



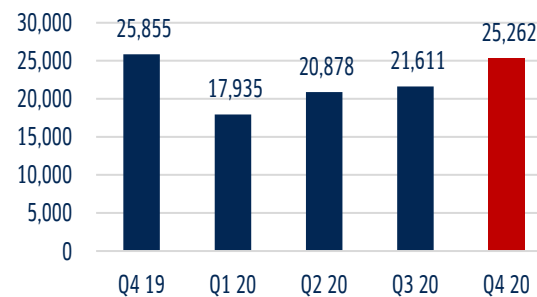
INTERIM REPORT

Q4 2020

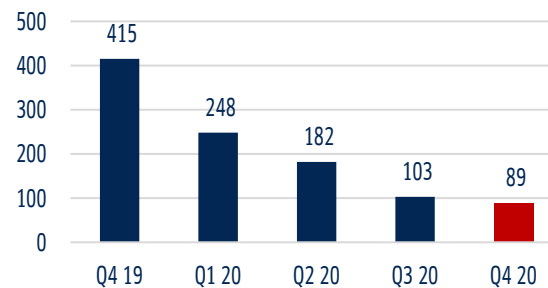
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Faroese Company Registration No. 1724

HARVEST VOLUME TGW



OPERATIONAL EBIT MDKK



OPERATIONAL EBIT VAP AND FARMING FO DKK/KG

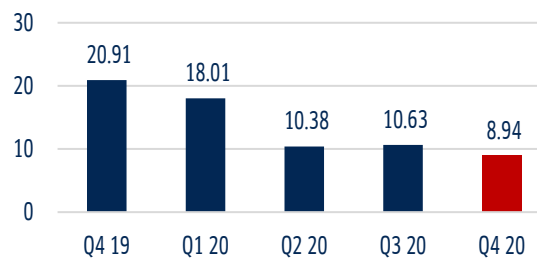


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Highlights

DKK 1,000	Q4 2020	Q4 2019	YTD 2020	YTD 2019	DKK 1,000	Q4 2020	Q4 2019	YTD 2020	YTD 2019
INCOME STATEMENT					FINANCIAL POSITION AND CASH FLOW				
Group - Operating revenue	1,183,338	1,604,842	4,695,933	4,511,107	Total Assets***	13,182,524	13,101,405	13,182,524	13,101,405
Group - Operational EBIT*	88,515	415,251	621,158	1,325,100	Equity***	8,729,487	8,496,875	8,729,487	8,496,875
Group - EBIT	69,230	301,319	691,123	1,019,217	Equity ratio***	66%	65%	66%	65%
Group - Profit for the period	-37,677	219,512	438,863	801,885	Net interest-bearing debt***	1,752,751	1,018,685	1,752,751	1,018,685
Operational EBIT* (FO Farming and VAP) (DKK)	142,629	374,909	587,522	1,166,728	Cash flow from operations	-107,227	-149,537	473,970	1,032,950
Operational EBIT/kg (FO Farming and VAP) (DKK)	8.94	20.91	11.59	20.40	Cash flow from financing	471,322	2,638,829	-500,449	4,557,491
Operational EBIT/kg (FO Farming and VAP) (NOK)	12.92	28.25	16.65	26.91					
Farming Faroe Islands - Operating revenue	603,462	945,196	2,340,261	3,152,462	PROFITABILITY				
Farming Faroe Islands - Operational EBIT*	62,542	338,321	447,829	1,103,001	Basic earnings per share (DKK)	-0.64	4.25	7.83	15.53
Farming Faroe Islands - Operational EBIT margin	10.4%	35.8%	19.1%	35.0%	Diluted earnings per share (DKK)	-0.64	4.25	7.83	15.53
Farming Faroe Islands - Operational EBIT/kg (DKK)	3.92	18.87	8.83	19.29	ROCE**	0.7%	4.1%	5.1%	15.1%
Farming Faroe Islands - Operational EBIT/kg (NOK)	5.66	25.49	12.69	25.44					
Farming Scotland - Operating revenue****	389,097	437,171	1,595,561	437,171	VOLUMES				
Farming Scotland - Operational EBIT*	-54,140	18,129	-24,013	18,129	Harvested volumes Faroe Islands (tgv)	15,957	17,930	50,700	57,184
Farming Scotland - Operational EBIT margin	-13.9%	4.1%	-1.5%	4.1%	Harvested volumes Scotland (tgv)****	9,305	7,925	34,986	7,925
Farming Scotland - Operational EBIT/kg (DKK)	-5.82	2.29	-0.69	2.29	VAP produced volumes (tgv)	6,790	4,219	23,931	16,690
Farming Scotland - Operational EBIT/kg (NOK)	-8.41	3.09	-0.99	3.02	Sold feed tonnes	30,885	28,398	111,998	97,408
VAP - Operating revenue	287,323	248,900	1,116,216	964,484	Internal feed sales tonnes	29,516	20,778	94,345	76,583
VAP - Operational EBIT*	80,087	36,588	139,693	63,727	Smolt released Faroe Islands (thousand pcs)	5,537	4,986	14,278	12,651
VAP - Operational EBIT margin	27.9%	14.7%	12.5%	6.6%	Smolt released Scotland (thousand pcs)****	3,882	5,696	10,354	5,696
VAP - Operational EBIT/kg (DKK)	11.79	8.67	5.84	3.82					
VAP - Operational EBIT/kg (NOK)	17.05	11.72	8.39	5.04					
FOF - Operating revenue	358,911	337,976	1,418,970	1,388,461					
FOF - EBITDA	48,096	57,699	207,695	275,796					
FOF - EBITDA margin	13.4%	17.1%	14.6%	19.9%					
NOK/DKK (average)	69.19	74.01	69.61	75.83					

* 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

**** Comparing figures from Scotland from consolidation date 8 October 2019

Summary of the 4th Quarter 2020 and 12 Months of 2020

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

The Bakkafrost Group delivered a total operating EBIT of DKK 88.5 million in Q4 2020.

Total harvested volumes were 25.3 thousand tonnes gutted weight (tgw). Faroe Islands (FO): 16.0 tgw, Scotland (SCT): 9.3 tgw.

The combined FO farming and VAP segments made an operational EBIT of DKK 142.6 million. The FO farming segment made an operational EBIT of DKK 62.5 million. The SCT farming segment made an operational EBIT of DKK -54.1 million.

The VAP segment made an operational EBIT of DKK 80.1 million. The EBITDA for the FOF segment was DKK 48.1 million.

The Group made a loss for Q4 2020 of DKK -37.7 million (DKK 219.5 million). For 2020, the profit was DKK 462.8 million (DKK 801.9 million).

Total harvested volumes for Q4 2020 were 25,262 tonnes gutted weight. FO: 15,957 tgw (17,930 tgw), SCT: 9,305 tgw (7,925). Total harvested volumes in 2020 were 85,686 tgw (65,109 tgw). FO: 50,700 tgw (57,184 tgw), SCT: 34,986 tgw (7,925).

In total, 9.4 million (10.7 million) smolts were transferred during Q4 2020. FO: 5.5 million (5.0 million), SCT: 3.9 million (5.7). For 2020, 24.6 million (18.3 million) smolts were transferred. FO: 14.3 million (12.7 million), SCT 10.3 million (5.7).

The combined FO farming and VAP segments made an operational EBIT of DKK 142.6 million (DKK 374.9 million) in Q4 2020. The operational EBIT per kg in Q4 2020 was DKK 8.94 (DKK 20.91), which corresponds to NOK 12.92 (NOK 28.25) for the combined FO farming and VAP segments. For 2020, the combined FO farming and VAP segments made an operational EBIT of DKK 587.5 million (DKK 1,166.7 million).

The FO farming segment made an operational EBIT of DKK 62.5 million (DKK 338.3 million) in Q4 2020. The harvested volumes were lower, and the achieved prices were lower in Q4 2020, compared to Q4 2019. For 2020, the operational EBIT was DKK 447.8 million (DKK 1,103.0 million).

The SCT farming segment made an operational EBIT of DKK -54.1 million (DKK 18.1 million) in Q4 2020. For 2020, the operational EBIT was DKK -24.0 million (DKK 18.1 million). Costs of DKK 39 million relate to incident-based mortality in Q4 2020.

The VAP segment made an operational EBIT of DKK 80.1 million (DKK 36.6 million) for Q4 2020. For 2020, the operational EBIT was DKK 139.7 million (DKK 63.7 million).

The FOF segment (fishmeal, oil and feed) made an EBITDA of DKK 48.1 million (DKK 57.7 million) for Q4 2020, and the EBITDA margin was 13.4% (17.1%). The EBITDA was DKK 207.7 million for 2020 (DKK 275.8 million), corresponding to an EBITDA margin of 14.6% (19.9%).

During Q4 2020, Havsbrún sourced 71,887 tonnes (35,180 tonnes) of raw material, and in 2020, Havsbrún sourced 283,307 tonnes (278,664 tonnes) of raw material.

The Group has been impacted by the market disruption from Covid-19 from late Q1 2020.

The net interest-bearing debt amounted to DKK 1,752.8 million at the end of Q4 2020, compared to DKK 1,018.7 million at year-end 2019. Undrawn credit facilities amounted to DKK 1,677 million at the end of Q4 2020.

The long-term goal of the Board of Directors is that 30-50% of earnings per share shall be paid out as dividend. Bakkafrost's financial position is strong with a solid balance sheet, a competitive operation and available credit facilities. The Board of Directors proposes to the Annual General Meeting that DKK 3.65 (NOK 5.01*) per share shall be paid out as dividend. The Annual General Meeting will be convened on Friday the 9th of April 2021.

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

**The dividend per share in NOK is subject to changes depending on the exchange rate between NOK and DKK, which will be announced after the Annual General Meeting.*

Financial Review

Income Statement

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

The Group's operating revenue amounted to DKK 1,183.3 million (DKK 1,604.8 million) in Q4 2020. For 2020, the operating revenue amounted to DKK 4,695.9 million (DKK 4,511.1 million).

The FO farming segment's harvest volumes were lower, and the achieved prices were lower in Q4 2020, compared to the same quarter last year. The VAP segment had higher revenues because of higher volumes in Q4 2020, compared to Q4 2019. The FOF segment had slightly higher revenue in Q4 2020, compared to Q4 2019, but had lower sales of fishmeal and higher sales of fish feed in Q4 2020, compared to Q4 2019.

The Group's operational EBIT was DKK 88.5 million (DKK 415.3 million) in Q4 2020. For 2020, the Group's operational EBIT was DKK 621.2 million (DKK 1,325.1 million).

The combined FO farming and VAP segments had lower operational EBIT in Q4 2020, compared to Q4 2019. Farming Scotland's operational EBIT was DKK -54.1 million (DKK 18.1 million). The FOF segment had lower EBITDA in Q4 2020, compared to Q4 2019.

The fair value adjustment of the Group's biological assets amounted to DKK -22.4 million (DKK -103.1 million) in Q4 2020. For 2020, the fair value adjustment amounted to DKK 118.0 million (DKK -220.6 million).

No provisions for onerous contracts were recognized in Q4 2020/2019, nor for the whole of 2020/2019.

The revenue tax amounted to DKK -2.5 million (DKK -14.5 million) in Q4 2020. For 2020, the revenue tax was DKK -53.6 million (DKK -99.1 million).

Net financial items in Q4 2020 were DKK -28.7 million (DKK -30.5 million). For 2020, net interests were DKK -65.1 million (DKK -37.3 million).

Net taxes amounted to DKK -78.2 million (DKK -51.3 million) in Q4 2020. For 2020, net taxes amounted to DKK -163.1 million (DKK -180.0 million).

The result for Q4 2020 was DKK -37.7 million (DKK 219.5 million), and for 2020, the result was DKK 462.8 million (DKK 801.9 million).

Statement of Financial Position

(Figures in parenthesis refer to end last year).

The Group's total assets amounted to DKK 13,096.5 million (DKK 13,101.4 million) at the end of Q4 2020.

Intangible assets amounted to DKK 4,493.4 million (DKK 4,395.7 million) at the end of Q4 2020.

Property, plant and equipment amounted to DKK 4,220.6 million (DKK 3,780.5 million) at the end of Q4 2020. Right of use assets amounted to DKK 353.2 million (DKK 332.8 million) in Q4 2020. Bakkafrøst made investments in PP&E amounting to DKK 342.2 million during Q4 2020.

Non-current financial assets amounted to DKK 122.5 million (DKK 119.1 million) at the end of Q4 2020.

The carrying amount (fair value) of biological assets amounted to DKK 2,117.0 million (DKK 1,901.7 million) at the end of Q4 2020. Compared to year end 2019, biological assets have increased. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 145.4 million (DKK 27.7 million) at the end of Q4 2020.

Inventories amounted to DKK 776.0 million (DKK 548.5 million) at the end of Q4 2020.

Total receivables, including long-term receivables and deferred tax assets, amounted to DKK 632.9 million (DKK 713.5 million) at the end of Q4 2020.

Total cash and cash equivalents amounted to DKK 466.9 million (DKK 1,309.5 million) at the end of Q4 2020.

The Group's equity amounted to DKK 8,729.5 million (DKK 8,496.9 million) at the end of Q4 2020. The change in equity consists primarily of the result for 2020. Acquisition of minorities amounted to DKK 167.6 million in Q1 2020.

Total non-current liabilities amounted to DKK 3,682.8 million (DKK 3,679.6 million) at the end of Q4 2020.

Deferred taxes amounted to DKK 1,196.4 million (DKK 1,123.8 million) at the end of Q4 2020.

Long-term interest-bearing debt was DKK 2,219.7 million (DKK 2,328.2 million) at the end of Q4 2020.

Long-term leasing debt amounted to DKK 265.2 million (DKK 225.6 million) and short-term leasing debt amounted to DKK 131.3 million (DKK 107.8 million). In total DKK 396.6 million (DKK 333.4 million) at the end of Q4 2020.

At the end of Q4 2020, the Group's total current liabilities were DKK 770.2 million (DKK 925.0 million). The current liabilities consist of financial derivatives, short-term leasing debt and accounts payable and other debt.

Total derivatives amounted to DKK 11.2 million (DKK 15.5 million) at the end of Q4 2020.

The equity ratio was 66% at the end of Q4 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 -107.2 million (DKK -149.6 million) in Q4 2020. The changes in working capital had a negative effect on the cash flow from operations. For 2020, the cash flow from operations was DKK 474.0 million (DKK 1,033.0 million).

The cash flow from investment activities amounted to DKK -343.1 million (DKK -3,791.3 million) in Q4 2020. The amount relates to investments in property, plant and equipment. For 2020, the cash flow from investments amounted to DKK -816.1 million (DKK -4,597.8 million).

The cash flow from financing activities totalled DKK 471.3 million (DKK 2,638.8 million) in Q4 2020. For 2020, cash flow from financing amounted to DKK -500.4 million (DKK 4,557.5 million).

In Q4 2020, net change in cash flow amounted to DKK 21.1 million (DKK -1,302.0 million). For 2020, net change in cash flow amounted to DKK -842.6 million (DKK 992.7 million).

At the end of Q4 2020, the Group had unused credit facilities of DKK 1,677 million (DKK 2,470.0 million).

Farming Segment – Faroe Islands (FO)

The Faroese farming segment produces high quality Atlantic salmon from roe 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 Q4 2020 were 15,957 tonnes gutted weight (17,930 tgw) – a change in volume of -11%. 6,486 tgw came from the North region, 6,965 tgw from the West region and 2,506 tgw from the South region. Total harvested volumes for 2020 were 50,700 tonnes gutted weight (57,184 tgw), which is in line with the forecast for 2020.

5.5 million (5.0 million) smolts were transferred in Q4 2020. In 2020, 14.3 million (12.7 million) smolts were transferred. This is in line with the smolt transfer plan.

DKK 1,000	Q4 2020	Q4 2019	Change	YTD 2020	YTD 2019	Change
Financial						
Total revenue	603,462	945,196	-36%	2,340,261	3,152,462	-26%
EBIT	-39,015	460,173	-108%	180,689	1,028,840	-82%
Operational EBIT	62,542	338,321	-82%	447,829	1,103,001	-59%
Operational EBIT/kg (DKK)	3.92	18.87	-79%	8.83	19.29	-54%
Operational EBIT margin	10%	36%	-71%	19%	35%	-45%
Volumes						
Harvested volumes Faroe Islands (tgw)	15,957	17,930	-11%	50,700	57,184	-11%
- Farming North	6,486	0	n/a	31,029	18,252	70%
- Farming West	6,965	13,155	-47%	14,415	32,210	-55%
- Farming South	2,506	4,775	-48%	5,256	6,722	-22%
Smolts released (thousand)	5,537	4,986	11%	14,278	12,651	13%
- Farming North	4,538	2,643	72%	6,456	5,584	16%
- Farming West	999	2,343	-57%	5,703	5,270	8%
- Farming South	0	0	n/a	2,119	1,797	18%

Financial Performance

In Q4 2020, the operating revenue for the FO farming segment was DKK 603.5 million (DKK 945.2 million). The total revenue for the farming segment decreased in Q4 2020, compared with Q4 2019, because of lower sales prices and lower volumes. The operating revenue for the FO farming segment for 2020 was DKK 2,340.3 million (DKK 3,152.5 million).

In Q4 2020, the FO farming segment's EBIT amounted to DKK -39.0 million (DKK 460.2 million). The FO farming segment's EBIT for 2020 was DKK 180.7 million (DKK 1,028.8 million).

Operational EBIT amounted to DKK 62.5 million (DKK 338.3 million) in Q4 2020, which corresponds to an operational EBIT margin of 10% (36%). For 2020, operational EBIT was DKK 447.8 million (DKK 1,103.0 million).

Operational EBIT/kg for the FO farming segment was DKK 3.92 (NOK 5.66) in Q4 2020, compared with DKK 18.87 (NOK 25.49) in Q4 2019. Operational EBIT/kg for 2020 was DKK 8.83 (NOK 12.69), compared with DKK 19.29 (NOK 25.44) for 2019.

Volumes and EBIT were impacted from late Q1 to Q4 by the global market disruption caused by Covid-19. Costs of DKK 0 million relate to incident-based mortality in Q4 2020. For 2020, costs of DKK 36 million were relate to incident-based mortality.

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 Bakkafrøst accounts.)

The Scottish farming segment represents the operating business of The Scottish Salmon Company Ltd (SSC) which was consolidated from 8 October 2019, when Bakkafrøst 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.

Volumes

The total volumes harvested in Q4 2020 were 9,305 tonnes gutted weight (7,925 tgw). Total harvested volumes for 2020 were 34,987 tonnes gutted weight (33,799 tgw), which is in line with the forecast for 2020.

3.9 million smolts were transferred in Q4 2020 (5.7 million). For 2020, 10.4 million (12.4 million) smolts were transferred. This is in line with the smolt transfer plan.

	Q4	Q4		YTD	YTD	
DKK 1,000	2020	2019	Change	2020	2019*	Change
Financial						
Total revenue	389,097	437,171	-11%	1,595,561	437,171	n/a
EBIT	23,305	-224,285	n/a	308,265	-224,285	n/a
Operational EBIT	-54,140	18,129	n/a	-24,013	18,129	n/a
Operational EBIT/kg (DKK)	-5.82	2.29	n/a	-0.69	2.29	n/a
Operational EBIT margin	-14%	4%	n/a	-2%	4%	n/a
Volumes						
Harvested volumes (tgw)	9,305	7,925	17%	34,987	7,925	n/a
Smolts released (thousand pcs)	3,882	5,696	-32%	10,354	5,696	n/a

* comparing figures from consolidation date 8 October 2019

Financial Performance

In Q4 2020, the operating revenue for the SCT farming segment was DKK 389.1 million (DKK 437.2 million). The operating revenue for the SCT farming segment for 2020 was DKK 1,595.6 million (DKK 1,703.9 million).

Operational EBIT amounted to DKK -54.1 million (DKK 18.1 million) in Q4 2020, which corresponds to an operational EBIT margin of -14% (4%). For 2020, operational EBIT was DKK -24.0 million (DKK 142.8 million), which corresponds to an operational EBIT margin of -2% (8%).

Operational EBIT/kg for the farming segment in Scotland was DKK -5.82 (NOK -8.41) in Q4 2020, compared with DKK 2.29 (NOK 3.09) in Q4 2019. Operational EBIT/kg for 2020 was DKK -0.69 (NOK -0.99), compared with DKK 4.22 (NOK 5.57) in 2019.

Volumes and EBIT were impacted from late Q1 to Q4 by the global market disruption caused by Covid-19 and environmental challenges. Costs of DKK 39 million relate to incident-based mortality in Q4 2020. For 2020, costs of DKK 90 million were relate to incident-based mortality.

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

43% (24%) of the total Faroese harvested volumes in Q4 2020 went to the production of VAP products, and 47% (29%) of the harvested volumes for 2020 went to production of VAP products.

The VAP production in the Faroe Islands was 6,790 tonnes gutted weight (4,219 tgw) in Q4 2020, an increase of 61%, compared to Q4 2019. For 2020, the VAP production was 23,931 tgw (16,690 tgw), an increase of 43%.

DKK 1,000	Q4 2020	Q4 2019	Change	YTD 2020	YTD 2019	Change
Financial						
Total revenue	287,323	248,900	15%	1,116,216	964,484	16%
EBIT	80,087	36,588	119%	139,693	63,727	119%
Operational EBIT	80,087	36,588	119%	139,693	63,727	119%
VAP - Operational EBIT/kg (DKK)	11.79	8.67	36%	5.84	3.82	53%
Operational EBIT margin	28%	15%	90%	13%	7%	89%
Volumes						
VAP produced volumes (tgw)	6,790	4,219	61%	23,931	16,690	43%
Harvested volumes used in VAP production	43%	24%	81%	47%	29%	62%
Harvested volumes sold fresh/frozen	57%	76%	-25%	53%	71%	-25%

Financial Performance

The operating revenue for the VAP segment amounted to DKK 287.3 million (DKK 248.9 million) in Q4 2020. The increase in revenue is due to higher volumes in Q4 2020, compared with Q4 2019. For 2020, the VAP revenue was DKK 1,116.2 million (DKK 964.5 million).

The VAP segment had an EBIT amounting to DKK 80.1 million (DKK 36.6 million) in Q4 2020. Changes in onerous contracts were DKK 0.0 million (DKK 0.0 million). For 2020, the VAP segment's EBIT amounted to DKK 139.7 million (DKK 63.7 million).

Operational EBIT amounted to DKK 80.1 million (DKK 36.6 million) in Q4 2020, corresponding to an operational EBIT of DKK 11.79 (NOK 17.05) per kg gutted weight in Q4 2020, compared with DKK 8.67 (NOK 11.72) per kg gutted weight in Q4 2019.

For 2020, operational EBIT amounted to DKK 139.7 million (DKK 63.7 million). Operational EBIT/kg for 2020 was DKK 5.84 (NOK 8.39), compared with DKK 3.82 (NOK 5.04) in 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. The quality of the fish feed is important to the quality of the salmon from Bakkafrost. Fishmeal, fish oil and fish feed are also sold externally.

Volumes

Havsbrún received 71,887 tonnes (35,180 tonnes) of raw material to produce fishmeal and fish oil in Q4 2020. The raw material intake depends on the fishery in the North Atlantic and available species of fish. For 2020, Havsbrún received 283,307 tonnes (278,664 tonnes) of raw material.

The production of fishmeal in Q4 2020 was 15,785 tonnes (8,076 tonnes). For 2020, Havsbrún produced 60,661 tonnes (60,646 tonnes) of fishmeal.

The production of fish oil in Q4 2020 was 4,708 tonnes (2,915 tonnes). The production of fish oil varies, depending on the species of fish sourced for production and the timing of catch. For 2020, Havsbrún produced 9,932 tonnes (9,633 tonnes) of fish oil.

Sales of fish feed amounted to 30,885 tonnes (28,398 tonnes) in Q4 2020. The FO farming segment internally used 23,638 tonnes (20,778 tonnes) or 76.5% (73.2%). The SCT farming segment internally used 5,878 tonnes or 19.0%.

For 2020, Havsbrún sold 111,998 tonnes (97,408 tonnes) of fish feed.

Financial Performance

The operating revenue for the FOF segment amounted to DKK 358.9 million (DKK 338.0 million) in Q4 2020, of which DKK 321.5 million (DKK 212.1 million) represented sales to Bakkafrost's farming segments, corresponding to 90% (63%). For 2020, the revenue amounted to DKK 1,419.0 million (DKK 1,388.5 million) of which DKK 1,027.5 million (DKK

DKK 1,000	Q4 2020	Q4 2019	Change	YTD 2020	YTD 2019	Change
Financial						
Total revenue	358,911	337,976	6%	1,418,970	1,388,461	2%
EBIT	44,807	57,184	-22%	181,610	257,870	-30%
EBITDA	48,096	57,699	-17%	207,695	275,796	-25%
FOF - EBITDA margin	13.4%	17.1%	-22%	14.6%	19.9%	-26%
Volumes (tonnes)						
Total Feed sold	30,885	28,398	9%	111,998	97,408	15%
- Feed internal sale FO	23,638	20,778	14%	81,945	76,583	7%
- Feed internal sale SCT	5,878	0	n/a	12,400	0	n/a
- Feed external sale	1,369	7,620	-82%	17,653	20,825	-15%
Fishmeal external sale	1,500	4,123	-64%	18,675	31,769	-41%
Fish oil external sale	7	0		21	10	110%
Received raw material	71,887	35,180	104%	283,307	278,664	2%
Fishmeal production	15,785	8,076	95%	60,661	60,646	0%
Fish oil production	4,708	2,915	62%	9,932	9,633	3%

780.7 million) represented sales to Bakkafrost's farming segments, corresponding to 72% (56%).

Total revenue for the FOF segment in Q4 2020 was slightly higher, compared to the same quarter last year. The internal revenue is higher in Q4 2020, compared to Q4 2019. The decrease in external revenue is due to higher share of feed sales are used internally and lower volumes of fishmeal sold in Q4 2020, compared to Q4 2019.

EBITDA was DKK 48.1 million (DKK 57.7 million) in Q4 2020, and the EBITDA margin was 13.4% (17.1%). Havsbrún sources raw pelagic fish for the fishmeal and fish oil production, which are part of the recipe to produce salmon feed. For 2020, the EBITDA was DKK 207.7 million (DKK 275.8 million), corresponding to an EBITDA margin of 14.6% (19.9%).

Outlook

Market

The global harvest of Atlantic salmon was 10.8% higher in Q4 2020, compared to Q4 2019, according to the latest estimate from Kontali Analyse. The market was affected negatively by the market disruption caused by the Covid-19 pandemic.

Looking forward the market dynamics will still be affected by the Covid-19 situation which imposes greater than normal uncertainty to the market development estimates. However, market conditions could improve during 2021 as Covid-19 mass-vaccination progresses in key markets. In Q1 2021, the global harvest of Atlantic salmon is expected to increase around 4%, compared to Q1 2020. In 2021, the global harvest of salmon is expected to increase around 2-3%, compared to 2020. Due to the effects of inventory movements, the market supply of salmon in 2021 is expected to increase around 5-6%, compared to 2020.

The increase in supply of salmon in 2021 is mainly expected to occur during the first half of the year. During the second half of 2021, the global supply of salmon is expected to be tight due to the growth in global harvest volumes being forecasted below 1%, according to Kontali Analyse.

Bakkafrost operates in the main salmon markets, Europe, USA, the Far East and Russia. The Covid-19 pandemic has caused global market disruptions and a shift from foodservice to retail. These changes will remain for some time. However, some normalisation of the market situation is expected during 2021. It is uncertain what “new normal” the market will settle at, once the Covid-19 pandemic has passed. During the pandemic, new and innovative business models have emerged, especially in food service, and it is not unlikely that some of these are here to stay. Due to our highly flexible value chain, Bakkafrost is well

positioned to adapt to these changes. Bakkafrost also maintains a strong focus on ensuring a well-balanced flow to the different markets to increase diversification and mitigate the market risk.

Farming

Overall, the biological performance of the harvested fish in the Faroe Islands has been strong during Q4 2020. The growth has been strong with very low feed conversion ratio. The quality of the harvested fish has improved even more and is exceptionally high. Mortality, mainly linked to sea lice treatments, has been somewhat higher than normal and this is an area of priority for 2021.

The average size of transferred smolt continues to increase in the Faroe Islands, and Bakkafrost is well on track in pursuing the large-smolt strategy. In Q4 2020, the average weight of the transferred smolt was 343g and is expected to increase to around 400g in 2021 and 500g in 2022. The main driver behind this development is the massively increased production capacity delivered by the Strond hatchery which is in full operation producing large and high-quality smolts. To add further capacity, expansion of the existing hatcheries at Norðtoftir and Glyvradalur have commenced. As these expansions are made to already existing hatcheries, the increased production output will be available already in 2022, enabling Bakkafrost to produce 20 million smolts of 500g in the Faroe Islands.

The farming operation in Scotland is gradually improving, however the second half of the year is in general a more challenging period in the Scottish farming operation. In Q4 2020, the mortality has been exceptionally high in some farming sites. Challenging 3rd and 4th quarters may be expected for the next couple of years or so but with gradually reduced

severity as the large-smolt strategy is being implemented in the Scottish farming operation. Once fully implemented, the large-smolt strategy will be a game changer for the farming operation. To achieve this, Bakkafrost plans to invest in 3 large hatcheries in the coming years to become self-sufficient with large smolts.

Bakkafrost focuses on reducing biological risk continuously and has over the past years made significant investments to diminish this risk, but also to improve efficiency and ensures sustainable growth. The large-smolt strategy occupies a central role in this in the Faroe Islands as well as in Scotland.

Bakkafrost expects to release around 14.5 million smolts in 2021 in the Faroe Islands, compared to 14.3 million smolts in 2020, 12.7 million smolts in 2019 and 12.6 million smolts in 2018. The smolt release in Scotland is expected to be 11.0 million smolts in 2021, compared to 10.4 million smolts in 2020, 12.4 million smolts in 2019 and 8.6 million smolts in 2018. The number and average weight of smolts released are key elements of predicting Bakkafrost's future production.

Bakkafrost's harvest volumes for 2021 in the Faroe Islands are expected to be 66,000 tonnes gutted weight and 40,000 tonnes gutted weight in Scotland. Hence the total harvest volume is expected to be 106,000 tonnes gutted weight, compared with 85,686 tonnes harvested in 2020.

The estimates for harvest volumes and smolt releases in both geographies are dependent on the biological development.

VAP (Value added products)

Bakkafrost has made large investments in building a highly flexible value chain which includes a state-of-the-art VAP factory with high capacity. This enables Bakkafrost to adapt well to the rapidly changing market situations, which is a great advantage during market disruptions as the one seen during the Covid-19 pandemic. Due to the flexibility and large capacity of the VAP factory, Bakkafrost has been able to meet the significantly increased demand from the retail segment by redirecting volumes into the VAP segment.

For 2021 Bakkafrost has signed contracts covering around 28% of the expected harvest volumes in the Faroe Islands and Scotland combined. Bakkafrost's long-term strategy is to sell around 40% of the harvested volumes of salmon as VAP products at contracts.

The 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 2021 recommendation for blue whiting is 929 thousand tonnes, which is a 20% reduction from the recommendation for 2020. As of 30. December 2020 the Marine Stewardship Council (MSC) has suspended the certification of all Atlanto-Scandian blue whiting. During 2020, Bakkafrost has built up inventory of certified fish meal to ensure continued ASC-certification of the Faroese farming sites in 2021.

Bakkafrost expects a decrease in production volumes of fishmeal and fish oil in 2021, compared to 2020.

Havsbrún's sales of fish feed for 2021 is expected to be 120,000 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, and the feed used in the Scottish farming operation.

Investments

Bakkafrost's investment programme for the period from 2020 to 2022 in the Faroe Islands, 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.

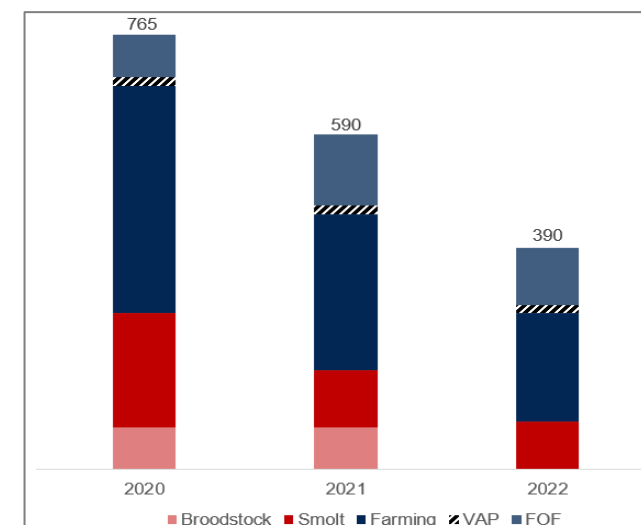
All in all, Bakkafrost is on track with the investment programme. The hatchery at Strond is finalized, and the expansion of the hatcheries at Norðtoftir and Glyvradalur has commenced. As these expansions are made to existing hatcheries in operation, the added capacity will materialize in increased output sooner, compared to if they were greenfield projects. Hence the increased production from these hatcheries will emerge from early 2022.

In Q2 2020, Bakkafrost commissioned a new 7,000 m³ well boat with hybrid technology to reduce the carbon emission and ensure optimal energy consumption. The vessel will be delivered in H1 2022 and will play an important role in Bakkafrost's large-smolt strategy and plans to grow beyond 100,000 tonnes in the Faroe Islands with offshore farming, as well as adding freshwater treatment capacity.

Bakkafrost's recently finished Biogas plant is an important stepping-stone on Bakkafrost's sustainable growth path, as it delivers an efficient and sustainable solution to waste management. By converting the growing biological waste from the increasing opera-

tion into clean energy, the biogas plant alone is expected to save the environment from 11,000 tonnes of CO₂ per year. The Biogas plant is now operational, supplying electricity into the Faroese electricity grid as well as providing heating for the residents in Tórshavn, the capital of the Faroe Islands.

Investment programme (FO) 2020-2022 - mDKK



In addition to the planned investments in the value chain in the Faroe Islands, Bakkafrost expects to make investments of around DKK 350-400 million per year for 2020-2024 in the Scottish operation. A significant part of this will be invested in building 3 large hatcheries to increase smolt capacity and become self-sufficient with large smolt. The first of these hatcheries will be the Applecross hatchery, which is being expanded and equipped with RAS technology. Other suitable sites for the next 2 large hatcheries are currently being investigated.

Investments have also been made in expansion of the harvest capacity in Scotland to increase the flexibility of the operation and accommodate the increased harvest volumes expected in coming years.

Bakkafrost has announced that a Capital Market Day will be held on 14-15 September 2021, where more details on the investment plan for the Faroe Islands and Scotland will be presented.

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 at present.

During the Covid-19 pandemic, Bakkafrost's ability to operate in the Faroe Islands has not been affected by the pandemic, and the operation in Scotland has been only mildly affected. A range of preventive measures have been implemented to protect our workforce and ensure continuous production. New procedures and social distancing and working from home 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 have been offered regular free Covid-19 screening by health professionals.

As the market situation is significantly affected by the Covid-19 pandemic, Bakkafrost is taking all necessary steps to protect the business and constantly adapts to the changing market conditions and shifting demands from customers.

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 Reporting Period

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 December 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, February 22th, 2021

Management:

J. 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 Samuelsen
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 December 2020 as well as the results of the Group activities and cash flows for the period 1 January 2020 to 31 December 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 December 2020

DKK 1,000	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Operating revenue	1,183,338	1,604,842	4,695,933	4,511,107
Purchase of goods	-726,135	-351,707	-2,358,623	-1,354,921
Change in inventory and biological assets (at cost)	220,288	-163,222	401,679	-29,423
Salary and personnel expenses	-164,206	-184,806	-608,347	-512,761
Other operating expenses	-297,945	-360,611	-1,062,719	-978,787
Depreciation	-126,825	-129,245	-446,765	-310,115
Operational EBIT*	88,515	415,251	621,158	1,325,100
Fair value adjustments of biological assets	-22,365	-103,098	118,003	-220,567
Onerous contracts	0	0	0	0
Income from associates	5,546	3,653	5,546	13,812
Revenue tax	-2,466	-14,487	-53,584	-99,128
Earnings before interest and taxes (EBIT)	69,230	301,319	691,123	1,019,217
Net interest revenue	151	3,397	1,399	4,996
Net interest expenses	-10,287	-9,704	-36,317	-17,114
Net currency effects	-13,706	-14,500	-13,096	-12,670
Other financial expenses	-4,836	-9,740	-17,125	-12,513
Earnings before taxes (EBT)	40,552	270,772	625,984	981,916
Taxes	-78,229	-51,260	-163,139	-180,031
Profit or loss for the period	-37,677	219,512	462,845	801,885
Profit or loss for the year attributable to				
Non-controlling interests	0	-8,382	0	-8,382
Owners of P/F Bakkafrost	-37,677	227,894	462,845	810,267
Earnings per share (DKK)	-0.64	4.25	7.83	15.53
Diluted earnings per share (DKK)	-0.64	4.25	7.83	15.53

* 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 December 2020

DKK 1,000	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Profit for the period	-37,677	227,894	462,845	810,267
Changes on financial derivatives	-1,480	-18,390	602	-17,789
Hereof income tax effect	226	2,814	-83	2,705
Reserve to share-based payment	910	-3,660	1,170	-1,094
Currency translation differences	4,729	71,955	-44,303	72,673
Adjustment of treasury shares	1,174	2,751	-37,604	15,457
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	5,559	55,470	-80,218	71,952
Total other comprehensive income for the period	-32,118	283,364	382,627	882,219
Comprehensive income for the period attributable to				
Non- controlling interests	0	-8,382	0	-8,382
Owners of P/F Bakkafrost	-32,118	291,746	367,838	890,601

Consolidated Statement of Financial Position

As at 31 December 2020

DKK 1,000	31 Dec 2020	31 Dec 2019
ASSETS		
Non-current assets		
Intangible assets	4,493,395	4,395,687
Property, plant and equipment	4,220,599	3,780,499
Right of use assets	353,192	332,824
Financial assets	122,459	119,084
Long-term receivables	8,101	4,422
Deferred tax assets	1,134	37,593
Total non-current assets	9,198,880	8,670,109
Current assets		
Biological assets (biomass)	2,117,024	1,901,729
Inventory	776,032	548,508
Total inventory	2,893,056	2,450,237
Accounts receivable	490,075	625,993
Other receivables	133,574	45,520
Total receivables	623,349	671,513
Cash and cash equivalents	466,939	1,309,546
Total current assets	3,983,644	4,431,296
TOTAL ASSETS	13,182,524	13,101,405

DKK 1,000	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES		
Equity		
Share capital	59,143	59,143
Other equity	8,670,344	8,270,112
Non-controlling interests	0	167,620
Total equity	8,705,505	8,496,875
Non-current liabilities		
Deferred taxes and other taxes	1,196,422	1,123,796
Long-term interest-bearing debt	2,219,690	2,328,231
Long-term leasing debt	265,235	225,585
Financial derivatives	1,480	1,966
Total non-current liabilities	3,682,827	3,679,578
Current liabilities		
Financial derivatives	9,710	13,493
Short-term leasing debt	131,336	107,808
Accounts payable and other debt	629,164	803,651
Total current liabilities	770,210	924,952
Total liabilities	4,453,037	4,604,530
TOTAL EQUITY AND LIABILITIES	13,182,524	13,101,405

Consolidated Cash Flow Statement

For the period ended 31 December 2020

DKK 1,000	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Earnings before interest and taxes (EBIT)	69,230	301,319	691,123	1,019,217
Adjustments for write-downs and depreciation	126,825	132,974	446,501	313,844
Adjustments for value adjustment of biomass	22,365	103,098	-118,003	220,567
Adjustments for income from associates	-5,546	-3,653	-5,546	-13,812
Adjustments for currency effects	-16,148	-14,500	-65,402	-9,249
Taxes paid	-189,132	-152,100	-189,132	-152,100
Change in inventory	-155,578	-750,330	-309,873	-873,495
Change in receivables	40,523	-318,086	48,252	-425,669
Change in current debts	81,280	551,741	-23,950	953,647
Cash flow from operations	-107,227	-149,537	473,970	1,032,950
Cash flow from investments				
Acquisition of immaterial assets	0	-3,529,397	0	-3,904,515
Proceeds from sale of fixed assets	-638	0	18,412	0
Payments for purchase of fixed assets	-342,237	-261,903	-836,383	-701,504
Net investment in financial assets	-211	0	1,843	3,988
Change in long-term receivables	0	0	0	4,242
Cash flow from investments	-343,086	-3,791,300	-816,128	-4,597,789
Cash flow from financing				
Change in interest-bearing debt (short and long)	518,414	673,567	-107,451	1,217,600
Acquisition of minorities	0	0	-167,620	0
Financial income	151	3,397	1,399	4,998
Financial expenses	-15,123	-10,624	-53,442	-20,807
Lease payments	-33,108	-42,274	-134,569	-42,274
Net proceeds from sale of own shares	988	432	-38,766	68,358
Proceeds from share capital increases	0	2,014,331	0	3,731,129
Dividend paid	0	0	0	-401,513
Cash flow from financing	471,322	2,638,829	-500,449	4,557,491
Net change in cash and cash equivalents in period	21,009	-1,302,008	-842,607	992,652
Cash and cash equivalents - opening balance	445,930	2,611,554	1,309,546	316,894
Cash and cash equivalents - closing balance total	466,939	1,309,546	466,939	1,309,546

Consolidated Statement of Changes in Equity

As at 31 December 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	118,003	346,196	464,199
Adjustment related to purchase price allocation	0	0	0	0	0	0	0	0	16,253	16,253
Changes in financial derivatives	0	0	0	0	0	602	0	0	0	602
Hereof income tax effect	0	0	0	0	0	-83	0	0	0	-83
Share-based payment	0	0	0	1,170	0	0	0	0	0	1,170
Currency translation differences	0	0	0	0	-44,305	0	0	0	0	-44,305
Total other comprehensive income	0	0	0	1,170	-44,305	519	0	0	16,251	-26,363
Total comprehensive income	0	0	0	1,170	-44,305	519	0	118,003	338,465	437,836
Treasury shares	0	0	-37,604	0	0	0	0	0	0	-37,604
Total transaction with owners	0	0	-37,604	0	0	0	0	0	0	-37,604
Total changes in equity	0	0	-37,604	1,170	-44,305	519	0	118,003	338,465	400,232
Non-controlling interest 01.01.20										167,620
Change in non-controlling interest										-167,620
Non-controlling interest 31.12.20										0
Total equity 31.12.2020	59,143	4,027,375	-37,672	6,229	34,545	-14,829	0	280,206	4,374,490	8,729,487
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
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
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 interests									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

Notes to the Accounts

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.

As a result of the outbreak of Covid-19 during the first quarter of 2020, all significant estimates are being continuously reviewed in the light of this situation, including estimates related to the expected credit loss on trade receivables, inventory valuation and impairment test on intangible assets. As at the date of these interim financial statements, no significant changes in estimates have been performed. Bakkafrost has not identified significant Covid-19 impact to the interim condensed consolidated financial statements as at 31 December 2020.

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

Note 4. Biological Assets

DKK 1,000	31 Dec 2020	31 Dec 2019
Biological assets carrying amount 01.01.	1,901,730	1,358,462
Increase due to production or purchases	3,012,251	2,021,601
Increase due to acquisitions - incl. fair value	0	667,482
Reduction due to harvesting or sale (costs of goods sold)	-2,761,374	-1,921,456
Reduction due to mortality (costs of incident-based mortality*)	-125,806	0
Fair value adjustment at the beginning of the period reversed	-27,695	-244,034
Fair value adjustment at the end of the period	145,387	27,695
Reversal of elimination at the beginning of the period	59,121	53,790
Eliminations	-80,083	-59,121
Currency translation differences	-6,508	-2,689
Biological assets carrying amount at the end of the period	2,117,024	1,901,730
Cost price biological assets	2,058,228	1,935,845
Fair value adjustment at the end of the period	145,387	27,695
Eliminations	-80,083	-59,121
Currency translation differences	-6,508	-2,689
Biological assets carrying amount	2,117,024	1,901,730
Biomass (tonnes)		
< 1 kg	5,777	5,210
1 kg < 2 kg	10,258	8,649
2 kg < 3 kg	10,880	10,334
3 kg < 4 kg	11,921	14,146
4 kg <	25,642	22,980
Volume of biomass at sea (tonnes)	64,478	61,319

* Costs of incident-based mortality per segment:

DKK 1,000	Q4	
	2020	2020
Farming FO	0	-36,256
Farming SCT	-39,027	-89,550
	-39,027	-125,806

Number of fish (thousand)	31 Dec 2020	31 Dec 2019
< 1 kg	11,960	12,801
1 kg < 2 kg	6,192	5,481
2 kg < 3 kg	4,338	4,271
3 kg < 4 kg	3,415	4,148
4 kg <	5,324	4,633
Total number of fish at sea (thousand)	31,229	31,334
Number of smolt released YTD (thousand)		
Farming North	6,876	5,585
Farming West	5,703	5,270
Farming South	2,119	1,797
Farming SCT	8,135	5,696
Total number of smolts released YTD (thousand)	22,833	18,348
Sensitivity in DKK 1,000		
Change in discount rate +1%	-150,403	-101,607
Change in discount rate -1%	169,708	115,364
Change in sales price +5 DKK	466,110	251,416
Change in sales price -5 DKK	-465,110	-251,416
Change in biomass volume +1%	5,414	5,836
Change in biomass volume -1%	-5,414	-5,836
One-year forward prices in EUR FCA Oslo**		
Period end	4.36	7.24
1 Q (forward)	4.85	6.72
2 Q (forward)	5.39	6.75
3 Q (forward)	5.10	5.51
4 Q (forward)	5.25	5.62
** Source Fish Pool		

Note 5. Segments

Farming - FO DKK 1,000	Q4 2020	Q4 2019	YTD 2020	YTD 2019
External revenue	425,465	792,857	1,548,623	2,501,646
Internal revenue	177,997	152,339	791,638	650,816
Total revenue	603,462	945,196	2,340,261	3,152,462
Operating expenses	-472,661	-544,632	-1,652,618	-1,842,117
Depreciation and amortization	-68,259	-62,243	-239,814	-207,344
Operational EBIT	62,542	338,321	447,829	1,103,001
Fair value adjustments of biological assets	-99,810	139,316	-214,275	21,847
Income from associates	719	-2,977	719	3,119
Revenue tax	-2,466	-14,487	-53,584	-99,127
Earnings before interest and taxes (EBIT)	-39,015	460,173	180,689	1,028,840
Net financial items	-31,008	-23,702	-52,661	-25,919
Earnings before taxes (EBT)	-70,023	436,471	128,028	1,002,921
Taxes	-2,297	-73,168	-30,445	-174,533
Profit or loss for the period	-72,320	363,303	97,583	828,388

Farming - SCT	Q4	Q4	YTD	YTD
DKK 1,000	2020	2019	2020	2019
External revenue	389,097	437,171	1,595,561	437,171
Total revenue	389,097	437,171	1,595,561	437,171
Operating expenses	-441,808	-362,372	-1,507,107	-362,372
Depreciation and amortization	-45,470	-56,670	-156,508	-56,670
Other income	44,041	0	44,041	0
Operational EBIT	-54,140	18,129	-24,013	18,129
Fair value adjustments of biological assets	77,445	-242,414	332,278	-242,414
Earnings before interest and taxes (EBIT)	23,305	-224,285	308,265	-224,285
Net financial items	-23	-4,977	222	-4,977
Earnings before taxes (EBT)	23,282	-229,262	308,487	-229,262
Taxes	-60,245	37,886	-98,887	37,886
Profit for the period	-36,963	-191,376	209,600	-191,376

Value added products DKK 1,000	Q4 2020	Q4 2019	YTD 2020	YTD 2019
External revenue	287,323	248,900	1,116,216	964,484
Internal purchase of raw material	-177,997	-152,339	-791,638	-650,816
Operating expenses	-24,259	-56,786	-165,355	-232,459
Depreciation and amortization	-4,980	-3,187	-19,530	-17,482
Operational EBIT	80,087	36,588	139,693	63,727
Provision of onerous contracts	0	0	0	0
Earnings before interest and taxes (EBIT)	80,087	36,588	139,693	63,727
Net financial items	-113	-44	-631	-541
Earnings before taxes (EBT)	79,974	36,544	139,062	63,186
Taxes	-14,396	-6,579	-25,032	-11,375
Profit or loss for the period	65,578	29,965	114,030	51,812

In Q4 2020, one major customer - as defined in IFRS 8.34 - represented DKK 157 million (Q4 2019: DKK 129 million) of the revenue in the VAP segment, corresponding to 56% (51%) of the total revenue in the VAP segment.

In 2020, one major customer represented DKK 570 million (YTD 2019: DKK 510 million) of the revenue in the VAP segment, corresponding to 52% (53%) of the total revenue in the VAP segment.

Fishmeal, Fish Oil and Fish Feed	Q4	Q4	YTD	YTD
DKK 1,000	2020	2019	2020	2019
External revenue	37,412	125,913	391,491	607,807
Internal revenue	321,499	212,063	1,027,480	780,654
Total revenue	358,911	337,976	1,418,970	1,388,461
Cost of goods sold	-253,596	-235,324	-999,460	-915,377
Operating expenses	-57,219	-44,953	-211,815	-197,288
Depreciation and amortization	-8,116	-7,145	-30,912	-28,619
Operational EBIT	39,980	50,554	176,783	247,177
Income from associates	4,827	6,630	4,827	10,693
Earnings before interest and taxes (EBIT)	44,807	57,184	181,610	257,870
Net financial items	2,466	-1,825	-12,069	-5,863
Earnings before taxes (EBT)	47,273	55,359	169,542	252,007
Taxes	-8,509	-9,580	-30,517	-44,976
Profit or loss for the period	38,764	45,779	139,024	207,030

Reconciliation of reportable segments to Group earnings before taxes (EBT)	Q4	Q4	YTD	YTD
DKK 1,000	2020	2019	2020	2019
Farming Faroe Islands	-70,023	436,471	128,028	1,002,921
Farming Scotland	23,282	-229,262	308,487	-229,262
VAP (Value added products)	79,974	36,544	139,062	63,186
FOF (Fishmeal, Fish oil and fish Feed)	47,273	55,359	169,542	252,007
Eliminations	-39,953	-28,340	-119,132	-106,934
Group earnings before taxes (EBT)	40,553	270,772	625,987	981,917

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 1,025 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 December 2020, the Group held the following classes of assets/liabilities measured at fair value:

DKK 1,000 Assets and liabilities measured at fair value	Fair value	Cost			
		amount	Level 1	Level 2	Level 3
Biological assets (biomass)	2,117,024	1,971,637	0	0	2,117,024
Assets measured at fair value 31/12-2020	2,117,024	1,971,637	0	0	2,117,024
Liabilities measured at fair value 31/12-2020	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

2020

There have been no new business combinations in 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. Further acquisition was made in Q1 2020, and Bakkafrøst now holds 100% 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 de-lousing 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 665.0 million recognized, arises from the tax calculations on the fair value adjustments and the adjustment made in Q3 2020. 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 were subject to further scrutiny and could change as Bakkafrost became able to gain access to more information from SSC within the 12-month period stipulated by IFRS 3.

In the period after the acquisition date, Bakkafrost has considered all pertinent factors in determining whether information obtained after the acquisition date should result in an adjustment to the provisional amounts recognized, or whether that information results from events that occurred after the acquisition date.

Bakkafrost has obtained information during the measurement period that results in adjustments to the provisional amounts. Bakkafrost has recognized a change in provisional amounts for Property, plant and equipment, Biological assets, Deferred tax, Other debt and Goodwill.

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 08/10/2019	Fair Value adjustment	Adjustment in Q3 2020	Adjusted fair value
Goodwill	50.9	499.6	114.6	665.0
Licenses	201.8	3,131.6	-	3,333.5
Brands	-	108.4	-	108.4
Property, plant and equipment – incl. IFRS 16	702.2	-	-66.0	636.2
Accounts receivables	123.4	-	-	123.4
Inventories	31.7	-	-	31.7
Biological assets	660.5	-	-24.9	635.6
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	23.7	5,607.3
Total shareholders' equity	893.2	3,188.3	-	4,081.5
Deferred taxes	1.7	551.3	-3.2	549.7
Other long-term liabilities incl. IFRS 16	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 incl. IFRS 16	239.4	-	26.9	266.3
Current taxes	8.3	-	-	8.3
Total shareholders' equity and liabilities	1,844.0	3,739.6	23.7	5,607.3
Liabilities	950.7	551.3	23.7	1,525.7
Net assets				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 Dec 2020	31 Dec 2019
DKK 1,000		
Cash and cash equivalents	466,939	1,309,546
Long- and short-term interest-bearing debt	-2,219,690	-2,328,231
Net interest-bearing debt	-1,752,751	-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.

	Q4 2020	Q4 2019	YTD 2020	YTD 2019
DKK 1,000				
EBIT	69,230	301,319	691,123	1,019,217
Fair value adjustments of biological assets	22,365	103,098	-118,003	220,567
Income from associates	-5,546	-3,653	-5,546	-13,812
Revenue tax	2,466	14,487	53,584	99,128
Operational EBIT	88,515	415,251	621,158	1,325,100

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.

	Q4	Q4	YTD	YTD
DKK 1,000	2020	2019	2020	2019
Profit for the period to the shareholders of P/F Bakkafrost	37,677	219,512	462,845	801,885
Fair value adjustment of biomass	22,365	103,098	-118,003	220,567
Tax on fair value adjustment and onerous contracts provisions	-4,026	-18,558	21,241	-39,702
Adjusted profit for the period to shareholders of P/F Bakkafrost	-19,338	304,052	366,083	982,750
Time-weighted average number of shares outstanding through the period	59,090,092	51,624,366	59,090,092	51,624,366
Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)	-0.33	5.89	6.20	19.04

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.

	Q4	Q4	YTD	YTD
DKK 1,000	2020	2019	2020	2019
Group -Operational EBIT	196,055	430,564	1,137,888	1,329,332
Average Capital Employed	10,237,143	7,141,064	9,985,854	6,508,298
ROCE	1.9%	6.0%	11.4%	20.4%

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