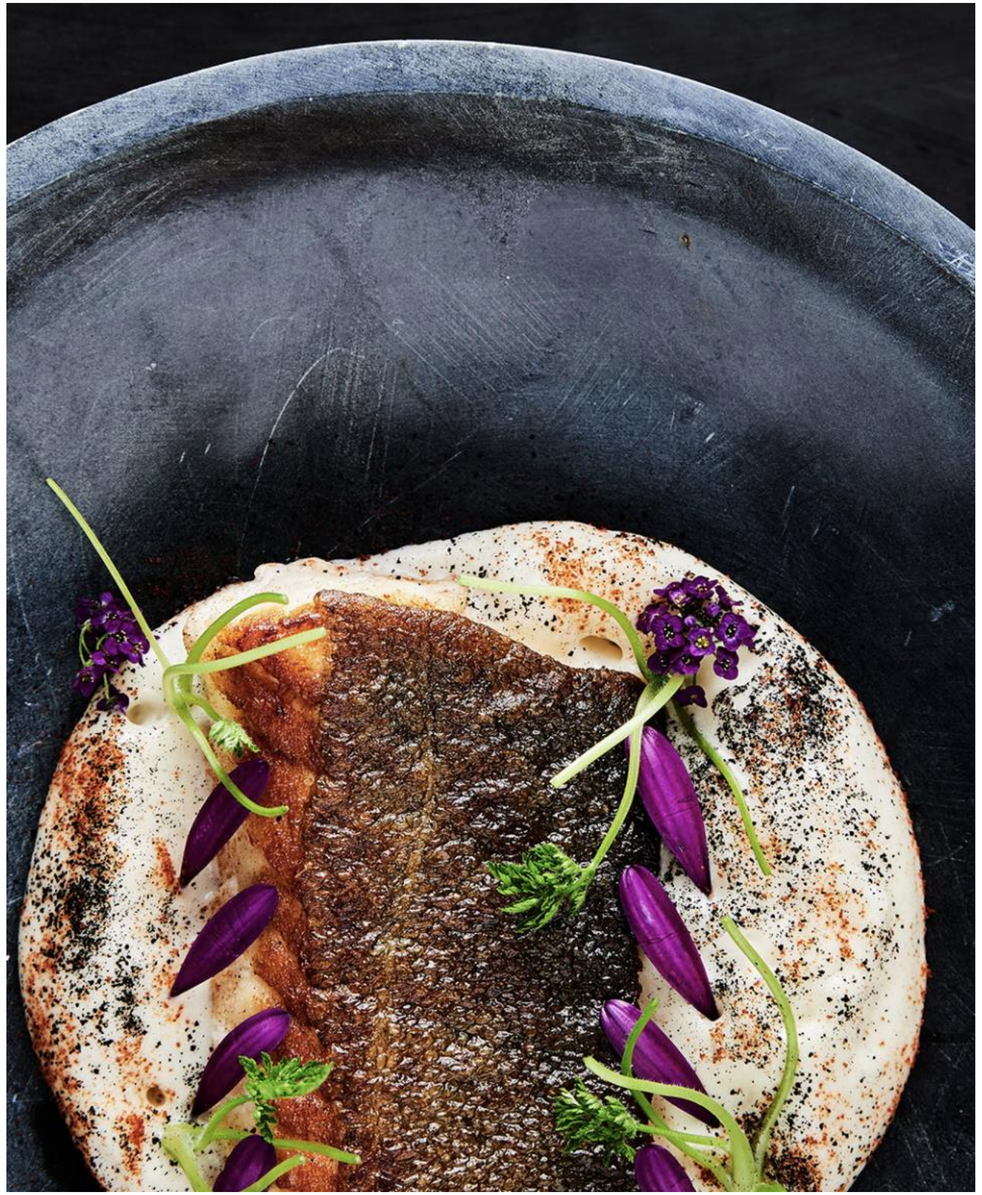
norcod

INTERIM REPORT

Q1 2021



QUARTERLY REPORT

HIGHLIGHTS

- Biological performance still going strong.
- Next generation of fry successfully transferred to and thrives in growth phase facilities.
- New production site granted.
- In Q1 the company has a satisfactory financial position with positive operating profit and a positive development in the fair value of the biomass.
- The company as of Q1 converted to IFRS at group level.

Another quarter has passed and Norcod has been through a productive and exciting winter. New milestones have been reached and the company is growing. In Q1, Norcod increased its MAB and was granted a new production site in Meløy municipality in the county of Nordland. This drives the need to recruit new, skilled employees to the company. Norcod seeks to establish itself locally in the areas where the company's core activity is carried out. It is of great importance to recruit locally and establish good cooperation in the local community. The positive attitude and the welcome Norcod has received from the municipality of Meløy is highly appreciated. The expansion in Meløy is a big step towards the 2025 production target. Norcod now holds licenses for just over 10,000 tons MAB aimed for cod farming.

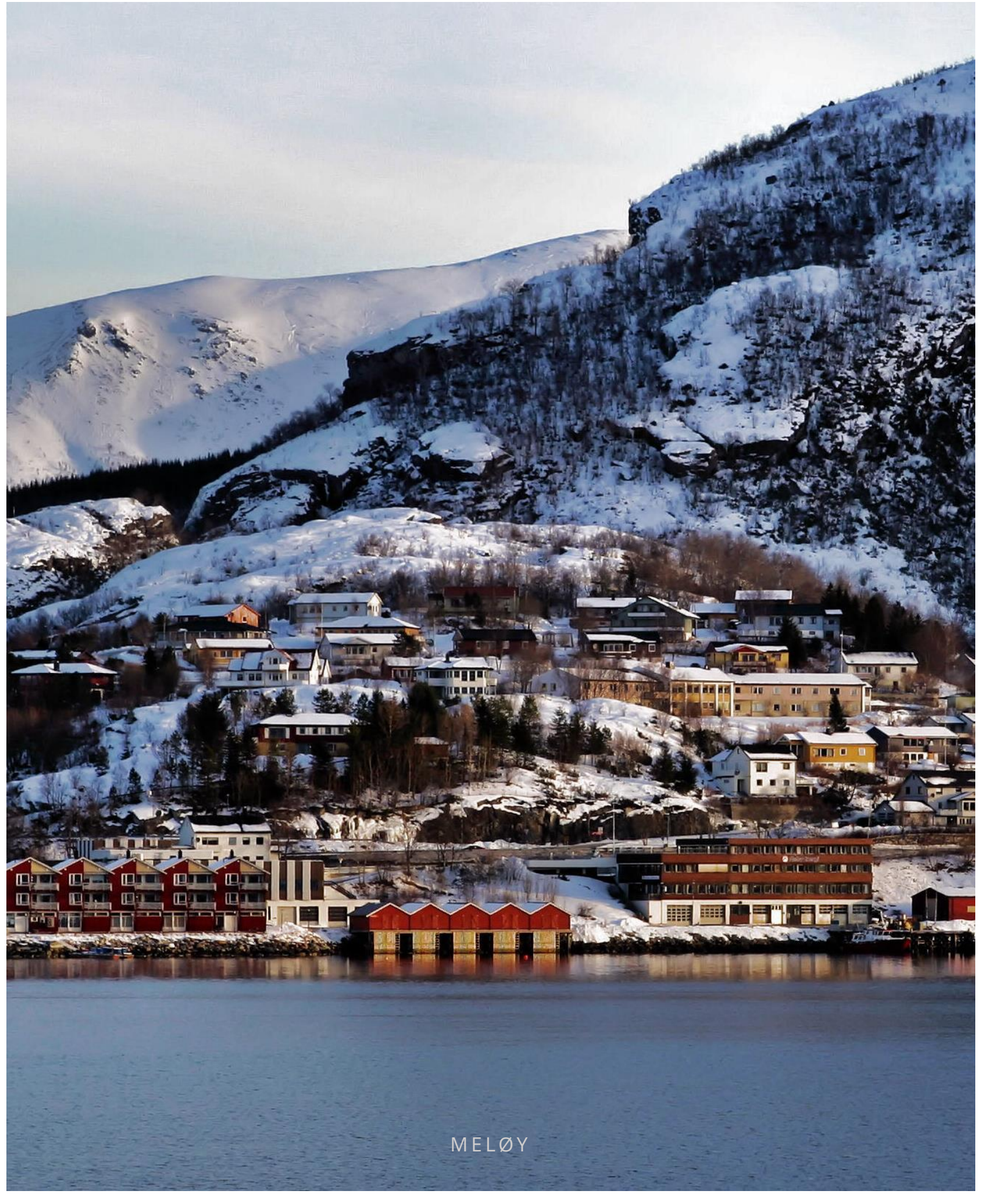
Production site Jamnungen was equipped with a new hybrid barge. It has given the site a boost and contributed to increased capacity to handle the increasing biomass, which is accumulating on daily basis towards harvest. This state-of-the-art hybrid feed barge is reducing both fuel consumption, emissions, generator maintenance and ensure quiet daytime operations. This is good not only for Norcod's technicians and the local environment, but also for the fish. New and reliable equipment allows the technicians to focus more on the cod. The fish performance has been good throughout the quarter by virtue of high feed efficiency and survival rates. Even at lower sea temperatures than expected, the cod has performed at budgeted level.

IFRS CONVERSION

This is Norcod's first consolidated interim financial statement prepared as a Group and in accordance with IFRS. The Groups parent company is Norcod AS and the subsidiary is Norcod Drift AS. During the start-up phase, Norcod's financial positions have become stronger with a positive increase in the Groups operating profit. As of Q1 2021, the operating profit after adjustment of the biomass assets is NOK 1,5 million (Q1 2020: -4,5 million). The development in the fair value adjustment has been positive, as expected with NOK 2,8 million in Q1 2021 compared to NOK –9,4 millions in Q1 2020.

Prior to 2021, Norcod AS reported stand-alone financial statements, as the activity in the subsidiary Norcod Drift AS was very limited. As the Group is now increasing its operations, Norcod has from Q1 2021 started to report consolidated figures according to IFRS. The use of IFRS as our financial reporting standards on group level, is driven by our wish to strengthen the comparability between the Norcod Group and other companies across national borders. By using IFRS, the Norcod Group believes that investors and other stakeholders are given the basis for making informed financial decisions that contribute to improved capital allocation and reduced capital costs.

Few changes have been identified during our IFRS project, and the only material difference is related to the required fair valuation of biomass under IFRS. The model and principles are described in these interim financial statements. We see as expected that the Group's first cod in sea (Q1 2020) has a negative fair value adjustment due to low volume and start-up costs. But our first ordinary generation that has been fair valued from Q2 2020, has given positive fair value adjustments each quarter based on the assumptions made by the Group. We have described these assumptions in these interim financial statements, and we point out that as we are still experiencing strong biological performance, uncertainty in our estimates are expected to be reduced going forward, as we increase our operations and gain more knowledge about the market and cod biology.



KEY EVENTS DURING & AFTER Q1

In January Norcod transferred a new tranche of cod fry to growth facilities. The fry of sixth generation from Joint venture partner Havlandet, went to the same growth facilities Norcod used for the first batches of fry last year.

Global G.A.P. initial audit was conducted in mid-February. Norcod has a well-structured Internal Control system implemented both in operations and as a management tool.

Norcod has been granted a new sea location in Meløy municipality in Nordland county, being another important milestone on the company's journey towards year-round industrial-scale farming of fresh cod. Securing the site furthers the Norcod's strategy to farm cod from the Trøndelag region in Mid-Norway and northwards along the coast.

Norcod has completed an inspiring rebranding that better reflects the premium quality of the company's farmed Atlantic Cod – a product it anticipates in time will come be known around the world simply as 'Norcod'.

The cornerstone of the new visual identity is a strong, clear, modern and elegant logo featuring a simple circular design element being dubbed the 'Norcod circle'. The circle is symbolic of, firstly, fish schooling in ring formation representing Norcod's Fresh promise (with rapid delivery in 48 hours to the UK and Northern Europe and 72 hours to Southern Europe and the US) and the important welfare aspect of happy, thriving fish.

Secondly, it represents the large round fish pens deployed by Norcod, as well as its vision and promise as a modern company to be fully Transparent. Thirdly, it symbolizes the globe representing Norcod's Devoted pursuit of sustainable production in the oceans. Lastly, it represents a round dinner plate symbolizing the Quality of Norcod's premium product as a delicious meal.

LOOKING AHEAD

Norcod's first battery-electric service boat. The first unit, for deployment in Mausund, is being built by Kystteknikk Yards in Frøya. Local value creation underlines the policy to support the communities where the company operates.

Norcod will also begin construction of the company's own fry facility in Florø together with Norcod's joint-venture partner Havlandet Havbruk AS. The plant is expected to be completed in the summer 2022.

Due to high market demand stemming from Norcod's trial harvest in December, the company will conduct another and final out-take of cod in Q2 to further promote the product before Norcod's first full harvest begins, as planned, in Q3. The company aims to produce 6,000 metric tons in this first cycle.

Norcod's fry, now in growth phase, will be stocked in production facilities at sea during the months of May – June, and result in a harvest volume of approximately 10,000 metric tons in 2022.

Norcod is following the Norwegian authorities' guidelines regarding Covid-19, and the company will assess and make internal adjustments to adapt to the situation on an ongoing basis. It is a key priority for us to protect Norcod's employees at each of Norcod's premises in order to avoid operational challenges. Norcod is also in close dialogue with the company's suppliers to keep upcoming deliveries of equipment on track. There have been minor delays in the construction of Norcod's catamaran service vessel but otherwise no direct consequences for Norcod's operations.

FINANCIAL PERFORMANCE

Norcod has from Q1 2021 started to report consolidated figures according to IFRS. See note 6 for a more detailed description of the accounting impact implementation of IFRS in 2020. The Norcod Group includes the parent company Norcod AS and its subsidiary Norcod Drift AS.

INCOME STATMENT

The Groups operating revenue in Q1 2021 totalled NOK 11,8 million, compared with NOK 6,3 million in Q1 2020. The expected start up for ordinary harvesting and sale of cod is in Q3 2021. This will be reflected in the Groups income statement in the corresponding quarter.

Operating profits was NOK 1,5 million in comparison to NOK -15,4 as of last year in the same period. The small increase and the continuing low level of operating expenses, and the transition to IFRS is the main factors in the change of the operating profit.

Net financial items did also decrease to NOK -0,13 million compared to NOK -1,2 in Q1 2020. Operating profit before fair value adjustment related to biological assets in Q1 2021 was NOK -1,3 million (Q1 2020: NOK 6 million, and Q4 2020: NOK -18,4 millions).

Income from associates is not accounted for in the quarter. The largest associate is Havlandet Norcod AS. The company have not had any operational activities and the Group has therefore not applied equity accounting for this investment yet.

Consolidated Statement of Comprehensive Income

(Amounts in NOK '000)	Note	Q1 2021 Unaudited	Q1 2020 Unaudited	Full year 2020 Unaudited
Operating revenue		**11,812**	**6,309**	**7,225**
Cost of materials		2,379	7,242	-4,955
Salaries and personnel expenses		6,076	2,402	15,157
Depreciation and amortization		1,919	161	3,034
Other operating expenses		2,743	2,551	12,387
Operating expenses		**13,117**	**12,356**	**25,623**
Operating profit before fair value adjustment of biomass		**-1,305**	**-6,048**	**-18,398**
Fair value adjustment biomass	1	2,846	-9,434	28,794
Operating profit/loss		**1,541**	**-15,481**	**10,396**
Net financial items	4	-13	-1,250	-4,725
Profit/loss before tax		**1,528**	**-16,732**	**5,671**
Income tax expences		336	-3,681	1,184
Net profit/loss for the period		**1,192**	**-13,051**	**4,487**
Other comperhensive income		0	0	0
Total comperhensive income for the period		**1,192**	**-13,051**	**4,487**

* The figures in the interim financial statement is unaudited. See note 6 for more details.

FINANCIAL POSITION

Norcod has in 2021 continued the building of its inventory of biological assets, and inventory and biological assets has reached a total of NOK 165 million as of Q1 2021. This is an increase of NOK 147 million from last year's first quarter. With effect from 1 January 2020, the Group has implemented IFRS 16 Leases. This new standard requires leases to be capitalized. The right-of-use assets has therefor increased to NOK 115 million.

In the first quarter of the year the Group have invested further in property, plant and equipment which is mainly financed with new leasing agreements. In addition to IFRS 16 implementation, the Group has a right-of-use liability of NOK 83 as of Q1 2021. The net interest bearing debt, excluding the right-of-use liability, is NOK 67 million.

The company has a deferred tax asset of NOK 7,2 as of Q1 2021, mainly due to taxable losses in the start-up phase.

At Q1 2021 Norcod is financially sound, with book equity of NOK 396,8 million and net interest-bearing debt, including lease liabilities of NOK 150,5 million. The parent company and the Group have good access to external financing on competitive terms.

The total assets of the Group have increased significantly since the first quarter of 2020, and as of Q1 2021 total assets are NOK 551 million compared to NOK 106,8 million at Q1 2020 (2020: NOK 471,8 million).

Consolidated Statement of Financial Position

(Amounts in NOK '000)	Note	31 March 2021 Unaudited	31 March 2020 Unaudited	31 Dec 2020 Unaudited
ASSETS				
Non-current assets				
Concessions, patents, licences, trademarks and similar	2	6,290	4,088	5,902
Property, plant & equipment		28,658	1,268	21,572
Right-of-use assets		115,335	3,502	26,601
Investment in subsidiaries		0	0	0
Investment in associated companies	3	16,003	0	16,003
Other non-current receivables		0	1,062	893
Deferred tax assets		7,226	6,600	7,562
Total non-current assets		**173,513**	**16,520**	**78,533**
Current assets				
Inventory and biological assets	1	165,480	18,454	132,045
Short-term receivables		33,903	8,658	42,994
Cash and cash equivalents		178,922	63,228	218,273
Total current assets		**378,305**	**90,339**	**393,312**
TOTAL ASSETS		**551,818**	**106,859**	**471,845**
EQUITY AND LIABILITIES				
Equity				
Share capital		8,516	37	8,516
Share premium		382,642	111,852	382,642
Retained earnings		5,679	-13,051	4,487
Total equity		**396,836**	**98,839**	**395,644**
Liabilities				
Non-current interest-bearing debt		0	0	0
Lease liabilities	4	83,025	1,239	806
Total non-current liabilities		**83,025**	**1,239**	**806**
Current interest-bearing debt	4	67,536	0	67,952
Accounts payable		0	7,523	13,503
Other current liabilities		4,421	-741	-6,060
Total current liabilities		**71,957**	**6,782**	**75,394**
TOTAL EQUITY AND LIABILITIES		**551,818**	**106,859**	**471,845**

CASH FLOW STATEMENT

Cash flow from operating activities first quarter of 2021 was NOK -44,7 million (Q1 2020: NOK -19,8 million, 2020: NOK -141,8 million). The negative cash flow from operating activities is due to that the Group is in a start-up phase and that the first harvest and sale is planned in Q2 this year.
Cash flow from investing activities for the same quarter in 2021 was NOK -76,4, compared to the same quarter last year this is an increase (Q1 2020: NOK -4 million, 2020: - 68 million).

Cash flow from financing activities for Q1 2021 was NOK 81,8 million (Q1 2020: NOK 78 million, 2020: 419,9 million). Net change in cash for the Group in Q1 2021 was NOK -39,3 million (Q1 2020: NOK 63 million, 2020: NOK 218 million).

The Group has cash and cash equivalents at the end of the quarter in March 2021 totalled NOK 178,9 million compared with NOK 63 million at the end of the first quarter in 2020.

Consolidated Statement of Cash Flow

(Amounts in NOK '000)	Note	31 March 2021 Unaudited	31 March 2020 Unaudited	2020 Unaudited
Profit/loss before tax		**1,528**	**-16,732**	**5,671**
Cash flow from operating activities				
Deprecation and amortization		1,919	161	3,034
Change in inventory and biological assets	1	-33,435	-3,246	-116,837
Change in accounts receivable		-25,215	-128	7,119
Change in accounts payable		0	1,396	7,376
Change in other receivables		10,481	-1,307	-48,210
Net cash flow from operating activities		**-44,723**	**-19,856**	**-141,846**
Cash flows from investing activities				
Payments for purchase of property, plant & equipment		-111,242	-3,346	-49,622
Payment for acquisition of subsidiary and associated comp	3	0	0	-16,003
Other investments		35,199	-1,024	-855
Payments for licences	2	-388	0	-1,814
Net cash flow from investing activities		**-76,432**	**-4,370**	**-68,293**
Cash flows from financing activities				
New interest-bearing debt	4	81,804	0	86,519
Repayment of interest-bearing debt	4	0	-10	-15,403
Interest paid	4	0	0	-3,607
Proceeds from issues of shares		0	79,004	352,445
Net cash flow from financing activities		**81,804**	**78,994**	**419,953**
Net (decrease)/increase in cash and cash equivalents		-39,351	54,768	209,814
Cash and cash equivalents at the beginning of the period		218,273	8,460	8,460
Cash and cash equivalents at close of the period		**178,922**	**63,228**	**218,273**

EQUITY

Statement of Changes in Equity

(Amounts in NOK '000)	Paid-in equity		Other equity	
2020	**Share capital**	**Share premium**	**Retained earnings**	**Total equity**
Equity as of 1 jan 2020	37	32,848	0	32,885
Net profit/loss for the period	0	0	4,487	4,487
Other comprehensive income for the period	0	0	0	0
Total comprehensive income 2020	**37**	**32,848**	**4,487**	**37,372**
Issue of shares 25.02.2020	20	99,485	0	99,505
Fund issue 22.06.2020	5,673	-5,673	0	0
Issue of shares 2.10.2020	286	19,714	0	20,000
Issue of shares 13.10.2020	2,500	236,343	0	238,843
Other changes		-76		-76
Equity as of 31 Dec 2020 (unaudited)	**8,516**	**382,642**	**4,487**	**395,644**

2021	**Share capital**	**Share premium**	**Retained earnings**	**Total equity**
Equity as of 1 jan 2021	8,516	382,642	4,487	395,644
Net profit/loss for the period	0	0	1,192	1,192
Other comprehensive income	0	0	0	0
Total comprehensive income 31 March 2021	**8,516**	**382,642**	**5,679**	**396,836**
Other changes	0	0	0	0
Equity as of 31 March 2021 (unaudited)	**8,516**	**382,642**	**5,679**	**396,836**

NOTES TO INTERIM FINANCIAL STATEMENT

Accounting Principles

Norcod AS is the parent company in the Norcod Group. The Group includes the parent company Norcod AS and its wholly owned subsidiary Norcod Drift AS. The Groups head office is located at Thomas Angells gate 22 in Trondheim, Norway. Norcod AS is listed on the Oslo Stock Exchange Euronext Growth under the ticker NCOD.

The consolidated condensed interim financial statements comprise the financial statements of the Parent company and its subsidiary as of 31 March 2021. It is authorised for issue by the board of directors on 5 May 2021.

These consolidated financial statements have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting

All significant accounting principles and calculation methods used in the most recent annual accounts are described in the annual report for 2020. With effect from 1 January 2020, the consolidated statements have been prepared on the historical cost bases excepted for biological assets, which is measured at fair value with gain and losses recognized in profit or loss. The group have also implemented IFRS 16 Lease Obligations. The Group's accounting principles for these two areas are described together with other IFRS transition information in the notes to these interim accounts.

No other accounting principles have been changed or other standards have been adopted during the period. The annual report is published on www.norcod.no.

The interim financial statements are unaudited.

NOTE 1 - Inventory and Biological Assets

Book value of inventory and biological assets	Q1 2021	Q1 2020
Feed and other materials	2,853	846
Roe and cod fry at cost	25,504	15,902
Biological assets held at sea farms at cost	105,483	11,139
Total Biological assets before fair value adjustment	**133,840**	**27,887**
Fair value adjustment of biological assets	31,640	-9,434
Total biological assets	**165,480**	**18,454**

The group had no finished goods in Q1 2021.

Biological assets are, in accordance with IAS 41 Agriculture, measured at fair value in accordance with IFRS 13. Biomass measured at fair value, is categorized at Level 3 in the fair value hierarchy, as the input is mostly unobservable. All cod at sea are subject to a fair value calculation, while roe and cod fry are measured at cost as cost is deemed a reasonable approximation for fair value as there is little biological transformation. The technical model used to calculate the fair value of biomass is a present value model. Present value is calculated on the basis of estimated revenues less production costs remaining until the cod is harvestable at the individual site. The cod is harvestable when it has reached the estimated weight required for harvesting specified in the company's budgets and plans.

The estimated value is discounted to present value on the balance sheet date. The expected biomass at harvest is calculated on the basis of the number of individuals held at sea farms on the balance sheet date, adjusted for expected mortality up until the point of harvest and multiplied by the fish's estimated weight at harvest. The price is calculated using the Group's best estimate of future prices and are not observable. The price includes the Group's best estimate of the future prices of cod liver and other products of the cod that will be sold. Prices are adjusted for expected costs related to harvesting, sales and carriage costs. The Group applies a monthly discount rate of 4 %.

Change in the book value of biological assets for the period	Q1 2021	Q1 2020
Biological assets at the beginning of the period	132,045	15,208
Increase resulting from production/purchase	1,350	12,680
Reduction resulting from sale/harvesting	0	0
Reduction resulting from incident-based mortality	0	0
Biological adjustments	29,239	0
Net fair value adjustment	2,846	-9,434
Biological assets at the end of the period	165,480	18,454

NOTES TO INTERIM FINANCIAL STATEMENT (CONT.)

NOTE 2 - Licences

The company capitalize accrued expenses due to costs related to work of licenses and site surveys of locations.

NOTE 3 - Investements in associated companies

The Group has an investment agreement of total NOK 65 millions with Havlandet Havbruk AS, Company No. 821 489 969.
The agreement imply that Norcod AS is a shareholder with 50 % shares in Havlandet Norcod AS, Corporation No. 925 237 809.
Norcod AS has in 2020 invested and paid NOK 15 millions of the agreed amount. No further investment paid in Q1 2021.

The company has excess to the biological rights that Havlandet Havbruk AS currently has for the production of cod fry.
The company has started a project of a new facility of fish farms (RAS) for the production of fry on land. This will give Norcod access to fry that supports and is in line with Norcod's future prospects of growth .

Havlandet Havbruk AS has done som operational investments as to date, but have not had any operational activities. The Group has therefor not applied equity accounting for this investmet as of yet.

NOTES TO INTERIM FINANCIAL STATEMENT (CONT.)

NOTE 4 - Interest-bearing liabilities

Non-Current interest-bearing liabilities	Q1 2021	Q1 2020	2020
Lease liabilities to credit institutions	83,025	1,239	806
Non-current leasing liabilities	**83,025**	**1,239**	**806**
Leasing liabilities	83,025	1,239	806
Next year's lease payments	-15,952	-604	-604
Long -term leasing liabilities	**67,074**	**635**	**202**

Current interest-bearing liabilities

Change in current debt from shareholders (amount in NOK mill	31 Dec 2020	Issued	Fallen due/Redeemed	Booked as expense	31 March 2021
Debt to Artha Holding A/S	66,949	0	0	0	66,949
Dissemination commission	-1,869	0	0	801	-1,068
Adjustment due to change in currency	-121	0	0	-3,219	-3,341
Accrued interest	2,993	0	0	2,003	4,996
Totalt	**67,952**	**0**	**0**	**-415**	**67,536**

NOTE 5 - Events after the balance sheet date

The interim financial statements were approved by the board of directors on 5 May 2021.

NOTES TO INTERIM FINANCIAL STATEMENT (CONT.)

NOTE 6 – Transition to IFRS

These are the Group's first interim financial statements prepared in accordance with IAS 34. The Group has previously not presented interim nor annual financial statements in accordance with IFRS. The accounting principles described above have been utilised in the preparation of the Group's financial statements for the period ended 31 March 2021, for the comparative figures for the period ended 31 March 2020, and in the preparation of the IFRS opening statement of financial position as at 1 January 2020, which is the date of transition to IFRS from Norwegian generally accepted accounting principles (NGAAP).

The Group has not applied any of the transition exemptions given in IFRS 1. The operations of the Group was also limited at the transition date, and so are also the effects of the IFRS transition.

Reconciliation of balance sheet as of 1 January 2020 (date of transition to IFRS)

ASSETS	NOTE	NGAAP	Effect of transition to IFRS	IFRS
Non-current assets				
Concessions, patents, licences, trademarks and similar rights		4,088	0	4,088
Property, plant & equipment		339	0	339
Right-of-use assets		0	1,247	1,247
Investment in subsidiaries		0	0	0
Investment in associated companies		0	0	0
Other non-current receivables		38	0	38
Deferred tax assets		2,918	1	2,919
Total non-current assets		**7,383**	**1,247**	**8,630**
Current assets				
Inventory and biological assets	A	15,208	0	15,208
Short-term receivables		7,309	0	7,309
Cash and cash equivalents		8,460	0	8,460
Total current assets		**30,976**	**0**	**30,976**
TOTAL ASSETS		**38,359**	**1,247**	**39,607**
EQUITY AND LIABILITIES				
Equity		0	0	0
Share capital		37	0	37
Share premium		32,850	-2	32,848
Total equity		**32,887**	**-2**	**32,885**
Liabilities				
Non-current interest-bearing debt		0	0	0
Lease liabilities		0	1,249	1,249
Total non-current liabilities		**0**	**1,249**	**1,249**
Current interest-bearing debt		0	0	0
Accounts payable		6,127	0	6,127
Other current liabilities		-655	0	-655
Total current liabilities		**5,472**	**0**	**5,472**
TOTAL EQUITY AND LIABILITIES		**38,359**	**1,247**	**39,607**

NOTES TO INTERIM FINANCIAL STATEMENT (CONT.)

NOTE 6 – Transition to IFRS (Cont.)

The Group's consolidated financial statements comprise the parent company and its subsidiaries as of period end. Consolidated entities have been assessed as being controlled by the Group during the reporting period.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- - Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- - Exposure, or rights, to variable returns from its involvement with the investee
- - The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Business combinations are accounted for by using the acquisition method. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Income Statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Reconciliation of Consolidated statement of comprehensive income full year 2020

	NGAAP	Effect of transition to IFRS	IFRS
Operating revenue	**7,225**	**0**	**7,225**
Cost of materials	-4,955	0	-4,955
Salaries and personnel expenses	15,157	0	15,157
Depreciation and amortization	2,473	562	3,034
Other operating expenses	12,944	-557	12,387
Operating expenses	**25,618**	**5**	**25,623**
Operating profit before fair value adjustment of biomass	**-18,393**	**-5**	**-18,398**
Fair value adjustment biomass	0	28,794	28,794
	0	0	0
Operating profit/loss	**-18,393**	**28,789**	**10,396**
Net financial items	-4,722	-4	-4,725
Profit/loss before tax	**-23,115**	**28,786**	**5,671**
Income tax expences	-5,149	6,333	1,184
Net profit/loss for the period	**-17,966**	**22,453**	**4,487**
Other comperhensive income	0	0	0
Total comperhensive income for the period	**-17,966**	**22,453**	**4,487**

A Biological assets as of 1 January 2020

The Group only had cod fry as biological assets as of 1 January 2020. As explained in the accounting principeles below, Roe and cod fry are valued at historic cost as historic cost as it is deemed to be the best estimate of fair value for these assets, due to little biological conversion.

NOTES TO INTERIM FINANCIAL STATEMENT (CONT.)

NOTE 6 – Transition to IFRS (Cont.)

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS.

The preparation of the consolidated financial statements in accordance with IAS 34 and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are listed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Significant estimates in this interim report relates to the fair value measurement of biological assets. Please see below for further disclosures.

ACCOUNTING PRINCIPLES BIOLOGICAL ASSETS

A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, in accordance with IAS 41 Agriculture and Fair Value IFRS 13. Fair value of biological assets is calculated based on a present value model which does not rely on historical cost. The inputs to measure fair value is categorised as level 3 in the valuation hierarchy in IFRS 13 as the most important assumptions in the calculations are not observable in a market. The difference between the fair value of fish and the cost price is included in the fair value adjustment in the consolidated statement of comprehensive income. If the cost price is reduced to net realizable value due to unexpected mortality or other assessments, this is accounted for within cost of materials and not as part of the fair value adjustment.

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

The fair value of biological assets held at the Group's sea farms is calculated using a cash-based present value model. The model used by the Group is the same model as used by most salmon producing companies under IAS 41.

The present value is calculated on the basis of estimated revenues, less estimated remaining production costs until the fish is harvestable at the individual site. A fish is harvestable when it has reached the estimated weight required for harvesting specified in the company's budgets and plans. The estimated value is discounted to present value on the balance sheet date. Present value is estimated for the biomass at each site.

Incoming cash flows are calculated as the estimated biomass at harvest multiplied by the price expected to be achieved at the same time. The estimated biomass (volume) at harvest is calculated on the basis of the number of individual fish held in sea farms on the balance sheet date, adjusted for expected mortality until harvest and multiplied by the estimated weight of the fish at harvest.
The price is calculated using the Group's best estimate of future prices and are not observable. The price includes the Group's best estimate of the future prices of cod liver and other products of the cod that will be sold. Prices are adjusted for expected costs related to harvesting, sales and carriage costs.

Estimated remaining production costs are estimated costs that a rational person would presume necessary for the farming of fish up until they reach a harvestable weight. In the model, instead of being a separate cost element in the calculation, compensation for estimated licence fees and site leasing costs is included in the discount factor, and thereby reduces the fair value of the biomass.

The fair value of the biomass is calculated using a monthly discounting of the cash flow based on an expected harvesting month according to the harvesting plan. The discount factor is intended to reflect three main components:

1. The risk of incidents that affect the cash flow.
2. The time value of money.
3. Synthetic licence fees and site leasing costs.

The discount factor is set on the basis of an average for all the Group's sites and which, in the Group's assessment, provides a sensible growth curve for the fish – from cod fry to harvestable fish.

The risk adjustment must take account of the risk involved in investing in live fish. Currently the Group expects a cod to spend on average 16-18 months at a sea farm, and the risk will be higher the longer the time until harvest. Biological risk, the risk of increased costs and price risk will be the most important elements to be recognised. The present value model includes a theoretical compensation for licence fees and site leasing costs as a surplus to the discount factor in the model, instead of being a cost-reducing factor in the calculation.

NOTES TO INTERIM FINANCIAL STATEMENT (CONT.)

NOTE 6 – Transition to IFRS (Cont.)

Accounting principles leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lesee applies a single recognition and measurement approach for all leases, with exception for leases with a term of less than 12 months and for leases relating to assets with a low underlying value.

Non-lease components in a lease arrangement is not capitalized as a part of the lease.

A lease liability is initially recognised as the present value of lease payments that are not paid on the commencement date of the lease contract. The lease payments are discounted by using the Group's incremental borrowing rate as a discount rate. The Group assesses it's incremental borrowing rate based on it´s current rating, adjusted for nature of the underlying asset and duration of the lease agreement.

A lease liability is subsequentially measured by using effective interest rate. The lease liability is revalued when there is a change in future payments due to a change in index or interest rate. The lease liability is also revalued if there is a change in the Group's estimation on residual payments in relation to the lease contract, if there is a change in estimation on utilisation of an option to buy the underlying asset, or if there is a change in the expected lease term.

The right of use asset is depreciated on a straight line basis from the commencement date until the final date of the contract, except when the Group becomes an owner of the asset at the end of the lease period or has an option to purchase the asset at the end of the lease period, and intends to do so. In those cases the asset is depreciated over the expected useful life of the asset, which is the same method as used for depreciation of other operating assets of the Group. The right of use asset is adjusted for any impairment or revaluation of the lease liability.

Reconciliation of Consolidated statement of comprehensive income year to date Q1 2020

	NOTE	NGAAP	Effect of transition to IFRS	IFRS
Operating revenue		**6,309**	**0**	**6,309**
Cost of materials		7,242	0	7,242
Salaries and personnel expenses		2,402	0	2,402
Depreciation and amortization		38	123	161
Other operating expenses		2,673	-122	2,551
Operating expenses		**12,355**	**1**	**12,356**
Operating profit before fair value adjustment of biomass		**-6,046**	**-1**	**-6,048**
Fair value adjustment biomass		0	-9,434	-9,434
Operating profit/loss		**-6,046**	**-9,435**	**-15,481**
Net financial items		-1,249	-1	-1,250
Profit/loss before tax		**-7,295**	**-9,436**	**-16,732**
Income tax expences		-1,605	-2,076	-3,681
Net profit/loss for the period		**-5,690**	**-7,360**	**-13,051**
Other comperhensive income		0	0	0
Total comperhensive income for the period		**-5,690**	**-7,360**	**-13,051**

Reconciliation of Equity statement year to date Q1 2020

2020	Share capital	Share premium	Other paid-in equity	Total equity
Equity as of 31 March 2020 NGAAP	37	104,559	0	**104,596**
Effects of fair value biomass (after tax)		-7,358		**-7,358**
Effects of IFRS 16 Leases (after tax)		-4		**-4**
Equity as of 31 March 2020 IFRS	37	97,197	0	**97,234**

BOARD AND CEO OF NORCOD AS

TRONDHEIM, 5th OF MAY 2021

Marit Solberg
Chair

Boe R. Spurré
Board member

Anders Bjerno
Board member

Tore A. Tønseth
Board member

Jan Severin Sølbæk
Board member

Peter Buhl
Board member

Christian Riber
CEO