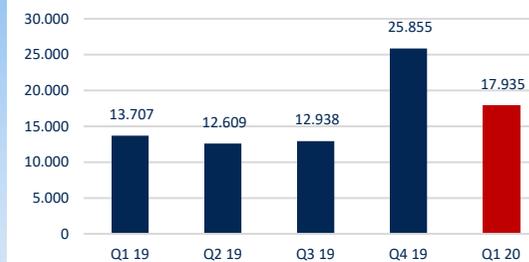
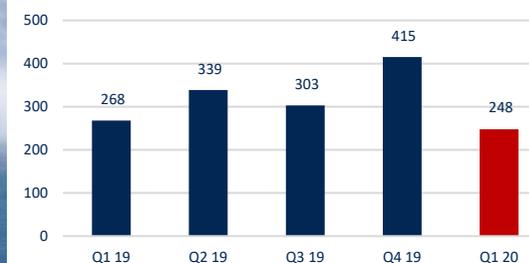

INTERIM REPORT

Q1 2020

HARVEST VOLUME TGW



OPERATIONAL EBIT MDKK



OPERATIONAL EBIT VAP AND FARMING
FO DKK/KG



Table of Contents

Highlights	2	Statement by the Management and the Board of Directors on the Interim Report.....	13
Summary of the 1 st Quarter 2020	3		
Financial Review	4	Consolidated Income Statement	14
Income Statement	4	Consolidated Statement of Comprehensive Income	14
Statement of Financial Position	4	Consolidated Statement of Financial Position	15
Cash Flow	5	Consolidated Cash Flow Statement	16
Farming Segment Faroe Islands (FO)	6	Consolidated Statement of Changes in Equity.....	17
Farming Segment Scotland (SCT)	7		
VAP Segment	8	Notes to the Account.....	18
FOF Segment.....	9		
Outlook	10	Contacts	30
Risks	12		
Events after the Date of the Statement of Financial Position	12		

Highlights

DKK 1,000	Q1 2020	Q1 2019
INCOME STATEMENT		
Group - Operating revenue	1,255,226	963,709
Group - Operational EBIT*	248,083	267,704
Group - EBIT	-181,760	260,528
Group - Profit for the period	-147,981	212,836
Operational EBIT* (Farming and VAP) (DKK)	192,127	231,067
Operational EBIT/kg (Farming and VAP) (DKK)	18.01	16.86
Operational EBIT/kg (Farming and VAP) (NOK)	25.10	21.99
Farming Faroe Islands - Operating revenue	632,533	755,402
Farming Faroe Islands - Operational EBIT*	202,925	229,743
Farming Faroe Islands - Operational EBIT margin	32.1%	30.4%
Farming Faroe Islands - Operational EBIT/kg (DKK)	19.02	16.76
Farming Faroe Islands - Operational EBIT/kg (NOK)	26.51	21.86
Farming Scotland - Operating revenue	412,395	n/a
Farming Scotland - Operational EBIT*	29,740	n/a
Farming Scotland - Operational EBIT margin	7.2%	n/a
Farming Scotland - Operational EBIT/kg (DKK)	4.09	n/a
Farming Scotland - Operational EBIT/kg (NOK)	5.70	n/a
VAP - Operating revenue	274,308	260,574
VAP - Operational EBIT*	-10,798	1,324
VAP - Operational EBIT margin	-3.9%	0.5%
VAP - Operational EBIT/kg (DKK)	-2.00	0.28
VAP - Operational EBIT/kg (NOK)	-2.78	0.37
FOF - Operating revenue	309,969	283,411
FOF - EBITDA	40,212	65,252
FOF - EBITDA margin	13.0%	23.0%
NOK/DKK (average)	71.76	76.66

DKK 1,000	Q1 2020	Q1 2019
FINANCIAL POSITION AND CASH FLOW		
Total Assets***	12,259,660	13,101,405
Equity***	8,129,499	8,496,875
Equity ratio***	66%	65%
Net interest-bearing debt***	988,458	1,018,685
Cash flow from operations	365,249	76,503
Cash flow from financing	-772,459	54,146
PROFITABILITY		
Basic earnings per share (DKK)	-2.50	4.37
Diluted earnings per share (DKK)	-2.50	4.37
ROCE**	2.1%	4.8%
VOLUMES		
Harvested volumes Faroe Islands (tgv)	10,667	13,707
Harvested volumes Scotland (tgv)	7,268	n/a
VAP produced volumes (tgv)	5,408	4,689
Sold feed tonnes	19,123	16,264
Internal feed sales tonnes	14,317	13,960
Smolt released thousand Faroe Islands (pcs)	2,263	1,720
Smolt released thousand Scotland (pcs)	1,032	n/a

* Aligned for fair value adjustment of biomass, onerous contracts provisions, income from associates and revenue tax – refer to Note 10

** Return on average capital employed, based on operational EBIT – refer to Note 10

*** Comparing figures from end 2019

Summary of the 1st Quarter 2020

(Figures in parenthesis refer to the same period last year).

The Bakkafrost Group delivered a total operating EBIT of DKK 248.1 million in Q1 2020.

Total harvested volumes were 17.9 thousand tonnes gutted weight (tgw). Faroe Islands (FO): 10.7 tgw, Scotland (SCT): 7.3 tgw.

The combined FO farming and VAP segments made an operational EBIT of DKK 192.1 million. The FO farming segment made an operational EBIT of DKK 202.9 million. The SCT farming segment made an operational EBIT of DKK 29.7 million. Volumes in FO operations decreased and thus had a negative effect on the operational EBIT.

The VAP segment made an operational EBIT of DKK -10.8 million. The EBITDA for the FOF segment was DKK 40.2 million.

The Group made a profit for Q1 2020 of DKK -148.0 million (DKK 212.8 million).

Total harvested volumes for Q1 2020 were 17,935 tonnes gutted weight. FO: 10,667 tgw (13,707 tgw), SCT: 7,268 tgw (n/a).

In total, 3.3 million smolts were transferred during Q1 2020. FO: 2.3 million (1.7 million), SCT: 1.0 million (n/a).

The combined FO farming and VAP segments made an operational EBIT of DKK 192.1 million (DKK 231.1 million) in Q1 2020. The operational EBIT per kg in Q1 2020 was DKK 18.01 (DKK 16.86), which corresponds to NOK 25.10 (NOK 21.99) for the combined FO farming and VAP segments.

The FO farming segment made an operational EBIT of DKK 202.9 million (DKK 229.7 million) in Q1 2020. The harvested volumes were lower and the achieved prices were higher in Q1 2020, compared to Q1 2019.

A severe storm that hit the Faroe Islands in late February, caused a loss due to mortality amounting to DKK 23.4 million.

The SCT farming segment made an operational EBIT of DKK 29.7 million in Q1 2020.

The VAP segment made an operational EBIT of DKK -10.8 million (DKK 1.3 million) for Q1 2020.

The FOF segment (fishmeal, oil and feed) made an EBITDA of DKK 40.2 million (DKK 65.3 million) for Q1 2020, and the EBITDA margin was 13.0% (23.0%).

During Q1 2020, Havsbrún sourced 64,807 tonnes (115,530 tonnes) of raw material.

The Group was impacted by the significant market disruption from Covid-19 towards the end of the quarter.

The net interest-bearing debt amounted to DKK 988.5 million at the end of Q1 2020 (DKK 522.0 million). Undrawn credit facilities amounted to DKK 2,465.3 million at the end of Q1 2020.

The equity ratio was 66% at 31 March 2020, compared to 65% at the end of 2019.

Financial Review

Income Statement

(Figures in parenthesis refer to the same period last year).

The Group's operating revenue amounted to DKK 1,255.2 million (DKK 963.7 million) in Q1 2020.

The FO farming segment's harvest volumes were lower and the achieved prices were higher in Q1 2020, compared to the same quarter last year. The VAP segment had higher revenues because of higher volumes in Q1 2020, compared to Q1 2019. The FOF segment had higher external revenue in Q1 2020, mainly due to higher external sales of feed, compared to Q1 2019.

The Group's operational EBIT was DKK 248.1 million (DKK 267.7 million) in Q1 2020. The combined FO farming and VAP segments had lower operational EBIT in Q1 2020, compared to Q1 2019, and the FOF segment had lower EBITDA in Q1 2020, compared to Q1 2019.

The fair value adjustment of the Group's biological assets amounted to DKK -410.7 million (DKK 17.9 million) in Q1 2020. The adjustment is due to lower forward market prices for salmon at the end of the quarter, compared to the beginning of the quarter.

Change in provisions for onerous contracts amounted to DKK 0 million (DKK 0 million) in Q1 2020.

The revenue tax amounted to DKK -19.1 million (DKK -32.0 million) in Q1 2020.

Net financial items in Q1 2020 were DKK 0.7 million (DKK -1.2 million).

Net taxes amounted to DKK 33.1 million (DKK -46.5 million) in Q1 2020.

The result for Q1 2020 was DKK -148.0 million (DKK 212.8 million).

Statement of Financial Position

(Figures in parenthesis refer to end last year).

The Group's total assets amounted to DKK 12,259.7 million (DKK 13,101.4 million) at the end of Q1 2020.

Intangible assets amounted to 4,386.1 (DKK 4,395.7 million) at the end of Q1 2020.

Property, plant and equipment amounted to DKK 3,762.7 million (DKK 3,780.5 million) at the end of Q1 2020. Right of use assets amounted to DKK 480.1 million (DKK 332.8 million) in Q1 2020. Bakkafrøst made investments in PP&E amounting to DKK 101.3 million during Q1 2020.

Non-current financial assets amounted to DKK 119.1 million (DKK 119.1 million) at the end of Q1 2020.

The carrying amount (fair value) of biological assets amounted to DKK 1,492.3 million (DKK 1,901.7 million) at the end of Q1 2020. Compared to year end 2019, biological assets have mainly decreased due to lower forward market prices. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK -383.0 million (DKK 27.7 million) at the end of Q1 2020.

Inventories amounted to DKK 523.8 million (DKK 548.5 million) at the end of Q1 2020.

Total receivables, including long-term receivables and deferred tax assets, amounted to DKK 694.4 million (DKK 713.5 million) at the end of Q1 2020.

Total cash and cash equivalents amounted to DKK 801.1 million (DKK 1,309.5 million) at the end of Q1 2020.

The Group's equity, including non-controlling interests, amounted to DKK 8,129.5 million (DKK 8,496.9 million) at the end of Q1 2020. Non-controlling interest amounted to DKK 0.0 million (DKK 167.6 million). The change in equity consists primarily of the result for Q1 2020, but also acquisition of minorities amounting to DKK 167.6 million.

Total non-current liabilities amounted to DKK 3,149.7 million (DKK 3,679.6 million) at the end of Q1 2020.

Deferred taxes amounted to DKK 1,097.1 million (DKK 1,123.8 million) at the end of Q1 2020.

Long-term interest-bearing debt was DKK 1,789.5 million (DKK 2,328.2 million) at the end of Q1 2020.

Long-term leasing debt amounted to DKK 261.1 million and short-term leasing debt amounted to DKK 201.0 million in total DKK 462.2 million (DKK 333.4 million) at the end of Q1 2020.

At the end of Q1 2020, the Group's total current liabilities were DKK 980.4 million (DKK 925.0 million). The current liabilities consist of financial derivatives, short-term leasing debt, accounts payable and other debt.

Total derivatives amounted to DKK 15.1 million (DKK 15.5 million) at the end of Q1 2020.

The equity ratio was 66% at the end of Q1 2020, compared to 65% at the end of 2019.

Cash Flow

(Figures in parenthesis refer to the same period last year).

The cash flow from operations was DKK 365.2 million (DKK 76.5 million) in Q1 2020. The changes in working capital had a positive effect on the cash flow from operations.

The cash flow from investment activities amounted to DKK -101.3 million (DKK -106.0 million) in Q1 2020. The amount relates to investments in property, plant and equipment.

The cash flow from financing activities totalled DKK -772.5 million (DKK 54.1 million) in Q1 2020.

In Q1 2020, net change in cash flow amounted to DKK -508.5 million (DKK 24.7 million).

At the end of Q1 2020, the Group had unused credit facilities of DKK 2,465.3 million (DKK 971.1 million).

Farming Segment – Faroe Islands (FO)

The Faroese farming segment produces high quality Atlantic salmon from juveniles to harvest size salmon. The salmon is sold to fresh fish markets globally and to the internal VAP production. The farming sites are in the Faroe Islands.

Volumes

The total volumes harvested in Q1 2020 were 10,667 tonnes gutted weight (13,707 t_{gw}) – a change in volume of -22%. 6,265 t_{gw} came from the North region, 2,769 t_{gw} from the West region and 1,633 t_{gw} from the South region.

2.3 million (1.7 million) smolts were transferred in Q1 2020. This is in line with the smolt transfer plan.

DKK 1,000	Q1 2020	Q1 2019	Change
Financial			
Total revenue	632,533	755,402	-16%
EBIT	-151,914	218,159	-170%
Operational EBIT	202,925	229,743	-12%
Operational EBIT/kg (DKK)	19.02	16.76	13%
Volumes			
Harvested volumes Faroe Islands (t _{gw})	10,667	13,707	-22%
- Farming North	6,265	6,743	-7%
- Farming West	2,769	6,964	-60%
- Farming South	1,633	0	n/a
Smolts released (thousand)	2,263	1,720	32%
- Farming North	1,080	1,720	-37%
- Farming West	1,183	0	n/a
- Farming South	0	0	n/a

Financial Performance

In Q1 2020, the operating revenue for the FO farming segment was DKK 632.5 million (DKK 755.4 million). The total revenue for the farming segment decreased in Q1 2020, compared with Q1 2019, because of lower volumes.

In Q1 2020, the farming segment's EBIT amounted to DKK -151.9 million (DKK 218.2 million).

Operational EBIT amounted to DKK 202.9 million (DKK 229.7 million) in Q1 2020, which corresponds to an operational EBIT margin of 32% (30%).

Operational EBIT/kg for the farming segment was DKK 19.02 (NOK 26.51) in Q1 2020, compared with DKK 16.76 (NOK 21.86) in Q1 2020.

A severe storm that hit the Faroe Islands in late February, caused a loss due to mortality amounting to DKK 23.4 million.

Farming Segment – Scotland (SCT)

(Please note that the comparable figures and the narrative in this section are pro forma and are not part of the consolidated Bakkafrost accounts.)

The Scottish farming segment represents the operating business of The Scottish Salmon Company PLC (SSC) which was consolidated from 8 October 2019, when Bakkafrost gained control. The Scottish Salmon Company is committed to producing the finest quality Scottish Salmon with Scottish Provenance and full traceability. SSC has sites across the West Coast of Scotland and Hebridean Islands and is exporting globally with a focus on North America and the Far East.

Volumes

The total volumes harvested in Q1 2020 were 7,268 tonnes gutted weight (8,725 tgw).

1.0 million smolts were transferred in Q1 2020 (2.5 million).

DKK 1,000	Q1 2020
Financial	
Total revenue	412,395
EBIT	-45,264
Operational EBIT	29,740
Farming - Operational EBIT/kg (DKK)	4.09
Volumes	
Harvested volumes (tgw)	7,268
Smolts released (thousand)	1,032

Financial Performance

In Q1 2020, the operating revenue for the SCT farming segment was DKK 412.4 million.

Operational EBIT amounted to DKK 29.7 million.

Operational EBIT/kg for the farming segment in Scotland was DKK 4.09 (NOK 5.70) in Q1 2020.

Volume and EBIT were impacted due to the mix of sites in this generational cycle and some specific health issues earlier in cycle at harvesting sites.

VAP Segment

The VAP (value added products) segment produces skinless and boneless portions of salmon in the Faroe Islands. The main market for the VAP products is Europe with increasing sales in other markets. The VAP products are sold on long-term fixed price contracts.

Volumes

51% (34%) of the total Faroese harvested volumes in Q1 2020 went to the production of VAP products.

The VAP production in the Faroe Islands was 5,408 tonnes gutted weight (4,689 tgw) in Q1 2020, an increase of 15%, compared to Q1 2019. The volumes were higher, and the segment had higher contract coverage in Q1 2020, compared to Q1 2019.

DKK 1,000	Q1 2020	Q1 2019	Change
Financial			
Total revenue	274,308	260,574	5%
EBIT	-10,798	1,324	-916%
Operational EBIT	-10,798	1,324	-916%
VAP - Operational EBIT/kg (DKK)	-2.00	0.28	-807%
Volumes			
VAP produced volumes (tgw)	5,408	4,689	15%
Harvested Faroese volumes used in VAP production	51%	34%	48%
Harvested volumes sold fresh/frozen	49%	66%	-25%

Financial Performance

The operating revenue for the VAP segment amounted to DKK 274.3 million (DKK 260.6 million) in Q1 2020. The increase in revenue is due to higher volumes in Q1 2020, compared with Q1 2019.

The VAP segment had an EBIT amounting to DKK -10.8 million (DKK 1.3 million) in Q1 2020. Changes in onerous contracts were DKK 0.0 million (DKK 0.0 million).

Operational EBIT amounted to DKK -10.8 million (DKK 1.3 million) in Q1 2020, corresponding to an operational EBIT of DKK -2.00 (NOK -2.78) per kg gutted weight in Q1 2020, compared with DKK 0.28 (NOK 0.37) per kg gutted weight in Q1 2019.

FOF Segment

The FOF (fishmeal, oil and feed) segment produces fishmeal, fish oil and fish feed. Most of the production is used for fish feed, used internally in the FO farming segment. The quality of the fish feed is important to the quality of the salmon from Bakkafrost FO. Fishmeal, fish oil and fish feed are also sold externally.

Volumes

Havsbrún received 64,807 tonnes (115,530 tonnes) of raw material to produce fishmeal and fish oil in Q1 2020. The raw material intake depends on the fishery in the North Atlantic and available species of fish.

The production of fishmeal in Q1 2020 was 14,135 tonnes (24,738 tonnes).

The production of fish oil in Q1 2020 was 1,533 tonnes (4,094 tonnes). The production of fish oil varies, depending on the species of fish sourced for production and the timing of catch.

Sales of feed amounted to 19,123 tonnes (16,264 tonnes) in Q1 2020, of which the FO farming segment internally used 14,317 tonnes (13,960 tonnes) or 74.9% (85.8%).

Financial Performance

The operating revenue for the FOF segment amounted to DKK 310.0 million (DKK 283.4 million) in Q1 2020, of which DKK 143.9 million (DKK 139.2 million) represented sales to Bakkafrost's FO farming segment, corresponding to 46.4% (49.1%).

Total revenue for the FOF segment in Q1 2020 increased 9%, compared to the same quarter last year. The internal revenue is on the same level as in Q1 2019. There is an increase in external

DKK 1,000	Q1 2020	Q1 2019	Change
Financial			
Total revenue	309,969	283,411	9%
EBIT	33,009	62,512	-47%
EBITDA	40,212	65,252	-38%
FOF - EBITDA margin	13.0%	23.0%	-44%
Volumes (tonnes)			
Total Feed sold	19,123	16,264	18%
- Feed internal sale	14,317	13,960	3%
- Feed external sale	4,806	2,304	109%
Fishmeal external sale	11,772	9,987	18%
Fish oil external sale	5	1	400%
Received raw material	64,807	115,530	-44%

revenue due to higher volumes of feed sold in Q1 2020, compared to Q1 2019.

EBITDA was DKK 40.2 million (DKK 65.3 million) in Q1 2020, and the EBITDA margin was 13.0% (23.0%). Havsbrún sources raw pelagic fish for the fishmeal and fish oil production, which are part of the recipe to produce salmon feed.

Outlook

Market

The global harvest of Atlantic salmon increased around 2.3% in Q1 2020, compared to Q1 2019, according to the latest estimate from Kontali Analyse. The market was affected negatively by the market disruption caused by Covid-19 pandemic, especially towards the end of the quarter.

Looking forward the market dynamics will still be affected by the Covid-19 situation which imposes greater uncertainty to the market development estimates. In Q2 2020, the global harvest of Atlantic salmon is expected to increase around 2-4%, compared to Q2 2019. The estimated global harvest of Atlantic salmon for 2020 is an increase of around 2-4%, compared to 2019.

Bakkafrost operates in the main salmon markets, Europe, USA, the Far East and Russia. During 2020, variation in sales distribution between the different markets is driven by the change in demand from quarter to quarter in the different regions. In Q1 2020 and during the coming quarters, the sales distribution will most likely be affected by changing market dynamics caused by the Covid-19 pandemic. Bakkafrost, however, aims to have a balanced market diversification to reduce market risk.

Farming

The outlook for the farming segment in the Faroe Islands is good, and the overall operational performance is very good. There are many possibilities in the Scottish operation. The gradual improvements will start this year and will be revealed over the next years. The estimates for harvest volumes and smolt releases in both geographies are dependent on the biological development.

Bakkafrost focuses on reducing biological risk continuously and has made several new investments and procedures to diminish this risk. Bakkafrost focuses on using non-medical methods in treatments against sea lice and has invested in new technology to follow this strategy, including farming supply vessels for mechanical delousing and mechanical cleaning of nets in the pens.

The quality and performance of the smolts have also increased significantly, and there are clear signs that the large smolt and non-medical delousing strategies are working successfully in the Faroe Islands. Looking ahead, Bakkafrost will extend these strategies into the Scottish farming operation.

Overall, the biological performance in the Faroese and Scottish operations have been strong during Q1 2020 with good growth and low mortality rates, except for the mortality caused by the severe storm that hit our farming sites in the Faroe Islands in late February. The loss of around 1.2 million fish has caused Bakkafrost to lower the expected harvest volume for 2020 in the Faroe Islands to 50,000 tonnes gutted weight, while the expected harvest in 2020 in Scotland is increased to 39,000 tonnes gutted weight.

Farming SCT has signed contracts for around 25% of the expected harvest volumes in Farming SCT in 2020. These contracts usually last for 12 months.

Bakkafrost expects to release 15.0 million smolts in 2020 in the Faroe Islands, compared to 12.7 million smolts in 2019 and 12.6 million smolts in 2018. The smolt release in Scotland is expected to be 10.7 million smolts in 2020, compared to 12.4 million smolts in 2019 and 8.6 million smolts in 2018. The number of smolts released is a key element of predicting Bakkafrost's future production.

VAP (Value added products)

Bakkafrost has signed contracts covering around 47% of the expected Faroese harvest volumes in Q2 2020 and 40% of the harvest volume for 2020. Bakkafrost's long-term strategy is to sell around 40-50% of the Faroese harvested volumes of salmon as VAP products at fixed price contracts.

The VAP contracts are at fixed prices, based on the salmon forward prices at the time they are agreed and the expectations for the salmon spot price for the contract period. The contracts last for 6 to 12 months.

FOF (Fishmeal, oil and feed)

The outlook for the production of fishmeal and fish oil is dependent on the availability of raw material.

The ICES 2020 recommendation for blue whiting is 1,162 thousand tonnes, which corresponds to an increase of 2%, compared to ICES's recommendation for 2019.

Bakkafrost expects a decrease in production volumes of fishmeal and fish oil in 2020, compared to 2019.

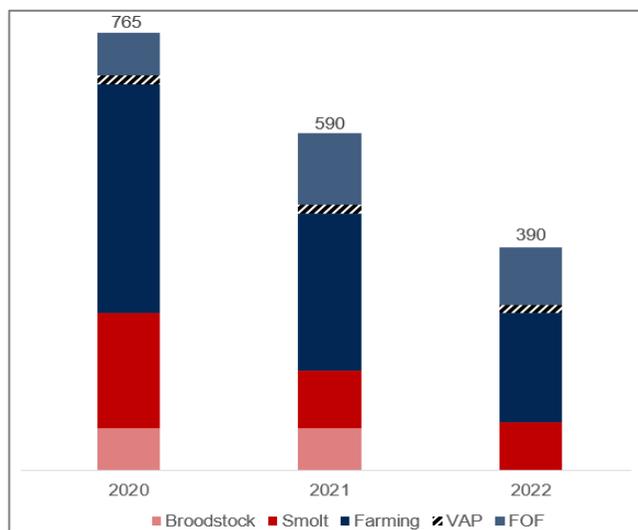
Havsbrún's sales of fish feed in 2020 are expected to be 110,000 tonnes, depending on external sales.

The major market for Havsbrún's fish feed is the local Faroese market including Bakkafrost FO's internal use of fish feed.

Investments

Bakkafrost’s investment programme for the period from 2020 to 2022, excluding investments in The Scottish Salmon Company, will amount to around DKK 1.8 billion, including maintenance capex, and will reinforce Bakkafrost’s integrated business model and ensure a capacity across the value chain to be able to produce 100,000 tonnes gutted weight of salmon in the Faroe Islands. The aim of the investment programme is to minimize the biological risk, increase efficiency and create sustainable organic growth. Bakkafrost’s focus on producing larger smolts plays a key role in achieving this goal.

mDKK



In addition to the planned investments in the value chain in the Faroe Islands, Bakkafrost expects to make investments of around 350 mDKK per year for 2020-2024 in The Scottish Salmon Company.

Financial

Despite the uncertainties imposed by the Covid-19 pandemic, long term market balances in the world market for salmon products will most likely remain favourable for Bakkafrost. Bakkafrost has a long value chain and a cost-efficient production of high-quality salmon products and will likely maintain the financial flexibility going forward.

During Q4 2019, Bakkafrost refinanced its bank facilities amounting to 352 mEUR with a further accordion option of 150 mEUR. In addition, bank facilities amounting to 100 mGBP were ensured to refinance The Scottish Salmon Company.

A high equity ratio together with Bakkafrost’s bank financing, makes Bakkafrost’s financial situation strong. This enables Bakkafrost to carry out its investment plans in the Faroe Islands as well as in Scotland, hereby strengthening the Group, enabling M&A’s and organic growth opportunities as well as to fulfil its unchanged dividend policy in the future.

Covid-19 pandemic

Bakkafrost plays an important role in ensuring healthy food for the world’s growing population, and this role is especially important in the difficult times the world is facing now.

Bakkafrost has implemented a range of measures to protect our workforce and ensure continuous production. New procedures and social distancing are implemented widely in the business, and production and office facilities have been modified where necessary to prevent infection. In the Faroe Islands all our employees are offered free Covid-19 screening by health professionals every second week until late June 2020.

Bakkafrost is taking all necessary steps to protect the business, and we are constantly adapting to the changing market conditions and shifting demands from customers.

As an extraordinary precautionary measure, in March 2020, the Board of Directors postponed the decision on dividend payments for 2019 until 25 August 2020, due to the uncertainty caused by the Covid-19 pandemic.

Risks

Biological risk has been and will be a substantial risk for Bakkafrost. The Annual Report 2019 gives more explanation on the biological risk and Bakkafrost's risk management in this regard.

Reference is made to the Outlook section of this report for other comments on Bakkafrost's risk exposure and to Note 3. Please note the comments on Covid-19, which impose significant risks.

Bakkafrost is, as explained in the Annual Report 2019, exposed to the salmon price.

The Annual Report 2019 is available on request from Bakkafrost and on Bakkafrost's website, www.bakkafrost.com.

Events after the Date of the Statement of Financial Position

From the date of the statement of financial position until today, no events have occurred which materially influence the information provided by this report.

Statement by the Management and the Board of Directors on the Interim Report

The Management and the Board of Directors have today considered and approved the interim report of P/F Bakkafrost for the period 1 January 2020 to 31 March 2020.

The interim report, which has not been audited or reviewed by the company's independent auditors, has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Faroese disclosure requirements for listed companies.

Glyvrar, May 4th, 2020

Management:

Regin Jacobsen
CEO

The Board of Directors of P/F Bakkafrost:

Rúni M. Hansen
Chairman of the Board

Johannes Jensen
Deputy Chairman of the Board

Teitur Samuelson
Board Member

Øystein Sandvik
Board Member

Annika Frederiksberg
Board Member

Einar Wathne
Board Member

In our opinion, the accounting policies used are appropriate, and the interim report gives a true and fair view of the Group's financial positions at 31 March 2020 as well as the results of the Group activities and cash flows for the period 1 January 2020 to 31 March 2020.

In our opinion, the management's review provides a true and fair presentation of the development in the Group operations and

financial circumstances of the results for the period and of the overall financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group.

Over and above the disclosures in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2019.

Consolidated Income Statement

For the period ended 31 March 2020

DKK 1,000	Q1 2020	Q1 2019
Operating revenue	1,255,226	963,709
Purchase of goods	-284,046	-361,540
Change in inventory and biological assets (at cost)	-187,897	34,013
Salary and personnel expenses	-148,713	-114,552
Other operating expenses	-267,470	-200,153
Depreciation	-119,017	-53,773
Operational EBIT*	248,083	267,704
Fair value adjustments of biological assets	-410,711	17,871
Income from associates	0	6,947
Revenue tax	-19,132	-31,994
Earnings before interest and taxes (EBIT)	-181,760	260,528
Net interest revenue	803	111
Net interest expenses	-9,527	-1,865
Net currency effects	15,448	1,425
Other financial expenses	-6,015	-864
Earnings before taxes (EBT)	-181,051	259,335
Taxes	33,070	-46,499
Profit or loss for the period	-147,981	212,836
Profit or loss for the year attributable to		
Non-controlling interests	0	0
Owners of P/F Bakkafrost	-147,981	212,836
Earnings per share (DKK)	-2.50	4.37
Diluted earnings per share (DKK)	-2.50	4.37

* Operational EBIT is EBIT before fair value of biomass, onerous contracts, income from associates and revenue tax.

Consolidated Statement of Comprehensive Income

For the period ended 31 March 2020

DKK 1,000	Q1 2020	Q1 2019
Profit for the period	-147,981	212,836
Changes on financial derivatives	3	-274
Hereof income tax effect	8	33
Reserve to share-based payment	-1,560	839
Currency translation differences	-48,784	1
Adjustment of treasury shares	-1,610	-2,993
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-51,943	-2,394
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	0	0
Other comprehensive income	-51,943	-2,394
Total other comprehensive income for the period	-199,924	210,442
Comprehensive income for the period attributable to		
Non- controlling interests	0	0
Owners of P/F Bakkafrost	-199,924	210,442

Consolidated Statement of Financial Position

As at 31 March 2020

DKK 1,000	31 Mar. 2020	31 Dec. 2019
ASSETS		
Non-current assets		
Intangible assets	4,386,056	4,395,687
Property, plant and equipment	3,762,740	3,780,499
Right of use assets	480,085	332,824
Financial assets	119,116	119,084
Long-term receivables	4,422	4,422
Deferred tax assets	37,840	37,593
Total non-current assets	8,790,259	8,670,109
Current assets		
Biological assets (biomass)	1,492,337	1,901,729
Inventory	523,833	548,508
Total inventory	2,016,170	2,450,237
Accounts receivable	629,372	625,993
Other receivables	22,780	45,520
Total receivables	652,152	671,513
Cash and cash equivalents	801,079	1,309,546
Total current assets	3,469,401	4,431,296
TOTAL ASSETS	12,259,660	13,101,405

DKK 1,000	31 Mar. 2020	31 Dec. 2019
EQUITY AND LIABILITIES		
Equity		
Share capital	59,294	59,294
Other equity	8,070,205	8,269,961
Non-controlling interests	0	167,620
Total equity	8,129,499	8,496,875
Non-current liabilities		
Deferred taxes and other taxes	1,097,117	1,123,796
Long-term interest-bearing debt	1,789,537	2,328,231
Long-term leasing debt	261,105	225,585
Financial derivatives	1,966	1,966
Total non-current liabilities	3,149,725	3,679,578
Current liabilities		
Financial derivatives	13,158	13,493
Short-term leasing debt	201,047	107,808
Accounts payable and other debt	766,231	803,651
Total current liabilities	980,436	924,952
Total liabilities	4,130,161	4,604,530
TOTAL EQUITY AND LIABILITIES	12,259,660	13,101,405

Consolidated Cash Flow Statement

For the period ended 31 March 2020

DKK 1,000	Q1 2020	Q1 2019
Earnings before interest and taxes (EBIT)	-181,760	260,528
Adjustments for write-downs and depreciation	150,431	53,773
Adjustments for value adjustment of biomass	410,711	-17,871
Adjustments for income from associates	0	-6,947
Adjustments for currency effects	-33,336	4,176
Change in inventory	54,899	-38,581
Change in receivables	19,112	-167,456
Change in current debts	-54,808	-11,119
Cash flow from operations	365,249	76,503
Cash flow from investments		
Payments for purchase of fixed assets	-101,257	-109,957
Net investment in financial assets	0	3,988
Cash flow from investments	-101,257	-105,969
Cash flow from financing		
Change in interest-bearing debt (short and long)	-539,705	59,515
Acquisition of minorities	-167,620	0
Financial income	803	111
Financial expenses	-15,542	-2,729
Lease payments	-31,678	0
Net proceeds from sale of own shares	-18,717	-2,751
Cash flow from financing	-772,459	54,146
Net change in cash and cash equivalents in period	-508,467	24,680
Cash and cash equivalents – opening balance	1,309,546	316,894
Cash and cash equivalents – closing balance total	801,079	341,574

Consolidated Statement of Changes in Equity

As at 31 March 2020

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Share-based Payment	Currency translation differences	Derivatives	Proposed Dividend	Biomass Fair value adjustments	Retained Earnings	Total Equity
Equity excl. minorities 01.01.2020	59,143	4,027,375	-68	5,059	78,850	-15,348	0	162,203	4,012,041	8,329,255
Consolidated profit	0	0	0	0	0	0	0	-162,203	14,390	-147,813
<i>Other comprehensive income:</i>										
Changes in financial derivatives	0	0	0	0	0	3	0	0	0	3
Hereof income tax effect	0	0	0	0	0	8	0	0	0	8
Share-based payment	0	0	0	-1,560	0	0	0	0	0	-1,560
Currency translation differences	0	0	0	0	-48,784	0	0	0	0	-48,784
Total other comprehensive income	0	0	0	-1,560	-48,784	11	0	0	0	-50,333
Total comprehensive income	0	0	0	-1,560	-48,784	11	0	-162,203	14,390	-198,146
<i>Transaction with owners:</i>										
Treasury shares	0	0	-1,610	0	0	0	0	0	0	-1,610
Total transaction with owners	0	0	-1,610	0	0	0	0	0	0	-1,610
Total changes in equity	0	0	-1,610	-1,560	-48,784	11	0	-162,203	14,390	-199,756
Non-controlling interest 01.01.20										167,620
Change in non-controlling interest										-167,620
Non-controlling interest 31.03.20										0
Total equity 31.03.2020	59,143	4,027,375	-1,678	3,499	30,066	-15,337	0	0	4,026,431	8,129,499
Equity 01.01.2019	48,858	306,537	-15,525	6,153	6,176	-264	403,079	382,770	2,939,245	4,077,028
Consolidated profit	0	0	0	0	0	0	0	-220,567	1,071,230	850,663
<i>Other comprehensive income:</i>										
Changes in financial derivatives	0	0	0	0	0	-17,789	0	0	0	-17,789
Hereof income tax effect	0	0	0	0	0	2,705	0	0	0	2,705
Share-based payment	0	0	0	-1,094	0	0	0	0	0	-1,094
Currency translation differences	0	0	0	0	72,674	0	0	0	0	72,674
Total other comprehensive income	0	0	0	-1,094	72,674	-15,084	0	0	0	56,496
Total comprehensive income	0	0	0	-1,094	72,674	-15,084	0	-220,567	1,071,230	907,159
<i>Transaction with owners:</i>										
Share Capital increase	10,285	3,720,838	0	0	0	0	0	0	0	3,731,123
Treasury shares	0	0	15,457	0	0	0	0	0	0	15,457
Paid-out dividend	0	0	0	0	0	0	-403,079	0	1,566	-401,513
Total transaction with owners	10,285	3,720,838	15,457	0	0	0	-403,079	0	1,566	3,345,067
Total changes in equity	10,285	3,720,838	15,457	-1,094	72,674	-15,084	-403,079	-220,567	1,072,796	4,252,226
Non-controlling interest									167,620	167,620
Total equity 31.12.2019	59,143	4,027,375	-68	5,059	78,850	-15,348	0	162,203	4,179,661	8,496,875
Equity 01.01.2019	48,858	306,537	-15,525	6,153	6,176	-264	403,079	382,770	2,939,246	4,077,030
Consolidated profit	0	0	0	0	0	0	0	17,871	197,220	215,091
<i>Other comprehensive income:</i>										
Changes in financial derivatives	0	0	0	0	0	-274	0	0	0	-274
Hereof income tax effect	0	0	0	0	0	33	0	0	0	33
Share-based payment	0	0	0	-2,993	0	0	0	0	0	-2,993
Currency translation differences	0	0	0	0	1	0	0	0	0	1
Total other comprehensive income	0	0	0	-2,993	1	-241	0	0	0	-3,233
Total comprehensive income	0	0	0	-2,993	1	-241	0	17,871	197,220	211,858
<i>Transaction with owners:</i>										
Treasury shares	0	0	839	0	0	0	0	0	0	839
Total transaction with owners	0	0	839	0	0	0	0	0	0	839
Total changes in equity	0	0	839	-2,993	1	-241	0	17,871	197,220	212,697
Total equity 31.03.2019	48,858	306,537	-14,686	3,160	6,177	-505	403,079	400,641	3,136,466	4,289,727

Notes to the Account

Accounting Policy

General Information

P/F Bakkafrost is a limited company incorporated and domiciled in the Faroe Islands.

The Group's Annual Report as at 31 December 2019 is available upon request from the company's registered office at Bakkavegur 9, FO-625 Glyvrrar, Faroe Islands, or at www.bakkafrost.com.

This Condensed Consolidated Interim Report is presented in DKK.

Note 1. Statement of Compliance

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU. It does not include all the information required for the full Annual and Consolidated Report and Accounts and should be read in conjunction with the Annual and Consolidated Report and Accounts for the Group as at 31 December 2019.

This interim report has not been subject to any external audit.

Note 2. Significant Accounting Policies

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied in the Annual Report as at and for the year ended 31 December 2019.

Note 3. Estimates and Risk Exposures

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognized amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets, which are measured at fair value. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur.

The accounting estimates are described in the notes to the financial statements in the Annual Report 2019.

Note 4. Biomass

	31 Mar. 2020	31 Mar. 2019	31 Dec. 2019
DKK 1,000			
Biological assets carrying amount 01.01.	1,901,730	1,358,462	1,358,462
Increase due to production or purchases	549,857	298,952	2,021,601
Increase due to acquisitions – incl. fair value	0	0	667,482
Reduction due to harvesting or sale (costs of goods sold)	-555,785	-388,909	-1,921,456
Reduction due to mortality (costs of incidents-based mortality)	-23,375	0	0
Fair value adjustment at the beginning of the period reversed	-27,695	-382,775	-244,034
Fair value adjustment at the end of the period	-383,016	400,646	27,695
Reversal of elimination at the beginning of the period	59,121	53,790	53,790
Eliminations	-45,515	-49,221	-59,121
Currency translation differences	17,014	0	-2,689
Biological assets carrying amount at the end of the period	1,492,336	1,290,945	1,901,730
Cost price biological assets	1,903,853	939,520	1,935,845
Fair value adjustment at the end of the period	-353,187	400,646	27,695
Eliminations	-45,515	-49,221	-59,121
Currency translation differences	-12,815	0	-2,689
Biological assets carrying amount	1,492,336	1,290,945	1,901,730
Biomass (tonnes)			
< 1 kg	5,937	2,872	5,210
1 kg < 2 kg	7,443	3,470	8,649
2 kg < 3 kg	11,181	3,249	10,334
3 kg < 4 kg	10,757	6,069	14,146
4 kg <	22,593	18,379	22,980
Volume of biomass at sea	57,911	34,039	61,319

	31 Mar. 2020	31 Mar. 2019	31 Dec. 2019
Number of fish (thousand)			
< 1 kg	10,656	5,297	12,801
1 kg < 2 kg	5,929	2,300	5,481
2 kg < 3 kg	4,391	1,290	4,271
3 kg < 4 kg	3,140	1,692	4,148
4 kg <	4,428	3,467	4,633
Total number of fish at sea	28,544	14,046	31,334
Number of smolt released YTD (thousand)			
Farming North	1,080	1,721	5,585
Farming West	1,183	0	5,270
Farming South	0	0	1,797
Farming Scotland	1,032	n/a	5,696
Total number of smolts released YTD	3,295	1,721	18,348
Sensitivity in DKK 1,000			
Change in discount rate +1%	-107,866	-101,210	-101,607
Change in discount rate -1%	121,000	90,067	115,364
Change in sales price +5 DKK	316,405	203,031	251,416
Change in sales price -5 DKK	-316,405	-203,031	-251,416
Change in biomass volume +1%	6,488	5,857	5,836
Change in biomass volume -1%	-6,488	-5,857	-5,836
One-year forward prices in EUR FCA Oslo*			
Period end	5.47	7.23	7.24
1 Q (forward)	4.68	6.89	6.72
2 Q (forward)	4.63	6.06	6.75
3 Q (forward)	4.72	6.06	5.51
4 Q (forward)	5.58	6.43	5.62
* Source Fish Pool			

Note 5. Segments

Farming - FO	Q1	Q1
DKK 1,000	2020	2019
External revenue	402,410	558,970
Internal revenue	230,123	196,432
Total revenue	632,533	755,402
Operating expenses	-409,631	-483,764
Depreciation and amortization	-19,977	-41,895
Operational EBIT	202,925	229,743
Fair value adjustments of biological assets	-335,707	17,871
Income from associates	0	2,539
Revenue tax	-19,132	-31,994
Earnings before interest and taxes (EBIT)	-151,914	218,159
Net financial items	4,783	-2,457
Earnings before taxes (EBT)	-147,131	215,702
Taxes	27,397	-46,766
Profit or loss for the period	-119,734	168,936

Farming - SCO	Q1
DKK 1,000	2020
External revenue	412,395
Total revenue	412,395
Operating expenses	-330,460
Depreciation and amortization	-52,195
Operational EBIT	29,740
Fair value adjustments of biological assets	-75,004
Earnings before interest and taxes (EBIT)	-45,264
Net financial items	13,583
Earnings before taxes (EBT)	-31,681
Taxes	6,456
Profit for the period	-25,225

Value added products	Q1	Q1
DKK 1,000	2020	2019
External revenue	274,308	260,574
Internal purchase of raw material	-230,123	-196,432
Operating expenses	-50,121	-58,088
Depreciation and amortization	-4,862	-4,730
Operational EBIT	-10,798	1,324
Provision of onerous contracts	0	0
Earnings before interest and taxes (EBIT)	-10,798	1,324
Net financial items	-218	-57
Earnings before taxes (EBT)	-11,016	1,267
Taxes	1,983	-228
Profit or loss for the period	-9,033	1,039

In Q1 2020, one customer - as defined in IFRS 8.34 - represents DKK 149 million, corresponding to 54% of the revenue in the VAP segment.

Fishmeal, Fish Oil and Fish Feed	Q1	Q1
DKK 1,000	2020	2019
External revenue	166,113	144,166
Internal revenue	143,857	139,245
Total revenue	309,969	283,411
Cost of goods sold	-219,224	-161,083
Operating expenses	-50,533	-57,076
Depreciation and amortization	-7,203	-7,148
Operational EBIT	33,009	58,104
Income from associates	0	4,408
Earnings before interest and taxes (EBIT)	33,009	62,512
Net financial items	-17,439	1,321
Earnings before taxes (EBT)	15,571	63,833
Taxes	-2,803	-11,490
Profit or loss for the period	12,768	52,343

Reconciliation of reportable segments

to Group earnings before taxes (EBT)

DKK 1,000	Q1 2020	Q1 2019
Farming Faroe Islands	-147,131	215,702
Farming Scotland	-31,681	0
VAP (Value added products)	-11,016	1,267
FOF (Fishmeal, Fish oil and fish Feed)	15,571	63,833
Eliminations	-6,793	-21,466
Group earnings before taxes (EBT)	-181,050	259,336

Assets and liabilities per segment

DKK 1,000	31 Mar. 2020	31 Dec. 2019
Farming FO	5,453,702	6,520,228
Farming SCT	5,778,277	5,640,009
VAP (Value added products)	182,490	170,158
FOF (Fishmeal, Fish Oil and Fish Feed)	896,989	814,673
Eliminations	-51,797	-43,663
Total assets	12,259,660	13,101,405
Farming FO	2,082,366	2,700,710
Farming SCT	1,893,643	1,696,465
VAP (Value added products)	45,245	52,772
FOF (Fishmeal, Fish Oil and Fish Feed)	144,555	164,689
Eliminations	-35,648	-10,106
Total liabilities	4,130,161	4,604,530

Note 6. Capital Commitments

The Group had capital expenditures committed but not provided in these accounts at the date of the Statement of Financial Position of approximately DKK 702 million which relate to the farming segments in both the Faroe Islands and Scotland.

Note 7. Transactions with Related Parties

Note 5.2 in Bakkafrost's Annual Report for 2019 provides detailed information on related parties' transactions.

Transactions between P/F Bakkafrost and its subsidiaries meet the definition of related party transactions. As these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Note 8. Fair Value Measurements

All assets/liabilities, for which fair value is recognized or disclosed, are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For biological assets, the fair value calculation is done using a valuation model (level 3 in the valuation hierarchy) where the value is estimated based on observable market prices per period end.

For more information on these calculations, please refer to Note 4.

For assets/liabilities that are recognized at fair value on a recurring basis, the Group determines, whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement).

There have been no transfers into or out of Level 3 fair value measurements.

As at 31 March 2020, the Group held the following classes of assets/liabilities measured at fair value:

DKK 1,000	Cost				
	Fair value	amount	Level 1	Level 2	Level 3
Assets and liabilities measured at fair value					
Biological assets (biomass)	1,492,336	1,845,523	0	0	1,492,336
Assets measured at fair value 31/3-2020	1,492,336	1,845,523	0	0	1,492,336
Liabilities measured at fair value 31/3-2020	0	0	0	0	0
Biological assets (biomass)	1,901,730	1,874,035	0	0	1,901,730
Assets measured at fair value 31/12-2019	1,901,730	1,874,035	0	0	1,901,730
Liabilities measured at fair value 31/12-2019	0	0	0	0	0

Note 9. Business Combinations

Q1 2020

There have been no new business combinations in Q1 2020.

2019

On 25 September 2019, Bakkafrøst signed a binding Share Purchase Agreement (SPA) to acquire 68.6% of the outstanding shares in The Scottish Salmon Company Plc (SSC) from Northern Link Ltd. The closing date was 8 October 2019. Further acquisition has been made in Q4, and at 31 December 2019, Bakkafrøst held 95.6% of the shares in SSC.

SSC is an integrated salmon farming business operating exclusively in Scotland with 60 sites across the West Coast and Hebridean Islands. The company is engaged in nearly all stages of the value chain ensuring full traceability and total supply chain integrity. The current annual production capacity is 50,000 tonnes. SSC produced 33,798 tonnes gutted weight in 2019 and exported to 21 countries with a focus on North America and the Far East. SSC has developed a range of strong flagship brands, including Native Hebridean Salmon, Tartan Salmon Label Rouge and Lochlander Salmon. The company has 651 employees.

SSC's main office is in Edinburgh, Scotland.

Strategic Rationale

The strategic rationale for the acquisition includes the following:

- Increases the scope of Bakkafrøst's operation significantly and brings new growth and development opportunities to the Group.

- Provides Bakkafrøst access to the Scottish farming region, diversifying our farming operation into a new geography, which is a niche farming region with Scottish provenance products priced at a premium to the market.
- Creates a combined differentiated global leader in premium salmon with dual exposure to both Faroe Islands and Scottish premium salmon.
- Positive diversification of Bakkafrøst's operations from a pure play Faroe Islands company to a presence in two attractive salmon farming markets, while remaining both focused on developed markets and markets for premium products.
- Potential for material improvement in The Scottish Salmon Company's profitability over a five-year horizon through realization of identified synergies, transfer of best practices and a targeted investment programme. Bakkafrøst expects to generate synergies in three key areas mainly related to Feed and Procurement, Sales Cooperation and SG&A and Overhead savings.
- Feed & Procurement: Bakkafrøst produces fish feed with a significantly higher marine index, compared to industry feed. Supplying feed to SSC would result in fixed cost efficiency at Bakkafrøst's feed facilities through intercompany sales of higher quality feed to SSC. Net synergy estimated at DKK 1.2 per kg feed, equating to annual synergies of approximately DKK 70 million from 2022 onwards (~NOK 2.6 / kg of SSC harvested salmon).

- Sales Cooperation: Both SSC and Bakkafrøst market premium salmon and brands that obtain a significantly higher price due to provenance and product differentiation. Both companies plan to drive efficiencies by coordinating sales efforts going forward, taking advantage of relative distribution strengths in global markets.
- SG&A & Overheads: Leaner head office structure in Scotland (through discontinuing the listed functions of SSC).

Bakkafrøst also believes that there is the potential for transfer of best practices including (i) secondments to stimulate identification and transfer of best practices, (ii) implementation of better farming procedures for improved cost performance, (iii) gradual consolidation of sites, (iv) mitigation of biological threats through delousing expertise. The overall result of these actions is expected to result in larger fish, improving price achievement and profitability.

Bakkafrøst also plans to make targeted investments to achieve the efficiencies outlined above. These include investment in a new modern recirculation plant for smolt production, replacing SSC's large number of small smolt facilities. Additionally, investments are planned to be directed towards replacing SSC's existing sea water equipment.

Bakkafrøst is committed to strong cooperation with local communities and authorities and hopes to stimulate employment through significant investment in the business. Additionally, Bakkafrøst is committed to ongoing work to strengthen the Scottish regulatory framework.

Net assets acquired

Most of SSC's intangible assets are related to licenses. Licenses are viewed as perpetual in nature and are thus not amortized but made subject to an annual impairment review.

We have identified three significant brand names in SSC, namely Tartan Salmon, Lochlander Salmon and Native Hebridean. The remaining volumes are sold under the general Scottish Salmon Company brand, to a large extent to wholesalers and directly to customers. Brand is valued by the income approach by calculating the net present value (NPV).

We expect that most of the excess value from the transaction is related to licenses, and the question will be, where to draw the line between goodwill and licenses. In the PPA, we have allocated value to all other identified assets including brand value, and the remaining excess value is subsequently allocated to licenses. We have then assessed this value by utilizing a top-down market approach. Please refer to the present page regarding strategic rationale.

We have not seen any indicators that the respective trade names have a definite expected life.

The aggregated goodwill of DKK 550.4 million recognized, arises from the tax calculations on the fair value adjustments. The table below summarizes the consideration paid for SSC and the assessed fair value of the assets acquired and liabilities assumed, recognized at the acquisition date.

The figures provided are subject to further scrutiny and may change as Bakkafrost becomes able to gain access to more information from SSC within the 12-month period stipulated by IFRS 3.

Acquisition-related costs were expensed to the profit or loss as incurred and included within operating cash flows in the Statement of Cash Flow. Total cost for Bakkafrost is DKK 10.8 million, and costs held by SSC are DKK 57.0 million.

The assets and liabilities recognized are as follows:

DKK 1,000,000	Book Value	Fair Value	
	8/10/2019	adjustment	8/10/2019
Goodwill	50.9	499.6	550.4
Licenses	201.8	3,131.6	3,333.5
Brands	-	108.4	108.4
Property, plant and equipment	702.2	-	702.2
Accounts receivables	123.4	-	123.4
Inventories	31.7	-	31.7
Biological assets	660.5	-	660.5
Other current assets, excluding cash and bank	40.9	-	40.9
Cash, bank and marketable securities	32.5	-	32.5
Total assets	1,844.0	3,739.6	5,583.6
Deferred taxes	1.7	551.3	552.9
Other long-term liabilities	198.5	-	198.5
Long-term liabilities, interest-bearing	192.7	-	192.7
Current liabilities, interest-bearing	108.4	-	108.4
Accounts payable	201.8	-	201.8
Other current liabilities	239.4	-	239.4
Current taxes	8.3	-	8.3
Total liabilities	950.7	551.3	1,502.0
Net assets acquired			4,081.5
Purchase price allocation:			
Purchase price for shares (68.6%)			2,800.4
Purchase price for shares (100%)			4,081.5
Transaction value (market value of equity)			4,081.5

Note 10. APM**- Alternative Performance Measures**

Bakkafrost's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, the management's intention is to provide alternative performance measures, which are regularly reviewed by the management to enhance the understanding of the company's performance, but not replacing the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. Bakkafrost's experience is that these APM's are frequently used by analysts, investors and other parties.

These APM's are adjusted IFRS measures, defined, calculated and used in a consistent and transparent manner over the years and across the company where relevant.

NIBD

Net interest-bearing debt consists of both current and non-current interest-bearing liabilities, less related current and non-current hedging instruments, lease liabilities, financial instruments, such as debt instruments and derivatives and cash and cash equivalents. The net interest-bearing debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure. Net debt is an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current), derivatives and cash and cash equivalents. A reconciliation is provided below.

	31 Mar.	31 Dec.
DKK 1,000	2020	2019
Cash and cash equivalents	801,079	1,309,546
Long- and short-term interest-bearing debt	-1,789,537	-2,328,231
Net interest-bearing debt	-988,458	-1,018,685

Operational EBIT

Operational EBIT is EBIT aligned for fair value adjustments, onerous contracts provisions, income from associates and revenue tax.

Operational EBIT is a major alternative performance measure in the salmon farming industry. A reconciliation from EBIT to Operational EBIT is provided below.

	Q1	Q1
DKK 1,000	2020	2019
EBIT	-181,760	260,528
Fair value adjustments of biological assets	410,711	-17,871
Income from associates	0	-6,947
Revenue tax	19,132	31,994
Operational EBIT	248,083	267,704

Operational EBIT per kg

Farming segment:	<u>Operational EBIT Farming segment</u> Total harvested volumes (gw)
VAP segment:	<u>Operational EBIT VAP segment</u> Total volumes produced (raw material gw)
Farming and VAP:	<u>Operational EBIT Farming and VAP segment</u> Total harvested volumes (gw)

EBITDA

Earnings before interest, tax, depreciations and amortizations (EBITDA) is a key financial parameter for Bakkafrost's FOF segment. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations and is reconciled in the section Group overview. This measure is useful to users of Bakkafrost's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciations and amortization expenses related primarily to capital expenditures and acquisitions, which occurred in the past, nonrecurring items, as well as evaluating operating performance in relation to Bakkafrost's FOF segment's competitors. The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

Adjusted EPS

Adjusted EPS is based on the reversal of certain fair value adjustments shown in the table below, as it is Bakkafrost's view that this figure provides a more reliable measure of the underlying performance.

	Q1	Q1
DKK 1,000	2020	2019
Profit for the period to the shareholders of P/F Bakkafrost	-147,981	212,836
Fair value adjustment of biomass	410,711	-17,871
Tax on fair value adjustment and onerous contracts provisions	-73,928	3,217
Adjusted profit for the period to shareholders of P/F Bakkafrost	188,802	198,182
Time-weighted average number of shares outstanding through the period	59,126,683	48,665,707
Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)	3.19	4.07

ROCE

Return on average capital employed (ROCE) is defined as the period's operational EBIT divided by the average capital employed, which is total assets adjusted for total current liabilities. The performance measure is expressed as a percentage and is useful for evaluating Bakkafrost's profitability.

	Q1	Q1
DKK 1,000	2020	2019
Group -Operational EBIT	248,083	267,704
Average Capital Employed	11,727,839	5,609,185
ROCE	2.1%	4.8%

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