to electrical and hybrid solutions is in progress. Enova, a Norwegian Governmental Organisation, has granted funds for initiatives such as battery packs for feed barge with diesel generators and battery packs combined with electrification. We have installed 17 hybrid battery solutions on our barges, and several of our barges will be connected to the shore power grid. We plan that most of our sites will have new hybrid or electrical solutions in the years to come.</p>	
Increased production	Increased revenue	Water temperature along the coast of Norway and Iceland may be influenced by climate change. Our production areas may experience higher sea temperatures which may lead to increased production volumes.	
Resilience to vulnerable raw materials and innovations	Reduced operating costs and increased revenue	We are working with our feed suppliers on the use of different raw materials to balance the risk of supply of certain commodities. Currently Norway Royal Salmon has a project with fish feed containing omega-3 rich algae oil as an alternative ingredient. Algae oil allows large-scale sustainable production with low carbon, water, and land use impact. The fish health is expected to benefit from this; hence mortality may decrease which may reduce the production cost per kilo salmon and increase revenue.	

Recommended disclosure: Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Norway Royal Salmon is currently working on different pathways to reduce climate emissions and the resilience is yet unknown. However, the Group will assess the resilience in our ongoing work on climate-related risks.

Risk management

Recommended disclosure: Describe the organization's processes for identifying, assessing, and managing climate-related risks and how the processes are integrated into the organization's overall risk management

Norway Royal Salmon applies an integrated approach to identify, assess, and manage climate-related risks related to its operations. Risk management is a key aspect of the management team's duties. The Group has implemented routines and systems for the monitoring of risk factors in all business areas. As climate-risks are part of the multi-disciplinary risk management in Norway Royal Salmon, it is included in the financial reporting procedures, which constitute an integrated part of the Group's corporate governance. Risk assessment, including the climate-related risks identified in our materiality analysis, are therefore integrated in the financial reporting processes. This integrated system ensures that climate-risks are included in the financial reports, the frequency of monitoring of climate-related risks is thereby done on weekly and monthly basis. The process of identifying climate-related risks is based on a bottom-up approach integrated into the internal control system, where each business unit follows the same procedures for disclosure. The system combines individual elements of the company's risk management and is mandatory for all employees to comply with the procedures. The internal control system allows Norway Royal Salmon to identify and assess changes to climate-related risks as soon as they occur.

Norway Royal Salmon considers climate-related risks on a short, medium and long-term horizon.

Metrics and targets

Recommended disclosure: Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

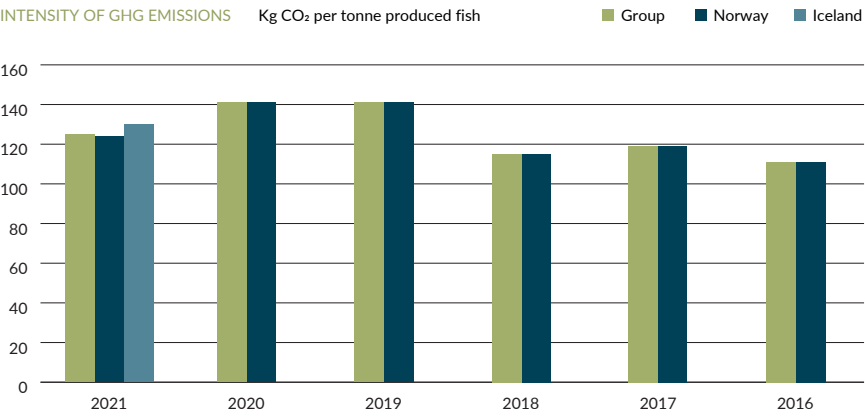
Norway Royal Salmon has estimated cost and revenue related to selected climate-related risks and opportunities.

Type of financial impact	Estimated impact figure	Explanation
Regulatory risk		
Increased direct costs due to regulation with pricing of GHG emission	4.3 MNOK	<p>Increased pricing on GHG emissions is part of the Norwegian Government's Climate Change Act to reduce national GHG emissions by 50 % in 2030. The policy includes a consumption tax on fossil fuels and a CO₂ tax, which are increased annually to initiate a transition to alternative energy sources. Increased pricing on GHG emissions and higher taxes on fossil fuels, would lead to increased operating costs for Norway Royal Salmon. Fossil fuels are currently used in the marine operations (fish transport, barges and work boats) and in the value chain during the transport of fish feed and products.</p> <p>The current general CO₂ tax per litre fuel is NOK 2.05. Norway Royal Salmon used approx. 2,100,000 litres of fuel (petrol and diesel combined) in its direct operations in Norway in 2021. The potential financial impact is therefore at least MNOK 4.3 (Calculation: NOK 2.05 *2,100,000 litres= MNOK 4.3).</p>
Chronic physical risk		
Increased direct costs due to changes in precipitation patterns and extreme variability in weather patterns	MNOK 13.6	Climate change and changed production conditions can affect the availability of the different commodities used in the fish feed, such as soy which is vulnerable to climate change. A 10 % increase in the price of soy, would cause an increase in the fish feed price with approx. NOK 0.20 per kg feed. Norway Royal Salmon consumed approx. 68 000 tons of fish feed during 2021. Based on these estimates the increase in feed cost may therefore be approx. MNOK 13.6 (calculation: NOK 0.20 *68,000,000 kg = MNOK 13.6).

Type of financial impact	Estimated impact figure	Explanation
Acute physical risk		
Increased cost due to damage to production sites caused by extreme weather	MNOK 10-30	<p>The financial impact of damage to sites due to extreme weather is estimated to be relatively low, due to the insurance policies Norway Royal Salmon have for all fish and most of the equipment. However, the cost of repairing damaged sites may range from NOK 1,000,000-3,000,000 per cage affected.</p> <p>Calculation: There are approx.10 cages at each site and therefore the financial impact may range from MNOK 10-30 per site affected.</p> <p>Additional costs due to possible escapes may arise.</p>
Opportunity		
Innovations of low emission production	MNOK 450	Arctic Offshore Farming project was granted 5,990 MAB (maximum allowed biomass) by the Directorate of Fisheries. The project is estimated to give 9,000 tons of gutted salmon annually. Given an average price for gutted salmon at approx. NOK 50 per kg, this gives an increased production capacity and increased annual revenue of approx. MNOK 450 (Calculation: 9,000,000 kg*NOK 50 = MNOK 450).
Increased income due to higher demand for low emission proteins	MNOK 1,770	<p>Norway Royal Salmon estimates a future potential gutted volume of 85,000 tonnes. In comparison, in 2021 Norway Royal Salmon harvested 49,600 tons of gutted salmon. This expansion is driven by a demand for a sustainably produced protein source.</p> <p>The potential increased production of salmon for new markets would be 35,400 tonnes of gutted salmon (calculation: 85,000-35,400=49,600). Given the average salmon price of NOK 50 per kg, this would give an increased revenue of MNOK 1,770 (Calculation: 49,600,000kg*NOK 50= MNOK 1,770).</p>
Increased income due to higher demand for certified salmon	MNOK 150	ASC certified salmon has a higher price which varies over time. Based on experience and our production volumes the potential financial impact might be approx. MNOK 150.

Recommended disclosure: Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

scope 1: 6,849 TCO₂e
scope 2: 158/116 TCO₂e location-based/market-based



Recommended disclosure: Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Norway Royal Salmon has set both an absolute and intensity emission target.

We target a 15 % reduction in scope 1 emissions for the farming operations in Norway by 2025, compared to the base year 2019.

We have a target to reduce emissions/tonnes produced fish by 20 % for Norwegian farming operations by 2025, compared to the base year 2019.

Going forward, NRS will assess our targets, include the Icelandic operations and we will consider developing science-based targets.





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To the management of Norway Royal Salmon ASA

Independent auditor's report on Norway Royal Salmon ASA's greenhouse gas emissions data for 2021

We have been engaged by the Management of Norway Royal Salmon ASA to provide limited assurance in respect of Norway Royal Salmon ASA and its subsidiaries' greenhouse gas emissions data for 2021 submitted to the CDP database. The reporting boundary used for the reported greenhouse gas emissions was the reporting period 1 January 2021 to 31 December 2021 and includes reporting of scope 1 (CDP report C6.1), scope 2 (CDP report C6.3) and scope 3 (CDP report C6.5) emissions to CDP, as follows:

Scope	Unit	Quantity
Scope 1	tCO2e	6 849
Scope 2	tCO2e	158
Scope 3*	tCO2e	184 013

*scope 3 emissions include downstream transportation and distribution, waste, fuel-and-energy related activities, fish feed and business travel

The Management responsibility

The Management is responsible for the preparation and submission of the greenhouse gas emissions data for 2021.

Our responsibility and independence

Our responsibility is to provide a limited assurance conclusion on Norway Royal Salmon ASA and its subsidiaries' preparation and submission of the greenhouse gas emissions data for 2021 to the CDP database.

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE 3000): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

ISAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the information in the greenhouse gas emissions data for 2021 as reported to CDP is free from material misstatement.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is

founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Limited assurance of the greenhouse gas emissions data for 2021

The procedures selected depend on our understanding of the CDP report and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. Our procedures for limited assurance on the greenhouse gas emissions data included, amongst others:

- The completeness of the consolidated numbers has been discussed with Norway Royal Salmon ASA and its subsidiaries and compared to underlying documentation to ensure that all material sources have been included.
- We have performed spot checks of invoices related to fuel consumption, feed use and downstream global transportation of products.
- We have performed an analytical review and made inquiries to Norway Royal Salmon ASA and its subsidiaries when identifying differences surpassing 10 % and the reason for such differences. No material differences over the threshold has been identified.
- Confirmed that the conversion factors are current and correctly applied.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Conclusion

Based on the limited assurance procedures performed and the evidence obtained nothing has come to our attention to indicate that the greenhouse gas emissions data for 2021 has been submitted, in all material respects, to the CDP database with misstatements.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for Norway Royal Salmon ASA and its subsidiaries for the purpose of assisting the Management in informing CDP about the assurance we have provided regarding Norway Royal Salmon ASA and its subsidiaries' greenhouse gas emissions data for 2021 and for no other purpose or in any other context.

Oslo, 01.04.2022

Yours sincerely
KPMG AS

Yngve Olsen
Partner

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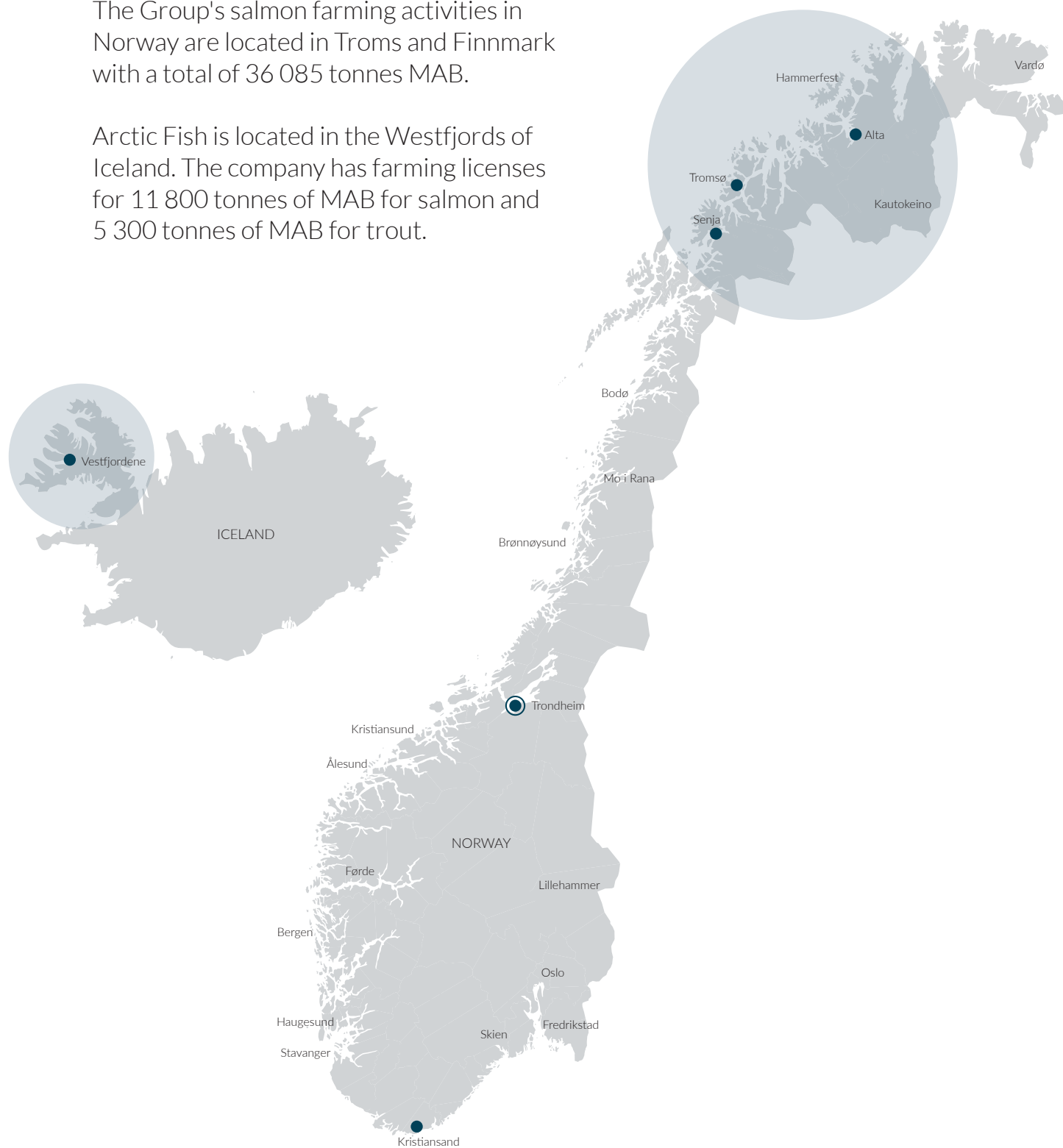
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Alta	Finnsnes	Molde	Stord
Arendal	Hamar	Tromsø	Straume
Bergen	Haugesund	Trondheim	Tynset
Bodø	Knarvik	Skien	Sandefjord
Bryne	Kristiansand	Sandnessjøen	Ålesund
Drammen			



The Group's salmon farming activities in Norway are located in Troms and Finnmark with a total of 36 085 tonnes MAB.

Arctic Fish is located in the Westfjords of Iceland. The company has farming licenses for 11 800 tonnes of MAB for salmon and 5 300 tonnes of MAB for trout.



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