



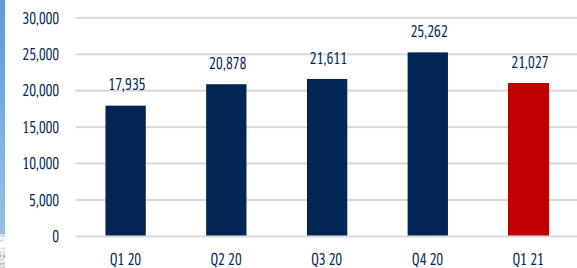
INTERIM REPORT

Q1 2021

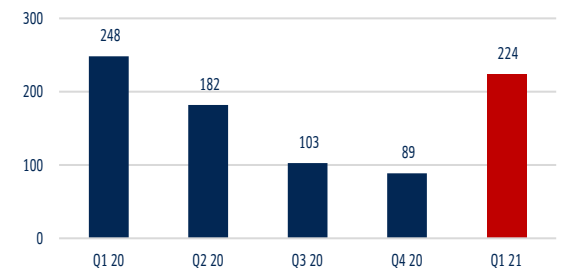
www.bakkafrost.com

Faroese Company Registration No. 1724

HARVEST VOLUME TGW



OPERATIONAL EBIT MDKK



OPERATIONAL EBIT VAP AND FARMING FO DKK/KG

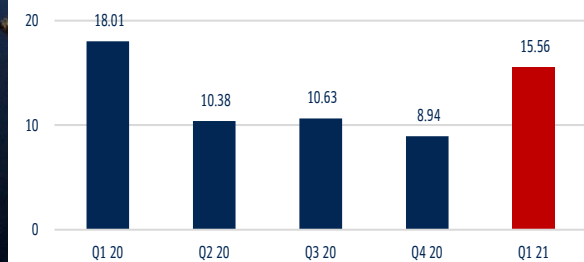


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Highlights

DKK 1,000	Q1 2021	Q1 2020
INCOME STATEMENT		
Group - Operating revenue	1,175,637	1,255,226
Group - Operational EBIT*	223,501	248,083
Group - EBIT	489,077	-181,760
Group - Profit for the period	407,732	-147,981
Operational EBIT* (FO Farming and VAP) (DKK)	218,278	192,127
Operational EBIT/kg (FO Farming and VAP) (DKK)	15.56	18.01
Operational EBIT/kg (FO Farming and VAP) (NOK)	21.48	25.10
Farming Faroe Islands - Operating revenue	645,110	632,533
Farming Faroe Islands - Operational EBIT*	143,291	202,925
Farming Faroe Islands - Operational EBIT margin	22%	32%
Farming Faroe Islands - Operational EBIT/kg (DKK)	10.22	19.02
Farming Faroe Islands - Operational EBIT/kg (NOK)	14.10	26.51
Farming Scotland - Operating revenue	322,154	412,395
Farming Scotland - Operational EBIT*	-6,233	29,740
Farming Scotland - Operational EBIT margin	-2%	7%
Farming Scotland - Operational EBIT/kg (DKK)	-0.89	4.09
Farming Scotland - Operational EBIT/kg (NOK)	-1.23	5.70
VAP - Operating revenue	299,703	274,308
VAP - Operational EBIT*	74,987	-10,798
VAP - Operational EBIT margin	25%	-4%
VAP - Operational EBIT/kg (DKK)	13.45	-2.13
VAP - Operational EBIT/kg (NOK)	18.56	-2.97
FOF - Operating revenue	321,962	309,969
FOF - EBITDA	48,285	40,212
FOF - EBITDA margin	15%	13%
NOK/DKK (average)	72.47	71.76

DKK 1,000	Q1 2021	Q1 2020
FINANCIAL POSITION AND CASH FLOW		
Total Assets***	13,564,289	13,208,324
Equity***	9,179,993	8,729,487
Equity ratio***	68%	66%
Net interest-bearing debt***	1,938,781	1,752,751
Cash flow from operations	137,354	365,249
Cash flow from financing	37,146	-772,459
PROFITABILITY		
Basic earnings per share (DKK)	6.90	-2.50
Diluted earnings per share (DKK)	6.90	-2.50
ROCE**	1.8%	2.1%
VOLUMES		
Harvested volumes Faroe Islands (tgv)	14,025	10,667
Harvested volumes Scotland (tgv)	7,002	7,268
Volumes transferred from Farming FO to VAP (tgv)	5,265	5,408
VAP produced volumes (tgv)	5,576	5,066
Sold feed tonnes	23,717	19,123
Internal feed sales tonnes	23,213	14,317
Smolt released thousand Faroe Islands (thousand pcs)	2,334	2,263
Smolt released thousand Scotland (thousand pcs)	1,618	1,032

* 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 2020

Summary of the 1st Quarter 2021

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

The Bakkafrost Group delivered a total operating EBIT of DKK 223.5 million in Q1 2021.

Total harvested volumes were 21.0 thousand tonnes gutted weight (tgw). Faroe Islands (FO): 14.0 tgw, Scotland (SCT): 7.0 tgw.

The combined FO farming and VAP segments made an operational EBIT of DKK 218.3 million. The FO farming segment made an operational EBIT of DKK 143.3 million. The SCT farming segment made an operational EBIT of DKK -6.2 million.

The VAP segment made an operational EBIT of DKK 75.0 million. The EBITDA for the FOF segment was DKK 48.3 million.

The Group made a profit for Q1 2021 of DKK 407.7 million (DKK -148.0 million).

Total harvested volumes for Q1 2021 were 21,027 tonnes gutted weight. FO: 14,025 tgw (10,667 tgw), SCT: 7,002 tgw (7,268).

In total, 4.0 million (3.3 million) smolts were transferred during Q1 2021. FO: 2.3 million (2.3 million), SCT: 1.6 million (1.0 million).

The combined FO farming and VAP segments made an operational EBIT of DKK 218.3 million (DKK 192.1 million) in Q1 2021. The operational EBIT per kg in Q1 2021 was DKK 15.56 (DKK 18.01), which corresponds to NOK 21.48 (NOK 25.10) for the combined FO farming and VAP segments.

The FO farming segment made an operational EBIT of DKK 143.3 million (DKK 202.9 million) in Q1 2021. The harvested volumes were higher, and the achieved prices were lower in Q1 2021, compared to Q1 2020.

The SCT farming segment made an operational EBIT of DKK -6.2 million (DKK 29.7 million) in Q1 2021. Costs of DKK 8 million relate to incident-based mortality in Q1 2021.

The VAP segment made an operational EBIT of DKK 75.0 million (DKK -10.8 million) for Q1 2021.

The FOF segment (fishmeal, oil and feed) made an EBITDA of DKK 48.3 million (DKK 40.2 million) for Q1 2021, and the EBITDA margin was 15.0% (13.0%).

During Q1 2021, Havsbrún sourced 48,547 tonnes (64,807 tonnes) of raw material.

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

Bakkafrost aims at giving the shareholders a competitive return on their investment, both through payments of dividends and by value growth of the equity through positive operations.

The long-term goal of the Board of Directors is that 30-50% of earnings per share shall be paid out as dividend. The financial position of Bakkafrost is strong with a solid balance sheet, a competitive operation and available credit facilities. The Annual General Meeting, convened on 9 April 2021, decided to pay out a dividend of DKK 3.65, corresponding to NOK 4.96 per share. The total dividend of DKK 215.9 million (NOK 293.3 million) was paid out on 30 April 2021.

The net interest-bearing debt amounted to DKK 1,938.8 million at the end of Q1 2021, compared to DKK 1,752.8 million at year-end 2020. Undrawn credit facilities amounted to DKK 1,487 million at the end of Q1 2021.

The equity ratio was 68% at 31 March 2021, compared to 66% at the end of 2020.

Financial Review

Income Statement

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

The Group's operating revenue amounted to DKK 1,175.6 million (DKK 1,255.2 million) in Q1 2021.

The FO farming segment's harvest volumes were higher, and the achieved prices were lower in Q1 2021, compared to the same quarter last year. The VAP segment had higher revenues because of higher sold volumes in Q1 2021, compared to Q1 2020. The FOF segment had slightly higher revenue in Q1 2021, compared to Q1 2020, but had lower sales of fishmeal and higher sales of fish feed in Q1 2021, compared to Q1 2020.

The Group's operational EBIT was DKK 223.5 million (DKK 248.1 million) in Q1 2021.

The combined FO farming and VAP segments had higher operational EBIT in Q1 2021, compared to Q1 2020. Farming Scotland's operational EBIT was DKK -6.2 million (DKK 29.7 million). The FOF segment had higher EBITDA in Q1 2021, compared to Q1 2020.

The fair value adjustment of the Group's biological assets amounted to DKK 284.6 million (DKK -410.7 million) in Q1 2021.

Change in provisions for onerous contracts amounted to DKK 0 million (DKK 0 million) in Q1 2021.

The revenue tax amounted to DKK -20.4 million (DKK -19.1 million) in Q1 2021.

Net financial items in Q1 2021 were DKK 4.4 million (DKK 0.7 million).

Net taxes amounted to DKK -85.7 million (DKK 33.1 million) in Q1 2021.

The result for Q1 2021 was DKK 407.7 million (DKK -148.0 million).

Statement of Financial Position

(Figures in parenthesis refer to end last year).

The Group's total assets amounted to DKK 13,564.3 million (DKK 13,208.3 million) at the end of Q1 2021.

Intangible assets amounted to DKK 4,493.1 million (DKK 4,493.4 million) at the end of Q1 2021.

Property, plant and equipment amounted to DKK 4,405.5 million (DKK 4,220.6 million) at the end of Q1 2021. Right of use assets amounted to DKK 337.7 million (DKK 353.2 million) in Q1 2021. Bakkafrøst made investments in PP&E amounting to DKK 300.1 million during Q1 2021.

Non-current financial assets amounted to DKK 123.2 million (DKK 122.5 million) at the end of Q1 2021.

The carrying amount (fair value) of biological assets amounted to DKK 2,441.1 million (DKK 2,117.0 million) at the end of Q4 2020. Compared to year end 2020, biological assets have increased. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 454.5 million (DKK 145.4 million) at the end of Q1 2021.

Inventories amounted to DKK 772.0 million (DKK 776.0 million) at the end of Q1 2021.

Total receivables, including long-term receivables and deferred tax assets, amounted to DKK 617.9 million (DKK 658.7 million) at the end of Q1 2021.

Total cash and cash equivalents amounted to DKK 373.7 million (DKK 466.9 million) at the end of Q1 2021.

The Group's equity amounted to DKK 9,180.0 million (DKK 8,729.5 million) at the end of Q1 2021. The change in equity consists primarily of the result.

Total non-current liabilities amounted to DKK 3,836.3 million (DKK 3,708.6 million) at the end of Q1 2021.

Deferred taxes amounted to DKK 1,288.2 million (DKK 1,222.2 million) at the end of Q1 2021.

Long-term interest-bearing debt was DKK 2,312.5 million (DKK 2,219.7 million) at the end of Q1 2021.

Long-term leasing debt amounted to DKK 235.6 million (DKK 265.2 million) and short-term leasing debt amounted to DKK 143.3 million (DKK 131.3 million). In total DKK 378.8 million (DKK 396.6 million) at the end of Q1 2021.

At the end of Q1 2021, the Group's total current liabilities were DKK 548.0 million (DKK 770.2 million). The current liabilities consist of financial derivatives, short-term leasing debt and accounts payable and other debt.

Total derivatives amounted to DKK 4.6 million (DKK 11.2 million) at the end of Q1 2021.

The equity ratio was 68% at the end of Q4 2020, compared to 66% at the end of 2020.

Cash Flow

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

The cash flow from operations was DKK 137.4 million (DKK 365.2 million) in Q1 2021. The changes in working capital had a negative effect on the cash flow from operations.

The cash flow from investment activities amounted to DKK -267.7 million (DKK -101.3 million) in Q1 2021. The amount relates to investments in property, plant and equipment.

The cash flow from financing activities totalled DKK 37.1 million (DKK -772.5 million) in Q1 2021.

In Q1 2021, net change in cash flow amounted to DKK -93.2 million (DKK -508.5 million).

At the end of Q1 2021, the Group had unused credit facilities of DKK 1,487 million (DKK 2,465 million). In addition, the Group has an accordion of EUR 150 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 Q1 2021 were 14,025 tonnes gutted weight (10,667 t_{gw}) – a change in volume of 31%. 11,422 t_{gw} came from the North region, 2,458 t_{gw} from the West region and 145 t_{gw} from the South region.

2.3 million (2.3 million) smolts were transferred to sea in Q1 2021.

DKK 1,000	Q1 2021	Q1 2020	Change
Financial			
Total revenue	645,110	632,533	2%
EBIT	442,261	-151,914	
Operational EBIT	143,291	202,925	-29%
Operational EBIT/kg (DKK)	10.22	19.02	-46%
Operational EBIT margin	22%	32%	-31%
Volumes			
Harvested volumes (t _{gw})	14,025	10,667	31%
- Farming North	11,422	6,265	82%
- Farming West	2,458	2,769	-11%
- Farming South	145	1,633	-91%
Smolts released (thousand)	2,334	2,263	3%
- Farming North	1,193	1,080	10%
- Farming West	102	1,183	-91%
- Farming South	1,039	0	

Financial Performance

In Q1 2021, the operating revenue for the FO farming segment was DKK 645.1 million (DKK 632.5 million). The total revenue for the farming segment increased in Q1 2021, compared with Q1 2020, because of higher volumes.

In Q1 2021, the FO farming segment's EBIT amounted to DKK 442.3 million (DKK -151.9 million).

Operational EBIT amounted to DKK 143.3 million (DKK 202.9 million) in Q1 2021, which corresponds to an operational EBIT margin of 22% (32%).

Operational EBIT/kg for the FO farming segment was DKK 10.22 (DKK 19.02) in Q1 2021, which corresponds to NOK 14.10 (NOK 26.51).

EBIT were impacted from late Q1 2020 by the global market disruption caused by Covid-19.

Costs of DKK 0 million (DKK 23.4 million) relate to incident-based mortality in Q1 2021.

Farming Segment – Scotland (SCT)

The Scottish farming segment represents the operating business of The Scottish Salmon Company Ltd (SSC). 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 Q1 2021 were 7,002 tonnes gutted weight (7,268 tgw) - a change in volume of -4%.

1.6 million smolts were transferred to sea in Q1 2021 (1.0 million).

DKK 1,000	Q1 2021	Q1 2020	Change
Financial			
Total revenue	322,154	412,395	-22%
EBIT	-40,944	-45,264	10%
Operational EBIT	-6,233	29,740	
Operational EBIT/kg (DKK)	-0.89	4.09	
Operational EBIT margin	-2%	7%	
Volumes			
Harvested volumes (tgw)	7,002	7,268	-4%
Smolts released (thousand pcs)	1,618	1,032	57%

Financial Performance

In Q1 2021, the operating revenue for the SCT farming segment was DKK 322.2 million (DKK 412.4 million).

Operational EBIT amounted to DKK -6.2 million (DKK 29.7 million) in Q1 2021, which corresponds to an operational EBIT margin of -2% (7%).

Operational EBIT/kg for the farming segment in Scotland was DKK -0.89 (DKK 4.09) in Q1 2021, which corresponds to NOK-1.23 (NOK 5.70).

EBIT were impacted from late Q1 2020 by the global market disruption caused by Covid-19 and environmental challenges.

Costs of DKK 8 million (DKK 7.1 million) relate to incident-based mortality in Q1 2021.

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

38% (51%) of the total Faroese harvested volumes in Q1 2021 went to the production of VAP products.

The VAP production in the Faroe Islands was 5,265 tonnes gutted weight (5,408 tgw) in Q1 2021, a decrease of 3%, compared to Q1 2020.

DKK 1,000	Q1 2021	Q1 2020	Change
Financial			
Total revenue	299,703	274,308	9%
EBIT	74,987	-10,798	
Operational EBIT	74,987	-10,798	
VAP - Operational EBIT/kg (DKK)	13.45	-2.13	
Operational EBIT margin	25%	-4%	736%
Volumes			
Volumes transferred from Farming FO to VAP (tgw)	5,265	5,408	-3%
VAP produced volumes (tgw)	5,576	5,066	10%
Harvested volumes transferred to VAP production	38%	51%	-26%
Harvested volumes sold fresh/frozen	62%	49%	27%

Financial Performance

The operating revenue for the VAP segment amounted to DKK 299.7 million (DKK 274.3 million) in Q1 2021. The increase in revenue is due to higher volumes sold in Q1 2021, compared with Q1 2020.

The VAP segment had an EBIT amounting to DKK 75.0 million (DKK -10.8 million) in Q1 2021. Changes in onerous contracts were DKK 0.0 million (DKK 0.0 million).

Operational EBIT amounted to DKK 75.0 million (DKK -10.8) in Q1 2021, corresponding to an operational EBIT of DKK 13.45 (DKK -2.13) per kg gutted weight in Q1 2021, which corresponds to NOK 18.56 (NOK -2.97) per kg gutted weight.

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 48,547 tonnes (64,807 tonnes) of raw material to produce fishmeal and fish oil in Q1 2021. The raw material intake depends on the fishery in the North Atlantic and available species of fish.

The production of fishmeal in Q1 2021 was 10,498 tonnes (14,135 tonnes).

The production of fish oil in Q1 2021 was 1,641 tonnes (1,533 tonnes). The production of fish oil varies, depending on the species of fish sourced for production and the timing of catch.

Sales of fish feed amounted to 23,717 tonnes (19,123 tonnes) in Q1 2021. The FO farming segment internally used 18,364 tonnes (14,317 tonnes) or 77.4% (74.9%). The SCT farming segment internally used 4,849 tonnes or 20.4%.

Financial Performance

The operating revenue for the FOF segment amounted to DKK 322.0 million (DKK 310.0 million) in Q1 2021, of which DKK 247.1 million (DKK 143.9 million) represented sales to Bakkafrost's farming segments, corresponding to 77% (46%).

DKK 1,000	Q1 2021	Q1 2020	Change
Financial			
Total revenue	321,962	309,969	4%
EBIT	41,206	33,009	25%
EBITDA	48,285	40,212	20%
FOF - EBITDA margin	15.0%	13.0%	16%
Volumes (tonnes)			
Total Feed sold	23,717	19,123	24%
- Feed internal sale FO	18,364	14,317	28%
- Feed internal sale SCT	4,849	0	n/a
- Feed external sale	504	4,806	-90%
Fishmeal external sale	7,206	11,772	-39%
Fish oil external sale	6	5	20%
Received raw material	48,547	64,807	-25%
Fishmeal production	10,498	14,135	-26%
Fish oil production	1,641	1,533	7%

Total revenue for the FOF segment in Q1 2021 was slightly higher, compared to the same quarter last year. The internal revenue is higher in Q1 2021, compared to Q1 2020. The decrease in external revenue is due to higher share of feed sales are used internally and lower volumes of fishmeal sold in Q1 2021, compared to Q1 2020.

EBITDA was DKK 48.3 million (DKK 40.2 million) in Q1 2021, and the EBITDA margin was 15.0% (13.0%). 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 was 14.4% higher in Q1 2021, compared to Q1 2020, according to the latest estimate from Kontali Analyse. Despite increased supply and continued market disruption caused by the Covid-19 pandemic, the market has been strong and able to absorb the increase supply and with higher prices towards the end of the quarter.

Looking forward the market dynamics will still be affected by the Covid-19 situation. However, market conditions have improved during this quarter, and further improvement is expected as Covid-19 mass-vaccination progresses in key markets.

Supply is shrinking short term. In Q2 2021, the global harvest growth of Atlantic salmon is expected to be negative with 1-2%, compared to Q2 2020. In second half of 2021 there will be no growth in supply, compared to second half of 2020. Overall, the market supply of salmon in 2021 is expected to increase around 5%, compared to 2020.

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. Due to our highly flexible value chain, Bakkafrost is well positioned to adapt to these changes and 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 Q1 2021. The growth has been strong with very low feed conversion ratio and the quality of the harvested fish has been good.

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 Q1 2021, the average weight of the transferred smolt was 382g (309g in Q1 2020) 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, the existing hatcheries at Norðtoftir and Glyvradalur are being expanded. This work is well under way and the increased production output will be available already in 2022, enabling Bakkafrost to produce 20 million smolts of 500g in the Faroe Islands.

The gradual improvement of the farming operation in Scotland is continuing. Several investments are made in the marine farming operation, however the main priority is on the planned expansion of freshwater capacity. This will be achieved with the construction of 3 large hatcheries, based on the same template used in the Faroe Islands. This will enable implementation of the same large-smolt strategy as pursued in the Faroe Island. The effect on the farming operation in Scotland will be gradual over the next years. Once fully implemented, the large-smolt strategy will be a game changer for the farming operation. The Applecross hatchery is one of the 3 future hatcheries and expansion of this hatchery is done in phases. One expansion phase will be complete this summer which will bring additional capacity and improved RAS capability.

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 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.

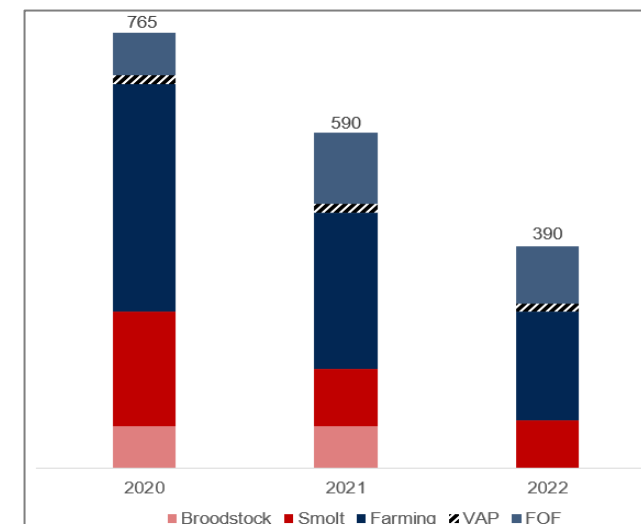
All in all, Bakkafrost is on track with the investment programme. The hatchery at Strond is finalized, and the expansion of the hatcheries at Norðtoftir and Glyvradalur are well underway and one of the planned expansion phases of the hatchery at Applecross will be finalized during this summer. As these 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 be available in 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 operation 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 is the Applecross hatchery. 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 million EUR with a further accordion option of 150 mEUR. In addition, bank facilities amounting to 100 million GBP were ensured to refinance The Scottish Salmon Company. In 2020 the two facilities were merged into one new EUR 463 million facility agreement (plus 150 million accordion option)

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 still affected by the Covid-19 pandemic, Bakkafrost continues 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 2020 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 2020, exposed to the salmon price.

The Annual Report 2020 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 2021 to 31 March 2021.

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 10th, 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 March 2021 as well as the results of the Group activities and cash flows for the period 1 January 2021 to 31 March 2021.

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 2020.

Consolidated Income Statement

For the period ended 31 March 2021

DKK 1,000	Q1 2021	Q1 2020
Operating revenue	1,175,637	1,255,226
Purchase of goods	-240,197	-415,276
Change in inventory and biological assets (at cost)	-55,780	-56,667
Salary and personnel expenses	-167,570	-148,713
Other operating expenses	-357,934	-267,470
Depreciation	-130,655	-119,017
Operational EBIT*	223,501	248,083
Fair value adjustments of biological assets	284,622	-410,711
Onerous contracts	0	0
Income from associates	1,317	0
Revenue tax/Brexit tariff	-20,363	-19,132
Earnings before interest and taxes (EBIT)	489,077	-181,760
Net interest revenue	120	803
Net interest expenses	-7,605	-9,527
Net currency effects	18,901	15,448
Other financial expenses	-7,025	-6,015
Earnings before taxes (EBT)	493,468	-181,051
Taxes	-85,736	33,070
Profit or loss for the period	407,732	-147,981
Profit or loss for the year attributable to Owners of P/F Bakkafrost	407,732	-147,981
Earnings per share (DKK)	6.90	-2.50
Diluted earnings per share (DKK)	6.90	-2.50

* 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 2021

DKK 1,000	Q1 2021	Q1 2020
Profit for the period	407,732	-147,981
Changes on financial derivatives	2,107	3
Hereof income tax effect	-321	8
Reserve to share-based payment	-1,589	-1,560
Currency translation differences	38,052	-48,784
Adjustment of treasury shares	3,744	-1,610
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	41,993	-51,943
Other comprehensive income	41,993	-51,943
Total other comprehensive income for the period	449,725	-199,924
Comprehensive income for the period attributable to Owners of P/F Bakkafrost	449,725	-199,924

Consolidated Statement of Financial Position

As at 31 March 2021

DKK 1,000	31 Mar 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible assets	4,493,081	4,493,395
Property, plant and equipment	4,405,542	4,220,599
Right of use assets	337,739	353,192
Financial assets	123,204	122,459
Long-term receivables	8,202	8,101
Deferred tax assets	0	26,934
Total non-current assets	9,367,768	9,224,680
Current assets		
Biological assets (biomass)	2,441,083	2,117,024
Inventory	772,024	776,032
Total inventory	3,213,107	2,893,056
Accounts receivable	548,537	490,075
Other receivables	61,171	133,574
Total receivables	609,708	623,649
Cash and cash equivalents	373,706	466,939
Total current assets	4,196,521	3,983,644
TOTAL ASSETS	13,564,289	13,208,324

DKK 1,000	31 Mar 2021	31 Dec 2020
EQUITY AND LIABILITIES		
Equity		
Share capital	59,143	59,143
Other equity	9,120,850	8,670,344
Total equity	9,179,993	8,729,487
Non-current liabilities		
Deferred taxes and other taxes	1,288,242	1,222,222
Long-term interest-bearing debt	2,312,487	2,219,690
Long-term leasing debt	235,552	265,235
Financial derivatives	0	1,480
Total non-current liabilities	3,836,281	3,708,627
Current liabilities		
Financial derivatives	4,649	9,710
Short-term leasing debt	143,271	131,336
Accounts payable and other debt	400,095	629,164
Total current liabilities	548,015	770,210
Total liabilities	4,384,296	4,478,837
TOTAL EQUITY AND LIABILITIES	13,564,289	13,208,324

Consolidated Cash Flow Statement

For the period ended 31 March 2021

DKK 1,000	Q1 2021	Q1 2020
Earnings before interest and taxes (EBIT)	489,077	-181,760
Adjustments for write-downs and depreciation	130,655	118,753
Adjustments for value adjustment of biomass	-284,622	410,711
Adjustments for income from associates	-1,317	0
Adjustments for currency effects	32,038	66,158
Change in inventory	-35,429	54,899
Change in receivables	13,940	19,112
Change in current debts	-206,988	-122,624
Cash flow from operations	137,354	365,249
Cash flow from investments		
Payments for purchase of fixed assets	-267,632	-101,257
Change in long-term receivables	-101	0
Cash flow from investments	-267,733	-101,257
Cash flow from financing		
Change in interest-bearing debt (short and long)	84,253	-539,705
Acquisition of minorities	0	-167,620
Financial income	120	803
Financial expenses	-14,630	-15,542
Lease payments	-33,767	-31,678
Net proceeds from sale of own shares	1,170	-18,717
Cash flow from financing	37,146	-772,459
Net change in cash and cash equivalents in period	-93,233	-508,467
Cash and cash equivalents - opening balance	466,939	1,309,546
Cash and cash equivalents - closing balance total	373,706	801,079

Consolidated Statement of Changes in Equity

As at 31 March 2021

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Share based Payment	Currency translation differences	Derivatives	Proposed Dividend	Biom Fairvalue - adjustments	Retained Earnings	Total Equity
Equity 01.01.2021	59,143	4,027,375	-37,672	6,229	34,545	-14,829	215,872	145,387	4,293,438	8,729,487
Consolidated profit	0	0	0	0	0	0	0	284,622	123,888	408,510
Reclassification 01.01.2021	0	0	0	0	0	0	0	24,452	-24,452	0
Changes in financial derivatives	0	0	0	0	0	2,107	0	0	0	2,107
Hereof income tax effect	0	0	0	0	0	-321	0	0	0	-321
Share-based payment	0	0	0	-1,587	0	0	0	0	0	-1,587
Currency translation differences	0	0	0	0	38,052	0	0	0	0	38,052
Total other comprehensive income	0	0	0	-1,587	38,052	1,786	0	0	0	38,251
Total comprehensive income	0	0	0	-1,587	38,052	1,786	0	309,074	99,436	446,761
Treasury shares	0	0	3,744	0	0	0	0	0	0	3,744
Total transaction with owners	0	0	3,744	0	0	0	0	0	0	3,744
Total changes in equity	0	0	3,744	-1,587	38,052	1,786	0	309,074	99,436	450,505
Total equity 31.3.2021	59,143	4,027,375	-33,928	4,642	72,597	-13,043	215,872	454,461	4,392,874	9,179,993
Equity 01.01.2020	59,143	4,027,375	-68	5,059	78,850	-15,348	0	162,203	4,179,661	8,496,875
Consolidated profit	0	0	0	0	0	0	0	118,003	346,196	464,199
Reclassification 01.01.2020	0	0	0	0	0	0	0	-134,819	134,819	0
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	16,253	-26,363
Total comprehensive income	0	0	0	1,170	-44,305	519	0	-16,816	362,449	437,836
Treasury shares	0	0	-37,604	0	0	0	0	0	0	-37,604
Proposed dividend	0	0	0	0	0	0	215,872	0	-215,872	0
Total transaction with owners	0	0	-37,604	0	0	0	215,872	0	-215,872	-37,604
Total changes in equity	0	0	-37,604	1,170	-44,305	519	215,872	-16,816	146,577	400,232
Change in non-controlling interest										-167,620
Total equity 31.12.2020	59,143	4,027,375	-37,672	6,229	34,545	-14,829	215,872	145,387	4,293,438	8,729,487
Equity 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
Change in non-controlling interest										-167,620
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

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 2020 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 2020.

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 2020.

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 March 2021.

The accounting estimates are described in the notes to the financial statements in the Annual Report 2020.

Note 4. Biological Assets

	31 Mar 2021	31 Mar 2020	31 Dec 2020
Biological assets carrying amount 01.01.	2,117,024	1,901,730	1,901,730
Increase due to production or purchases	657,970	549,857	3,012,251
Reduction due to harvesting or sale (costs of goods sold)	-622,327	-548,728	-2,761,374
Reduction due to mortality (costs of incidents-based mortality *)	-8,050	-30,432	-125,806
Fair value adjustment at the beginning of the period reversed	-145,387	-27,695	-27,695
Fair value reclassification currency translation differences prior year	-24,452	0	0
Fair value adjustment at the end of the period	454,461	-383,016	145,387
Reversal of elimination at the beginning of the period	80,083	59,121	59,121
Eliminations	-80,589	-45,515	-80,083
Currency translation differences	12,350	17,014	-6,508
Biological assets carrying amount at the end of the period	2,441,083	1,492,336	2,117,024
Cost price biological assets	2,054,861	1,903,853	2,058,228
Fair value adjustment at the end of the period	454,461	-383,016	145,387
Eliminations	-80,589	-45,515	-80,083
Currency translation differences	12,350	17,014	-6,508
Biological assets carrying amount	2,441,083	1,492,336	2,117,024
Biomass (tonnes)			
< 1 kg	4,952	5,937	5,777
1 kg < 2 kg	9,805	7,443	10,258
2 kg < 3 kg	14,679	11,181	10,880
3 kg < 4 kg	9,073	10,757	11,921
4 kg <	25,099	22,593	25,642
Volume of biomass at sea (tonnes)	63,608	57,911	64,478

* Costs of incident-based mortality per segment:

	Q1 2021	Q1 2020
DKK 1,000		
Farming FO	0	-23,375
Farming SCT	-8,050	-7,057
	-8,050	-30,432

	Q1 2021	Q1 2020	2020
Number of fish (thousand)			
< 1 kg	9,028	10,656	11,960
1 kg < 2 kg	7,154	5,929	6,192
2 kg < 3 kg	5,954	4,391	4,338
3 kg < 4 kg	2,634	3,140	3,415
4 kg <	4,914	4,428	5,324
Total number of fish at sea (thousand)	29,684	28,544	31,229
Number of smolt released YTD (thousand)			
Farming North	1,246	1,080	6,455
Farming West	101	1,183	5,703
Farming South	1,039	0	2,119
Farming Scotland	1,618	1,032	10,354
Total number of smolts released YTD (thousand)	4,004	3,295	24,631
Sensitivity in DKK 1,000			
Change in discount rate +1%	-132,841	-107,866	-150,403
Change in discount rate -1%	154,493	121,000	169,708
Change in sales price +5 DKK	479,301	316,405	466,110
Change in sales price -5 DKK	-479,301	-316,405	-465,110
Change in biomass volume +1%	9,448	6,488	5,414
Change in biomass volume -1%	-9,448	-6,488	-5,414
One-year forward prices in EUR FCA Oslo**			
Period end	6.49	5.47	4.36
1 Q (forward)	6.23	4.68	4.85
2 Q (forward)	5.30	4.63	5.39
3 Q (forward)	5.61	4.72	5.10
4 Q (forward)	6.06	5.58	5.25

** Source Fish Pool

Note 5. Segments

Farming - FO DKK 1,000	Q1 2021	Q1 2020
External revenue	473,551	402,410
Internal revenue	171,559	230,123
Total revenue	645,110	632,533
Operating expenses	-434,681	-374,852
Depreciation and amortization	-67,138	-54,756
Operational EBIT	143,291	202,925
Fair value adjustments of biological assets	318,260	-335,707
Revenue tax	-19,290	-19,132
Earnings before interest and taxes (EBIT)	442,261	-151,914
Net financial items	9,324	4,783
Earnings before taxes (EBT)	451,585	-147,131
Taxes	-80,919	26,174
Profit or loss for the period	370,666	-120,957

Farming - SCT	Q1	Q1
DKK 1,000	2021	2020
External revenue	322,154	412,395
Total revenue	322,154	412,395
Operating expenses	-278,241	-330,460
Depreciation and amortization	-50,146	-52,195
Operational EBIT	-6,233	29,740
Fair value adjustments of biological assets	-33,638	-75,004
Brexit tariff	-1,073	0
Earnings before interest and taxes (EBIT)	-40,944	-45,264
Net financial items	-11,658	13,583
Earnings before taxes (EBT)	-52,602	-31,681
Taxes	12,016	6,456
Profit for the period	-40,586	-25,225

Value added products	Q1	Q1
DKK 1,000	2021	2020
External revenue	299,703	274,308
Internal purchase of raw material	-171,559	-230,123
Operating expenses	-48,182	-50,121
Depreciation and amortization	-4,975	-4,862
Operational EBIT	74,987	-10,798
Provision of onerous contracts	0	0
Earnings before interest and taxes (EBIT)	74,987	-10,798
Net financial items	-316	-218
Earnings before taxes (EBT)	74,671	-11,016
Taxes	-13,442	1,983
Profit or loss for the period	61,229	-9,033

In Q1 2021, one major customer – as defined in IFRS 8.34 – represented DKK 141 million (Q1 2020: DKK 149 million) of the revenue in the VAP segment, corresponding to 46% (54%) of the total revenue in the VAP segment.

Fishmeal, Fish Oil and Fish Feed	Q1	Q1
DKK 1,000	2021	2020
External revenue	74,870	166,113
Internal revenue	247,092	143,857
Total revenue	321,962	309,969
Cost of goods sold	-235,524	-219,224
Operating expenses	-38,153	-50,533
Depreciation and amortization	-8,396	-7,203
Operational EBIT	39,889	33,009
Income from associates	1,317	0
Earnings before interest and taxes (EBIT)	41,206	33,009
Net financial items	7,038	-17,439
Earnings before taxes (EBT)	48,244	15,571
Taxes	-8,683	-2,803
Profit or loss for the period	39,561	12,768
Reconciliation of reportable segments		
to Group earnings before taxes (EBT)	Q1	Q1
DKK 1,000	2021	2020
Farming Faroe Islands	451,585	-147,131
Farming Scotland	-52,602	-31,681
VAP (Value added products)	74,671	-11,016
FOF (Fishmeal, Fish oil and fish Feed)	48,244	15,571
Eliminations	-28,430	-6,793
Group earnings before taxes (EBT)	493,468	-181,050

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 954 million which relate to the farming segments in both the Faroe Islands and Scotland.

Note 7. Transactions with Related Parties

Note 5.2 in Bakkafrøst's Annual Report for 2020 provides detailed information on related parties' transactions.

Transactions between P/F Bakkafrøst 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).

Note 9. Business Combinations

There have been no new business combinations in 2020 or Q1 2021.

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 2021, the Group held the following classes of assets/liabilities measured at fair value:

DKK 1,000 Assets and liabilities measured at fair value	Cost				
	Fair value	amount	Level 1	Level 2	Level 3
Biological assets (biomass)	2,441,083	1,986,622	0	0	2,441,083
Assets measured at fair value 31/3-2021	2,441,083	1,986,622	0	0	2,441,083
Liabilities measured at fair value 31/3-2021	0	0	0	0	0
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

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	2021	2020
Cash and cash equivalents	373,706	466,939
Long- and short-term interest-bearing debt	-2,312,487	-2,219,690
Net interest-bearing debt	-1,938,781	-1,752,751

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	2021	2020
EBIT	489,077	-181,760
Fair value adjustments of biological assets	-284,622	410,711
Income from associates	-1,317	0
Revenue tax	20,363	19,132
Operational EBIT	223,501	248,083

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 Bakkafrøst'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 Bakkafrøst'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 Bakkafrøst'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 Bakkafrøst's view that this figure provides a more reliable measure of the underlying performance.

	Q1	Q1
DKK 1,000	2021	2020
Profit for the period to the shareholders of P/F Bakkafrøst	407,732	-147,981
Fair value adjustment of biomass	-284,622	410,711
Tax on fair value adjustment and onerous contracts provisions	51,232	-73,928
Adjusted profit for the period to shareholders of P/F Bakkafrøst	174,342	188,802
Time-weighted average number of shares outstanding through the period	59,054,030	59,126,683
Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)	2.95	3.19

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 Bakkafrøst's profitability.

	Q1	Q1
DKK 1,000	2021	2020
Group -Operational EBIT	223,501	248,083
Average Capital Employed	12,714,294	11,727,839
ROCE	1.8%	2.1%

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