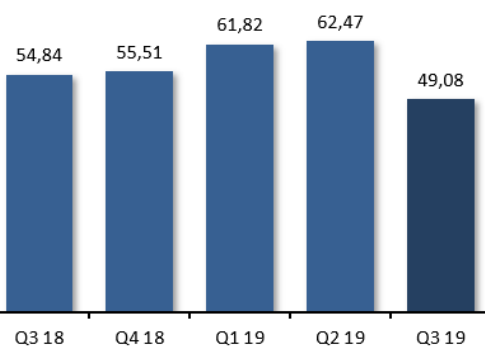


Interim Report

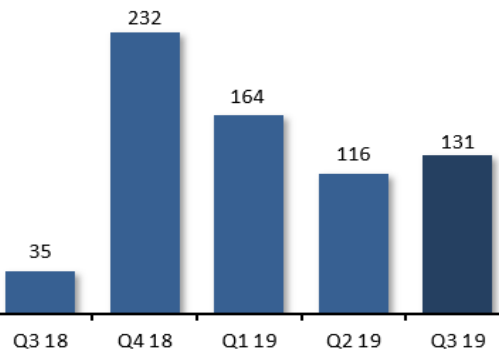
Q3-19



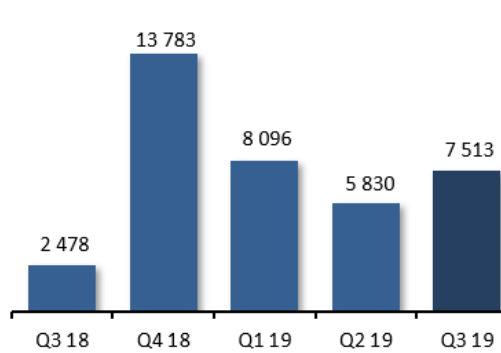
Salmon Price (NASDAQ) (NOK/kg)



Operational EBIT (MNOK)



Harvested volume (HOG)





HIGHLIGHTS Q3 2019

- Operational EBIT of NOK 131 million
 - Operational EBIT per kg of NOK 19.60 in Region North
 - Operational EBIT per kg of NOK -8.45 in Region South
- Stable and good performance on harvested fish from the Group's main operations in Region North, but weak results from Region South
- Harvested volume 203 % higher than corresponding prior-year period
- The biomass in the sea increased by 6 749 tonnes (32 per cent) in the third quarter and additional biomass build-up is planned in the fourth quarter
- Lower production due to low sea water temperatures in Finnmark
- Signed sale agreement on Region South at an enterprise value of NOK 1 240 million. The transaction is expected to be completed in December 2019

NORWAY ROYAL SALMON - KEY FIGURES (NOK '000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Operating revenues	1 398 467	879 038	4 090 235	3 480 354	5 080 806
Operational EBITDA ¹⁾	153 351	53 894	470 624	387 642	640 887
Operational EBIT ¹⁾	131 436	34 336	406 445	331 266	564 337
Income from associates ¹⁾	6 409	-6 930	29 437	-18 132	14 713
EBIT ¹⁾	-28 914	149 262	268 595	576 956	755 901
EBT ¹⁾	-19 816	168 785	284 140	669 285	819 531
EPS (NOK) – before fair value adjustments	2,56	1,03	8,27	8,95	13,43
ROCE ²⁾			33,2 %	29,6 %	36,8 %
Net cash flow from operating activities	15 209	36 019	271 111	677 078	806 696
Investments in fixed assets/licenses	232 836	65 823	442 369	357 434	412 941
Net interest-bearing debt			926 355	499 760	419 698
Equity ratio			50,3 %	54,5 %	56,7 %
Volume harvested (HOG)	7 513	2 478	21 439	22 186	35 970
Operational EBIT per kg ³⁾	17,97	22,10	21,28	21,37	19,97
Volume sold - Sales	24 736	14 945	65 153	54 635	82 420

1) Income statement items that are adjusted for discontinued operations. See note 11 for details with regards to the sale of Region South.

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

3) Operational EBIT for segments before non-recurring items incl margin from sales (before non-recurring items)



FINANCIAL PERFORMANCE

(Figures in brackets = 2018, unless otherwise specified. All income statements items in the period and comparison periods are adjusted for discontinued operations. In the balance sheet, assets and liabilities held for sale are specified as at 30.09.2019, other historical balance sheet items are unchanged. See note 11 for further specification)

Revenues and results

Norway Royal Salmon posted operating revenues of NOK 1 398.5 million (NOK 879.0 million) in the third quarter of 2019, an increase of 59.1 per cent from the corresponding prior-year period. The increase in revenues is mainly due to higher sold volumes, while lower prices had the opposite effect. The Group achieved an operational EBIT of NOK 131.4 million (NOK 34.3 million), an increase of NOK 97.1 million. The increase in operational EBIT is mainly due to higher harvested volume. A gain on open fixed-price contracts compared to the level of Fish Pool prices of NOK 43.0 million (NOK 10.0 million) was recognised in the quarter. Due to falling forward prices in the quarter the Group recognised negative fair value adjustments of NOK 166.8 million (positive NOK 121.9 million), a decrease of NOK 288.6.

The farming business harvested 7 513 tonnes (2 478 tonnes) gutted weight in the quarter, an increase of 203 per cent from the corresponding quarter last year. Including allocated margins from sales, Farming achieved an operational EBIT per kg of NOK 17.97 (NOK 22.10). The decrease is mainly due to lower margins from Region South and the sales business. The Sales business sold 24 736 tonnes (14 945 tonnes), an increase of 65.5 per cent.

Financial items and share of profit from associates

Result from associates totalled NOK 6.5 million (NOK -7.9 million) in the third quarter. NRS' share of fair value adjustments of the biomass after tax amounted to NOK 2.5 million (NOK 4.7 million). Arctic Fish harvested 1 618 tonnes in the quarter, NRS share was 809 tonnes. Arctic Fish's farming activities had a loss in the quarter as a result of harvesting starting in August and consequently achieved a low price. Associated Norwegian farming companies harvested 2 304 tonnes, 467 tonnes less than in the corresponding period last year. NRS' share of the above figure amounts to 836 tonnes, a decrease of 188 tonnes.

As a result of the increase of the NRS' share price from NOK 181.10 at the start of the quarter to NOK 195.80 at the end of the quarter, a gain of NOK 14.9 million (gain of NOK 25.4 million) on TRS agreements on own shares was posted in the quarter. Net finance expenses for the period were NOK 5.8 million (NOK 5.5 million), an increase of NOK 0.3 million.

Balance sheet

At the end of the reporting period, total assets amounted to NOK 4 534.2 million, an increase of NOK 206.3 million from the prior quarter end. The change in total assets is attributable to several factors. Fixed assets had a net increase of NOK 55.1 million. Financial assets increased with NOK 10.4 million. Fair value adjustments of the biomass decreased by NOK 185.8 million, and inventories and biomass at cost increased by NOK 108.0 million. The net decrease in inventories and biological assets was NOK 77.8 million. The Group's receivables decreased by NOK 23.8 million. The Group's bank deposits decreased by NOK 31.2 in the quarter. Of the total assets of NOK 4 534.2 million, NOK 377.4 million are recognised as assets held for sale in connection with the sales of Region South. See Note 11 for further specification.

The Group's net interest-bearing debt increased by NOK 269.5 million, from NOK 656.9 million at the end of the previous quarter to NOK 926.4 at 30 September 2019. The increase is attributable to increased working capital of NOK 173.2 million, investments in fixed assets of



NOK 210.4 million, a realised loss on a TRS-agreement of NOK 29.2 million and payment of interest and fees of NOK 6.4 million. The operational EBITDA of NOK 150.7 million and received dividend from an associate of NOK 3.2 million had the opposite effect on the net interest-bearing debt. The Group had an unused credit facility of NOK 1 208 million at the end of the quarter, and bank deposits of NOK 66 million.

As of 30 September, the Group's equity totalled NOK 2 278.6 million, a decrease of NOK 21.8 million from the end of the previous quarter. The decrease is mainly attributable to a negative total comprehensive income of NOK 22.8 million. The equity ratio at the end of the quarter was 50.3 per cent.

Statement of cash flow

The Group's operating activities generated a positive cash flow of NOK 15.2 million during the quarter, which represents a decrease of NOK 20.8 million compared with the corresponding prior-year quarter. The positive cash flow is attributable a positive operational EBITDA of NOK 150.7 million and a net decrease in accounts receivables and accounts payables of NOK 133.1 million. An increase in inventories and biological assets at cost of NOK 278.8 million had the opposite effect on the cash flow.

Net cash outflows related to investing activities in the second quarter amounted to NOK 248.4 million (NOK 136.7 million). This is related to investments in fixed assets of NOK 210.4 million, payment of NOK 29.2 million on realisation of a TRS-agreement, as well as a net increase in loans to associates and smolt suppliers of NOK 10.8 million. In addition, the shares in Nord Norsk Smolt AS were paid with NOK 1.3 million. Received dividend from an associate of NOK 3.2 million had a positive effect on the cash flow.

The net cash inflows from financing activities totalled NOK 202.0 million (outflow of NOK 61.6 million) in the third quarter. The increase of NOK 150.0 million on the long-term credit facility and the increase in leasing liabilities of NOK 11.1 million resulted in a total increase of NOK 161.1 million in long term debt. Finance costs paid and instalments amounted to NOK 6.4 million and NOK 13.6 million respectively. The overdraft facility increased by NOK 61.0 million during the period.

SEGMENT INFORMATION

The Group is organised into two business areas; Farming and Sales. The performance of the two business areas is monitored with the overall objective of maximising Operational EBIT per kg and margins.

The Farming business is divided into two geographical segments; Region North and Region South. Norway Royal Salmon monitors overall value creation from operations based on the salmon's source of origin. Consequently, external reporting focuses on measuring the overall profitability of the harvested volume based on source of origin (Operational EBIT/kg). For this reason, the contribution from the sales operations is allocated to Region North and Region South based on the volume harvested in the respective segments.

The Group owns 39 426 tonnes MAB to produce farmed salmon, divided between 34 746 tonnes MAB in Region North, located in Troms and western Finnmark. An agreement has been reached to sell the 4 680 tonnes of MTB in the Region South, located in the Haugesund area. The transaction is expected to be completed in December 2019.



The segments posted sales revenues of NOK 1 398.5 million in the third quarter (NOK 877.0 million), an increase of 59.5 per cent from the corresponding period last year. The spot price (NASDAQ) for superior quality during the quarter was NOK 49.08 per kg gutted weight, a decrease of 21.4 per cent from the second quarter of 2019 and a decrease of 10.5 per cent compared with the third quarter of 2018. The sales operations experienced an increase in sales volumes of 65.5 per cent compared with the corresponding prior-year period. 24 736 tonnes (14 945 tonnes) were sold in the third quarter. The Sales business had a negative operational EBIT before open fixed-price contracts of NOK 5.1 million (positive of NOK 6.8 million), which equates to NOK -0.20 (positive NOK 0.45) per kg sold volume in the period. Gain on open fixed-price contracts compared to the level of Fish Pool prices was NOK 43.0 million (NOK 10.0 million) in the quarter.

The Farming operations harvested 7 513 tonnes (2 478 tonnes) gutted weight in the third quarter, an increase of 203.1 per cent from the corresponding period last year. The estimated harvest volume for 2019 is 31 000 tonnes gutted weight and 37,000 tonnes gutted weight for 2020, which includes only the Region North. Estimated smolt put to sea for 2019 is 12.1 million smolt, 10.1 million in the Region North and 2.0 million in the Region South.

REGION NORTH

Operational EBIT came in at NOK 138.7 million (NOK 53.0 million), an increase of NOK 85.7 million compared with the same quarter last year. Operational EBIT (ex. contracts) per kg amounted to NOK 13.87 (NOK 18.23). Gain on fixed-price contracts of NOK 5.73 per kg (NOK 4.05) contributed to an operational EBIT per kg of NOK 19.60 (NOK 22.27).

7 076 tonnes (2 379 tonnes) were harvested in the region in the third quarter, an increase of 197.5 per cent. The achieved price for the Farming operations was NOK 0.21 lower per kg than in the corresponding period last year. The size of the harvested fish contributed positively to the price achievement.

Total production cost per kg for harvested fish was NOK 35.43, which is NOK 0.69 lower than in the second quarter of 2019 and NOK 0.74 higher than in the corresponding period last year. The decrease in production costs from the previous quarter is due to a decreased share of harvest volume from Troms. The production cost on harvested fish from the 2017-generation has been low, but the production cost on harvested fish from the 2018-generation has been high in the quarter

Low sea water temperatures in Finnmark have led to lower production so far this year. The biomass in sea increased with 5 700 tonnes (30 per cent) in the third quarter and further biomass build-up is planned in the fourth quarter. As a result of this, the estimated harvest volume for 2019 is reduced with 2 500 tonnes to 28 000 tonnes gutted weight. The production cost is expected to be higher in the next quarter. In addition, a write-down of NOK 4.5 million on fixed assets is expected in the fourth quarter.



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KEY FIGURES (NOK '000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Operating revenues	1 317 132	841 732	3 630 967	2 939 119	4 636 283
Operational EBITDA	160 553	72 487	517 944	451 089	714 506
Operational EBIT	138 694	52 981	453 932	394 863	638 160
Investment in tangible assets/licenses	138 113	44 090	419 297	323 526	337 843
Volume harvested (tonnes HOG)	7 076	2 379	19 054	18 341	30 384
Operational EBIT per kg (ex contracts)	13,87	18,23	21,69	21,44	20,66
Gain (+)/Loss (-) on open fixed price contracts	5,73	4,05	2,14	0,09	0,34
Operational EBIT per kg	19,60	22,27	23,82	21,53	21,00

REGION SOUTH

Operational EBIT came in at NOK -3.7 million (positive NOK 1.8 million), a decrease of NOK 5.5 million. Operational EBIT (ex. contracts) per kg amounted to NOK -14.18 (NOK 14.00). Gain on fixed-price contracts of NOK 5.73 per kg (NOK 4.05) contributed to an operational EBIT per kg of NOK -8.45 (NOK 18.05).

437 tonnes (100 tonnes) were harvested in the region in the third quarter, an increase of 338.7 per cent from the corresponding prior-year period. The Farming operations achieved a price which was NOK 15.69 per kg lower than in the corresponding prior-year period. The timing of harvest and size of the harvested fish contributed negatively to the price achievement.

The production costs for harvested fish was NOK 49.00, which is NOK 9.86 per kg lower than in the second quarter of 2019 and NOK 9.09 higher than in the corresponding period last year. Biological challenges have resulted in harvest earlier than planned in two cages. Hence, the fish harvested in the quarter had low weight and high production cost.

The process to assess strategic alternatives for the Group's operations in Region South ended with a signed sales agreement on 26 September. The transaction is expected to be completed in December 2019. The estimated harvest volume for 2019 up to the expected time of the completion of the transaction is 3 000 tonnes gutted weight.

KEY FIGURES (NOK '000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Operating revenues	81 335	35 248	459 143	536 931	747 657
Operational EBITDA	-419	5 045	11 679	88 759	93 062
Operational EBIT	-3 692	1 798	2 238	79 266	80 313
Investment in tangible assets	2 739	4 096	16 114	9 251	12 131
Volume harvested (tonnes HOG)	437	100	2 385	3 845	5 586
Operational EBIT per kg (ex contracts)	-14,18	14,00	-0,11	21,16	14,53
Gain (+)/Loss (-) on open fixed price contracts	5,73	4,05	1,05	-0,54	-0,15
Operational EBIT per kg	-8,45	18,05	0,94	20,62	14,38



SHARES

As of 30 September 2019, Norway Royal Salmon ASA have 43 572 191 shares, allocated among 2 610 shareholders, an increase of 43 from the end of the previous quarter. At the end of the quarter, the group had 140 811 treasury shares. The share price increased from NOK 181.10 at the end of June 2019 to NOK 195.80 at the end of September 2019. 4 311 806 shares were traded during the quarter.

EVENTS IN OR SUBSEQUENT TO THE QUARTER

Signed sales agreement for Region South

On 26 September 2019, Norway Royal Salmon ASA signed an agreement with Tombre Fiskeanlegg AS, Lingalaks AS and Eidesvik Laks AS on the sale of all shares in Sør Farming AS (Region South), a wholly owned subsidiary of NRS, which after the completion of a demerger of NRS Farming AS will own Norway Royal Salmon ASA's farming operations in Region South. As consideration for the shares in Sør Farming AS, a purchase price of NOK 1 240 million has been agreed on a debt and cash-free basis. The purchase price is settled in cash and is financed by the buyers, partly with equity and partly with debt financing. In connection with the transaction, the parties have also agreed on long-term cooperation on the purchase and sale of fish.

The transaction is expected to be completed in December 2019 and until then Region South is presented as a separate segment. For further information see note 2 Segment information and note 11 Discontinued operations.

Sickness absence

At 2.1 per cent, the Group's sickness absence rate increased by 0.7 per cent from the previous quarter.

Contractual rights and TRS agreements for own shares

In the third quarter Norway Royal Salmon extended the TRS (Total Return Swap) agreement. After the transaction Norway Royal Salmon owns 140 811 treasury shares and has through the TRS-agreement a contractual right to 994 609 shares, which in total equates 2.61 per cent of the company's share capital.

MARKET CONDITIONS

The total value of salmon exported from Norway in the third quarter was NOK 17.8 billion, an increase of 6.2 per cent from the third quarter of 2018. The value increase was due to exported volume from Norway being 10.2 per cent higher than in the third quarter of 2018. The spot price (NASDAQ) in the third quarter of 2019 was NOK 49.08 per kg superior quality salmon (delivered Oslo). This is a decrease of 10.5 per cent from the third quarter of 2018. In EUR, the prices of Norwegian salmon decreased 13.4 per cent to EUR 4.96 per kg. The export price of NOK 57.37 was higher than the spot price and 3.7 per cent lower than in the same period last year.

The price reduction in the spot market is mainly driven by increased global supply. Harvested volumes from Norway increased by 11 per cent from the corresponding prior-



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year period. Harvested volumes from Chile increased by 13 per cent, which resulted in an increase in global harvesting volumes of 13 per cent. For Q4 2019 Kontali Analyse expects a harvesting volume, which is 3 per cent higher than in Q4 2018.

Harvest volume (tonnes wfe)	Q3/19	yr/yr	Q4/19 E	yr/yr
Norway	358 300	11 %	365 400	2 %
Chile	184 300	13 %	188 900	0 %
Uk	50 400	27 %	47 700	6 %
Canada	37 800	-5 %	40 200	10 %
Faroe Islands	20 100	62 %	23 500	-2 %
Australia	15 700	2 %	19 600	3 %
USA	6 600	22 %	4 800	-14 %
Iceland	4 100	78 %	6 900	109 %
Others	10 100	71 %	11 200	11 %
	687 400	13 %	708 200	3 %

Source: Kontali Analyse

Sold volumes increased by 13 per cent in the quarter compared with the same period last year. This is equal to the increase in global harvest volume and indicate the same change in frozen inventory compared to the same quarter last year. All the large markets had a substantial volume increase in the quarter.

Sold volumes (tonnes wfe)	Q3/19	yr/yr	Q4/19 E	yr/yr
EU	305 900	12 %	314 300	3 %
USA	130 600	13 %	135 500	11 %
Eastern Europe ex. Russia	13 000	29 %	12 000	4 %
Russia	26 300	4 %	27 500	0 %
Asia ex. Japan	68 000	16 %	75 600	7 %
Japan	14 200	0 %	18 800	3 %
Others	121 600	16 %	128 900	7 %
	679 600	13 %	712 600	6 %

Source: Kontali Analyse

Demand for salmon in the EU has been good in the quarter with 12 per cent higher global import volumes, 83 per cent of the volume comes from Norway. Norwegian export volume to the EU increased by 7 per cent from the corresponding prior-year period, while the export value increased by 1 per cent. Lower salmon prices compared with the third quarter of 2018 had a positive impact on several of the markets in the EU. Denmark, Spain and Holland had the highest increase in the third quarter. France and UK had a reduction in import volumes in this quarter as well. That the growth in import volumes is almost as high as the global supply growth indicate that the underlying demand in EU still is good.

Q3/2019	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to EU:				
Poland	50 918	9 %	2 416	5 %
France	28 812	-12 %	1 456	-15 %
Denmark	31 997	11 %	1 450	2 %
UK	17 339	-6 %	842	-13 %
Spain	21 917	16 %	1 109	12 %
Holland	21 061	20 %	1 042	12 %
Others in EU	81 845	9 %	4 026	2 %
Total Norway to EU	253 889	7 %	12 341	1 %
Others to EU	52 011	44 %		
EU total	305 900	12 %		

Source: Norsk sjømatråd

Demand for salmon in Asia continued the good development in the third quarter. Import volumes increased by 13 per cent in total and by 25 per cent from Norway. Norway had a market share of 69 per cent in the third quarter. Chile had a decrease toward this region in the quarter as well. All regions had an increase in import volumes from Norway in the quarter.

Q3/2019	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to Asia				
South East Asia	13 908	20 %	779	-9 %
Japan	10 631	8 %	670	17 %
Middle East	12 271	46 %	650	40 %
China (incl. Hong Kong)	11 935	50 %	716	53 %
South-Korea	7 678	5 %	490	6 %
Others in Asia	262	46 %	14	40 %
Total Norway to Asia	56 685	25 %	3 320	17 %
Others to Asia	25 515	-6 %		
Asia Total	82 200	13 %		

Source: Norsk sjømatråd

Lower prices cause export of salmon to Eastern Europe to increase in the third quarter of 2019. Global import volumes increased by 11 per cent, but import volumes from Norway increased with 30 per cent. The volumes to the region are clearly lower than when Norway exported to Russia. Volumes to Russia from other producer nations increased by 5 per cent in the third quarter. Norway had a market share of 30 per cent in Eastern Europe.

Q3/2019	Tonnes (wfe)	yr/yr	MNOK	år/år
Norway to Eastern Europe				
Ukraine	5 491	53 %	232	39 %
Turkey	1 900	70 %	80	44 %
Belarus	1 903	0 %	81	-12 %
Kazakhstan	1 360	-4 %	75	-5 %
Others in Eastern Europe	1 020	5 %	58	-3 %
Norway to Eastern Europe	11 674	30 %	526	16 %
Other to Eastern Europe	27 626	5 %		
Eastern Europe Total	39 300	11 %		

Source: Norsk sjømatråd



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Demand for salmon in North America continues the positive trend. In total, import to North America has increased by 13 per cent, while volume from Norway increased by 6 per cent.

Q3/2019	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to North America				
USA	17 055	6 %	1 263	14 %
Canada	821	18 %	69	33 %
Total Norway to North America	17 876	6 %	1 331	15 %
Others to North America	112 724	14 %		
North America Total	130 600	13 %		

Source: Norsk sjematråd

Despite a significant increase in sales volume from the corresponding quarter last year was the quarter challenging for NRS' Sales operations, low margins contributed negatively to profitability. 57 per cent of the harvested fish were sold in the spot market in the third quarter, while 43 per cent were sold at fixed prices. The fixed price contracts resulted in a gain of NOK 43.0 million compared to the level of Fish Pool prices in the quarter. The sales volumes to Asia increased by 88 per cent in the quarter, volumes to Western Europe increased with 63 per cent and export volumes to Eastern Europe increased with 104 per cent. The volumes sold in Norway increased by 72 per cent in the quarter. In the third quarter, Western Europe accounted for 75 per cent of the export volumes, Asia for 17 per cent and Eastern Europe for 8 per cent. Domestic volume amounts to 12 per cent of the total sold volume.



OUTLOOK

Harvested volume for the quarter was 7 513 tonnes, which is 200 tonnes higher than estimated in the last quarterly report. Estimated harvest volume for 2019 has been reduced by 4 000 tonnes since the last quarterly report to 31 000 tonnes gutted weight. This as a result of continued low sea water temperatures in Finnmark, planned biomass build-up and the sale of Region South with effect from December 2019. Estimated harvest volume for 2020 is 37 000 tonnes gutted weight, an increase of 32 per cent compared with the volume of Region North in 2019. Estimated number of smolt put to sea for 2019 is 12.1 million, 10.1 million in the Region North and 2.0 million in the Region South. For Q4 2019, 3 372 tonnes are hedged at a Nasdaq equivalent price of around NOK 62.75 per kg.

In the fourth quarter of 2019 Kontali Analyse expects global harvest volumes to increase with 3 per cent compared with the fourth quarter of 2018. For 2020 Kontali Analyse expects a growth in global harvest volume of 4 per cent from 2019, which is a moderate growth seen in historical context. The growth in 2020 from Norway is expected to be 4 per cent and the growth from Chile is expected to be 2 per cent. Together with good demand for salmon, this provide the basis for a continued positive market outlook for the industry.

Gardermoen, 11 November 2019

Helge Gåsø
Chair

Eva Kristoffersen
Vice chair

Marianne E. Johnsen

Tom Vidar Rygh

Lars Måsøval

Trude Olafsen

Charles Høstlund
CEO



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INTERIM REPORT INCOME STATEMENT

(NOK '000)	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Operating revenues	2	1 398 467	879 038	4 090 235	3 480 354	5 080 806
Cost of goods sold		1 153 787	757 236	3 340 002	2 872 309	4 132 850
Salaries		34 986	29 374	114 304	101 540	139 279
Depreciation		21 915	19 558	64 179	56 376	76 550
Other operating costs		56 343	38 534	165 306	118 863	167 790
Operational EBIT		131 436	34 336	406 445	331 266	564 337
Fair value adjustments	5	-166 759	121 856	-167 287	263 821	176 851
Income from associates	7	6 409	-6 930	29 437	-18 132	14 713
EBIT		-28 914	149 262	268 595	576 956	755 901
Gain/loss on financial assets		14 877	25 045	34 201	108 841	82 576
Other net financial items		-5 779	-5 522	-18 656	-16 512	-18 946
EBT		-19 816	168 785	284 140	669 285	819 531
Tax		8 898	-31 546	-48 957	-133 983	-149 398
Profit after tax from continuing operations		-10 918	137 239	235 182	535 302	670 133
Profit after tax on discontinued operations	11	-13 085	15 218	-514	85 543	38 957
Net profit/loss		-24 003	152 456	234 669	620 845	709 091
Profit attributable to:						
Parent company shareholders		-24 270	152 735	229 333	618 163	705 311
Minority interests		267	-278	5 336	2 682	3 780
Earnings per share, continuing operations (NOK)		-0,26	3,15	5,29	12,24	15,31
Earnings per share, continuing operations - diluted		-0,26	3,15	5,29	12,24	15,31
Earnings per share (NOK)		-0,56	3,51	5,29	14,21	16,21
Earnings per share - diluted		-0,56	3,51	5,29	14,21	16,21

EXTENDED INCOME STATEMENT

(NOK '000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Net profit/loss	-24 003	152 456	234 669	620 845	709 091
Items to be reclassified to profit or loss:					
Translation differences and OCI posts from associated companies	6 347	-12 458	-1 537	-20 770	-15 859
Cash Flow hedges (net)	-5 207	1 346	7 749	12 638	-2 699
Items not to be reclassified to profit or loss:					
Actuarial gains on defined benefit plans (net)	0	0	0	0	-1 154
Total comprehensive income	-22 862	141 344	240 880	612 714	689 379
Total comprehensive income attributable to:					
Parent company shareholders	-23 129	141 622	235 544	610 031	685 600
Non-controlling interests	267	-278	5 336	2 682	3 780



BALANCE SHEET

(NOK '000)	30.09.2019	30.06.2019	30.09.2018	31.12.2018
Intangible assets	741 896	846 807	846 807	846 807
Property, plant and equipment	991 113	934 878	613 553	672 577
Non-current financial assets	692 231	681 873	661 504	656 001
Non-current assets	2 425 240	2 463 558	2 121 864	2 175 385
Inventory and biological assets	1 283 902	1 361 671	1 561 089	1 321 769
Receivables	381 643	405 470	350 683	438 027
Bank deposits, cash	66 022	97 196	81 411	155 653
Current assets	1 731 567	1 864 337	1 993 184	1 915 449
Assets held for sale	377 429			
TOTAL ASSETS	4 534 236	4 327 896	4 115 049	4 090 834
Share capital	43 431	43 431	43 514	43 514
Other equity	2 188 338	2 210 375	2 159 536	2 235 729
Non-controlling interests	46 878	46 611	40 445	41 542
Equity	2 278 647	2 300 418	2 243 495	2 320 785
Pensions	19 005	19 005	16 728	19 005
Deferred tax	387 422	457 983	529 294	385 754
Provisions	406 426	476 988	546 022	404 759
Long-term interest-bearing debt	874 857	752 238	562 547	551 054
Short-term interest-bearing debt	56 500	83 029	93 965	102 514
Trade payables	624 306	598 595	538 227	446 993
Tax payable	0	0	36 178	134 777
Other current liabilities	96 789	116 627	94 617	129 952
Current liabilities	777 595	798 252	762 986	814 236
Liabilities held for sale	196 710			
TOTAL EQUITY AND LIABILITIES	4 534 236	4 327 896	4 115 049	4 090 834



INTERIM REPORT

Q3 2019

STATEMENT OF EQUITY

30.09.2019						
(NOK '000)	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
Equity at 01.01.2019	43 572	-58	2 235 729	2 279 243	41 542	2 320 785
Total comprehensive income	0	0	235 544	235 544	5 336	240 880
Transactions with shareholders						
Dividend	0	0	-258 259	-258 259	0	-258 259
Share based payment	0	0	-2 383	-2 383	0	-2 383
Net purchase and sale of treasury shares	0	-83	-24 952	-25 035	0	-25 035
Equity changes associated companies	0	0	2 659	2 659	0	2 659
Total transactions with shareholders	0	-83	-282 935	-283 018	0	-283 018
Equity at 30.09.2019	43 572	-141	2 188 338	2 231 770	46 878	2 278 647
30.09.2018						
(NOK '000)	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
Equity at 01.01.2018	43 572	-82	1 769 780	1 813 271	37 762	1 851 030
Comprehensive income	0	0	610 031	610 031	2 682	612 714
Transactions with shareholders						
Dividend	0	0	-224 685	-224 685	0	-224 685
Share based payment	0	0	-947	-947	0	-947
Net purchase and sale of treasury shares	0	24	3 863	3 887	0	3 887
Equity changes associated companies	0	0	1 496	1 496	0	1 496
Total transactions with shareholders	0	24	-220 274	-220 249	0	-220 249
Equity at 30.09.2018	43 572	-58	2 159 535	2 203 053	40 444	2 243 495
31.12.2018						
(NOK '000)	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
Equity at 01.01.2018	43 572	-82	1 769 780	1 813 271	37 762	1 851 030
Total comprehensive income	0	0	685 600	685 600	3 780	689 379
Transactions with shareholders						
Dividend	0	0	-224 710	-224 710	0	-224 710
Share based payment	0	0	-297	-297	0	-297
Net purchase and sale of treasury shares	0	24	3 863	3 887	0	3 887
Equity changes associated companies	0	0	1 496	1 496	0	1 496
Total transactions with shareholders	0	24	-219 649	-219 624	0	-219 624
Equity at 31.12.2018	43 572	-58	2 235 729	2 279 246	41 542	2 320 785



INTERIM REPORT

Q3 2019

STATEMENT OF CASH FLOW

(NOK '000)	Q3 2019	Q3 2 018	YTD 2019	YTD 2018	FY 2018
Operational EBIT¹	125 536	35 459	405 667	409 290	641 726
Adjusted for:					
Tax paid	0	0	-138 000	-75 555	-112 223
Depreciation and write-downs	25 188	22 806	73 620	65 869	89 299
Share based payment	1 091	858	-2 384	-947	-297
Pension costs with no cash effect	0	0	0	0	798
Change in inventory / biomass	-278 846	-297 864	-305 719	-1 785	81 527
Change in debtors and creditors	133 125	307 135	300 229	297 449	74 678
Change in other current assets and other liabilities	9 115	-32 375	-62 303	-17 242	31 190
Net cash flow from operating activities	15 209	36 019	271 111	677 078	806 696
Cash flow from investing activities					
Payments for purchase of PPE and licenses (MAB)	-210 388	-187 623	-419 921	-357 434	-412 941
Payments for acquisition of associated company	-1 250	0	-1 250	0	0
Payments(-)/proceeds(+) from realisation of non-current financial assets (TRS)	-29 185	70 666	-3 809	47 282	47 282
Proceeds from investments in financial assets	3 188	0	8 218	4 527	11 458
Change in loans to associates and others	-10 751	-19 720	-13 751	-56 740	-57 617
Net cash flow from investing activities	-248 387	-136 677	-430 514	-362 366	-411 818
Cash flow from financing activities					
Receipts from new long-term debt	161 078	17 649	375 493	241 189	241 189
Long-term debt repayments	-13 631	-114 243	-42 565	-142 642	-156 471
Net change in overdraft	60 976	40 725	40 401	-245 894	-235 008
Payment for acquisition of treasury shares	0	0	-25 035	3 887	3 887
Interest paid	-6 418	-5 725	-20 262	-16 938	-19 918
Dividend payment	0	2	-258 259	-224 684	-224 684
Net cash flow from financing activities	202 005	-61 592	69 773	-385 082	-391 005
Net increase (+)/ decrease (-) in cash & cash equivalents	-31 173	-162 250	-89 630	-70 369	3 873
Cash and cash equivalents - opening balance	97 196	243 662	155 653	151 780	151 780
Cash and cash equivalents - closing balance	66 022	81 411	66 022	81 411	155 653

¹⁾ Operational EBIT includes discontinued operations (Region South), see note 11 for a specification of net cash flow from operational-, investing- and financing activities from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Accounting principles

These condensed, consolidated interim financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRSs) and such interpretations as are determined by the EU and published by the International Accounting Standards Board, including the interim reporting standard (IAS 34). The interim financial statements do not include all the information required of an annual financial report and must therefore be read in conjunction with the consolidated financial statements for the 2018 financial year.

The condensed consolidated interim financial statements have not been audited. As a result of rounding differences, numbers or percentages may not add up to the total.

The consolidated financial statements for the Group for the year 2018 are available upon request from the company's head office at Ferjemannsveien 10, Trondheim or at www.norwayroyalsalmon.com.

The Group's accounting principles in this interim report are the same as described in the annual financial report for 2018 with the exemption that IFRS 16 has been implemented from 1 January 2019. See Note 10.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: Segment information

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

The Group's business areas are divided into the Sales and Fish farming. The Sales segment includes the purchase and sale of salmon. The fish farming business includes salmon farming and harvesting activities. The fish farming business is divided into two regions: Region North, which consists of the fish farming business in Troms and West Finnmark; and Region South, which consists of the fish farming business in the area around Haugesund. Transactions between the segments are made at market terms. Group management reviews monthly reports in connection with the segments. Performance is evaluated based on operating results (EBIT) per segment.

(NOK '000)	Sales		Farming				Eliminations and		Total	
	Q3 2019	Q3 2018	Region North		Region South		adj. for discontinued ¹⁾		Q3 2019	Q3 2018
			Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018		
Total sales revenues	1 398 467	879 038	353 644	119 385	15 511	5 099	0	0	1 767 623	1 003 522
Internal sales revenues	0	0	353 644	119 385	15 511	5 099	0	0	369 155	124 484
External sales revenues	1 398 467	879 038	0	0	0	0	0	0	1 398 467	879 038
Operating costs	1 360 506	866 557	250 703	82 515	21 412	3 976	-365 590	-108 345	1 267 031	844 702
Operational EBIT	37 961	16 786	102 941	36 870	-5 900	1 123	-3 565	-20 443	131 436	34 336
Fair value adjustments	-982	-1 490	-165 777	123 346	-10 399	19 171	10 399	-19 171	-166 759	121 856
Income from associates	0	0	0	0	46	-1 001	6 409	-6 930	6 455	-7 931
EBIT	36 979	15 296	-62 836	160 216	-16 253	19 293	13 243	-46 544	-28 868	148 261
EBT	35 932	14 800	-66 592	157 862	-16 980	19 464	27 824	-23 342	-19 816	168 785
Volume harvested (HOG)			7 076	2 379	437	100			7 513	2 478
Operational EBIT per kg			14,55	15,50	-13,50	11,28			12,92	15,33
Volume sold	24 736	14 945							24 736	14 945
Operational EBIT per kg	1,53	1,12							1,53	1,12
- of w high gain on fixed-price contracts per kg.	1,74	0,67							1,74	0,67

¹⁾ Region South is presented as a business segment for informational purposes but is reversed in the elimination column, as this is classified as discontinued operations. See note 11 for further information.

(NOK '000)	Sales		Farming				Eliminations and		Total	
	YTD 2019	YTD 2018	Region North		Region South		adj. for discontinued ¹⁾		YTD 2019	YTD 2018
			YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018		
Total sales revenues	4 090 111	3 480 354	1 085 653	1 079 907	129 017	228 452	124	0	5 304 905	4 788 713
Internal sales revenues	0	0	1 085 653	1 079 907	129 017	228 452	0	0	1 214 671	1 308 359
External sales revenues	4 090 111	3 480 354	0	0	0	0	124	0	4 090 235	3 480 354
Operating costs	4 046 957	3 470 830	671 859	695 326	129 796	148 428	-1 164 822	-1 165 496	3 683 790	3 149 088
Operational EBIT	43 154	9 524	413 794	384 582	-778	80 024	-49 725	-142 863	406 445	331 266
Fair value adjustments	-1 653	15 074	-165 634	248 747	2 487	33 554	-2 487	-33 554	-167 287	263 821
Income from associates	0	0	0	0	-972	-1 524	30 409	-17 580	28 465	-19 866
EBIT	41 501	24 598	248 160	633 329	737	112 054	-21 802	-193 997	267 623	575 222
EBT	38 649	24 598	237 409	626 391	-957	110 867	9 039	-92 572	284 140	669 285
Volume harvested (HOG)			19 054	18 341	2 385	3 845			21 439	22 186
Operational EBIT per kg			21,72	20,97	-0,33	20,81			19,26	20,94
Volume sold	65 153	54 635							65 153	54 635
Operational EBIT per kg	0,66	0,17							0,66	0,17
- of w high gain on open fixed-price contracts per kg.	0,66	-0,01							0,66	-0,01

¹⁾ Region South is presented as a business segment for informational purposes but is reversed in the elimination column, as this is classified as discontinued operations. See note 11 for further information.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass

In accordance with IAS 41, the biomass is recognised at fair value. The fair value is calculated in accordance with IFRS 13. Adjustments to the fair value of the biomass are presented on a separate line in the income statement. The technical model for calculating fair value is a present value model. Present value is calculated for the biomass on each site/project by estimating the future sales value less remaining production costs discounted to the present value at the balance sheet date.

The fair value of fish in the sea is calculated in the present value model as a function of the expected biomass at the time of harvest multiplied by the expected sales price. For fish that are not harvestable, estimated remaining costs to breed the fish to its harvestable weight are deducted. Cash flows are discounted monthly using a discount factor. The discount factor consists of three main components: 1) risk for events that affect cash flow, 2) hypothetical license and site rent and 3) the time value of money. For this quarter a discount factor of 6.0 % has been used. Expected biomass (volume) is based on the estimated number of individuals in the sea, adjusted for expected mortality until harvesting and multiplied by the expected harvest weight per individual at the time of harvest. The measuring unit is the individual fish, but for practical reasons the calculation is made on site level. Live weight of fish in the sea is translated into gutted weight to get the same measurement unit as the prices are set in.

The price is calculated based on forward prices from Fish Pool. The forward price for the month in which the fish expected to be harvested is used in the calculation of expected cash flow. The price quoted by Fish Pool adjusted for the export cost is the reference price. This price is further adjusted for expected harvest costs (well boat, harvest and packing) and transport to Oslo. Adjustments for expected size differences and quality differences are also made. The adjustment in relation to the reference price is done at site level.

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

Book value of inventory:

(NOK '000)	30.09.2019	30.06.2019	30.09.2018	31.12.2018
Raw materials	47 906	29 901	41 411	31 349
Biological assets	1 318 339	1 277 552	1 458 511	1 240 393
Finished goods	98 096	54 218	61 168	50 027
Total inventory	1 464 341	1 361 671	1 561 089	1 321 769
Of which discontinued operations	180 439			
Continued operations	1 283 902			

Specification of the biological assets:

(NOK '000)	30.09.2019	30.06.2019	30.09.2018	31.12.2018
Biological assets at cost	1 128 216	911 253	949 232	887 123
Fair value adjustments of the biomass	190 123	366 299	509 279	353 270
Book value biological assets	1 318 339	1 277 552	1 458 511	1 240 393
Of which discontinued operations	177 260			
Continued operations	1 141 079			

Specification of biological assets - tonnes

(NOK '000)	Q3 2019	Q2 2019	Q3 2018	FY 2018
Opening balance biological assets	21 143	20 765	16 766	29 071
Increase due fish put in the sea	423	594	352	1 371
Increase due to production in the period	16 078	7 151	15 428	41 490
Reduction due to mortality in the period	-807	-359	-520	-3 011
Reduction due to harvesting in the period	-8 944	-6 941	-2 950	-42 827
Non-recurring items	0	-68	-382	-1 419
Closing balance biological assets	27 892	21 143	28 693	24 675
Of which discontinued operations	3 384			
Continued operations	24 508			

Specification of changes in book value of biological assets:

(NOK '000)	Q3 2019	Q2 2019	Q3 2018	FY 2018
Opening balance biological assets	1 277 551	1 133 450	1 040 206	1 177 678
Increase due to production in the period	461 122	310 806	363 095	1 144 419
Non-recurring event at cost	0	-11 000	-12 000	-34 000
Reduction due to harvesting in the period	-244 159	-204 679	-77 807	-1 175 113
Fair value adjustments of the biological assets	-176 176	48 974	159 377	156 716
Fair value adj. of the biological assets due to non-recurring event	0	0	-14 359	-29 306
Closing balance biological assets	1 318 339	1 277 551	1 458 511	1 240 393
Of which discontinued operations	177 260			
Continued operations	1 141 079			

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass cont.

Groups of biological assets, status as of 30.09.2019	Number of fish (1 000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	4 234	1 378	151 617	23 390	175 007
1-4 kg	10 762	24 971	931 020	147 856	1 078 877
Larger than 4 kg	365	1 543	45 578	18 876	64 454
Biological assets	15 361	27 892	1 128 215	190 123	1 318 340
Of which discontinued operations	2 240	3 384	167 679	9 582	177 260
Continued operations	13 121	24 508	960 537	180 541	1 141 079

Groups of biological assets, status as of 30.06.2019	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	7 087	3 281	278 865	103 468	382 332
1-4 kg	5 980	12 649	498 728	167 911	666 639
Larger than 4 kg	980	5 214	133 659	94 920	228 578
Biological assets	14 048	21 143	911 252	366 299	1 277 551

Groups of biological assets, status pr 30.09.2018	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	6 237	2 883	209 180	100 126	309 306
1-4 kg	4 962	12 693	407 844	219 187	627 031
Larger than 4 kg	3 032	13 116	332 207	189 966	522 173
Biological assets	14 231	28 693	949 231	509 279	1 458 511

Groups of biological assets, status as of 31.12.2018	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	4 658	1 762	142 015	39 535	181 550
1-4 kg	7 814	14 164	529 821	156 556	686 377
Larger than 4 kg	1 593	8 749	215 289	157 179	372 468
Biological assets	14 065	24 674	887 125	353 270	1 240 393

Fish Pool forward prices used in the calculation of the fair value of the biomass

30.09.2019	NOK/kg	30.06.2018	NOK/kg	30.09.2018	NOK/kg	31.12.2018	NOK/kg
Q4 19	51,83	Q3 19	58,28	Q4 18	62,43	Q1 19	64,02
Q1 20	60,36	Q4 19	57,62	Q1 19	65,67	Q2 19	65,00
Q2 20	62,37	Q1 20	63,55	Q2 19	66,43	Q3 19	59,52
Q3 20	54,97	Q2 20	64,85	Q3 19	60,60	Q4 19	61,48
Q4 20	55,89	Q3 + Q4 20	57,80	Q4 19	62,50	Q1 + Q2 20	64,51

NOTE 4: Non-recurring events

Non-recurring event ¹⁾	Q3 2019			Q3 2018		
	Cost	Fair value adjustments	Fair value	Cost	Fair value adjustments	Fair value
The fish disease Infections Salmon Anemia (ISA)				12 000	14 359	26 359
Biological assets	0	0	0	12 000	14 359	26 359

1) Non-recurring events are not allocated to the segments.

Non-recurring event ¹⁾	YTD 2019			YTD 2018		
	Cost	Fair value adjustments	Fair value	Cost	Fair value adjustments	Fair value
Culling of fish due to sores Nor Seafood AS	11 000	0	11 000			
Extraordinary mortality when delousing Region South				2 000	830	2 830
The fish disease Infections Salmon Anemia (ISA)				32 000	28 476	60 476
Biological assets	11 000	0	11 000	34 000	29 306	63 306

1) Non-recurring events are not allocated to the segments.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: Fair value adjustments

Fair value adjustments which are a part of the Group's EBIT, is presented on a separate line in order to give a better understanding of the Group's operating profit from goods sold. The item consists of:

(NOK '000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Change in fair value adjustments of the biomass	-176 176	142 517	-163 147	282 301	126 292
Change in provision for onerous sales contracts	706	1 323	1 462	-14 151	-1 462
Change in unrealised gains/losses on financial Fish Pool contracts	-1 689	-2 813	-3 115	29 225	27 429
Total fair value adjustments	-177 158	141 027	-164 800	297 375	152 260
Of which discontinued operations	-10 399	19 171	2 487	33 554	-24 591
Continued operations	-166 759	121 856	-167 287	263 821	176 851

The fair value adjustments has the following effect in the balance sheet:

(NOK '000)	30.06.2019	31.03.2019	30.06.2018	31.12.2018
Fair value adjustments biomass (inventory and biological assets)	190 123	366 299	509 279	353 270
Provision for onerous sales contracts (other current liabilities)	0	-706	-14 151	-1 462
Fair value of financial Fish Pool contracts (other receivables/other current liabilities)	-1 398	291	3 513	1 717
Net fair value adjustments in the balance sheet	188 725	365 884	498 641	353 526
Of which discontinued operations	9 582			
Continued operations	179 143			

NOTE 6: Transactions with related parties

The Group conducts transactions on normal terms with associates and suppliers who are also Norway Royal Salmon shareholders. This applies to the purchase of harvested fish and smolts. Purchase of smolt and fish are made at market price. Region South's transactions with related parties are included below. The group purchase harvesting services from two of the Group's associates. Harvesting services are purchased at market terms. Administrative services are also purchased from one of the Group's associated companies.

Services and well boat services are purchased from companies controlled by the family of the company's Chair Helge Gåsø. The services are purchased at market terms.

Goods and services purchased:

(NOK '000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Associates - products purchased	98 712	80 779	306 255	247 189	265 065
Associates - services purchased	5 269	8 749	27 441	41 645	66 218
Companies controlled by large shareholder - products purchased	305 494	258 084	576 636	430 555	644 289
Companies controlled by large shareholder - services purchased	8 589	3 991	23 892	13 737	22 082
Total goods and services purchased from related parties	418 064	351 603	934 224	733 126	997 655

Share-based incentive schemes

A bonus program based on options was introduced for senior executives and key personnel in the Group on 20 March 2018 and 20 March 2019. The scheme has been approved by the Board. The scheme is divided into 4 different levels. The option scheme has a 24 months' vesting period. The bonus program is a share-based scheme that entitles the employees to receive shares in NRS based on the price development in Norway Royal Salmon ASA's average share price for a period prior to 20 March 2019 and 20 March 2020. Each employee can at most be granted rights to shares for a value in the interval between 25 per cent to 100 per cent of annual salary. The exercise price will be adjusted for dividends and changes in holdings of treasury shares.

	Program introduced in 2018	Program introduced in 2019	All programs
Change in number of options			
At 30 June 2019	379 953	366 223	746 176
Terminated	0	-30 093	-30 093
Exercised in the quarter	0	0	0
Allocated during the year (new program)	0	0	0
Number of options at 30 September 2019	379 953	336 130	716 083
Exercise price	150,51	197,48	
Number of employees in the program at the end of the quarter	21	22	43



NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: Investments in associates

(NOK '000)	Shareholding	Book value 01.07.2019	Share of profit/loss in the period after tax	Other changes	Book value 30.09.2019	Share of volume harvested - tonnes HOG 30.09.2019*
Arctic Fish ehf.	50,00 %	241 043	-9 104	6 347	238 285	809
Wilsgård Fiskeoppdrett AS	37,50 %	167 478	11 058	-3 188	175 349	270
Måsøval Fishfarm AS	36,10 %	35 694	-1 859	0	33 835	495
Hellesund Fiskeoppdrett AS	33,50 %	98 939	5 630	0	104 570	71
Hårdanger Fiskeforedling AS	31,10 %	12 038	-281	0	11 757	
Espevær Laks AS **	33,33 %	767	46	0	812	
Ranfjord Fiskeprodukter AS	37,75 %	19 047	1 709	0	20 756	
Skardalen Settefisk AS	30,00 %	4 816	315	0	5 131	
Nordnorsk Smolt AS	50,00 %	1 250	-1 059	0	191	
Other		48	0	0	48	
Total associates Q3 2019		581 118	6 455	3 160	590 733	1 645
Total associates Q3 2018		558 206	-7 930	-12 458	537 816	1 609

* The harvested volume comprises NRS's share of the harvested volume of associates

** Espevær Laks AS is included in assets held for sale in discontinued operation, see note 11 for further information.

The Group's associates own a combined total of ten licences in Norway.

The consolidated financial statements include the Group's share of results from associates according to the equity method. The equity method is regarded as consolidation method. Some associates own shares in Norway Royal Salmon ASA, which are treated as treasury shares in the consolidated financial statements. The fair value of the shares owned by the associates in Norway Royal Salmon ASA has therefore not been recognized in the consolidated financial statements.

Associates that own shares in NRS as of 30 September 2019:

	Shareholding	Number of shares	Fair value	NRS' share of fair value
Måsøval Fishfarm AS	36,10 %	259 606	50 831	18 350
Hellesund Fiskeoppdrett AS	33,50 %	1 665 843	326 172	109 268
Total		1 925 449	377 003	127 618

Note 8: Treasury shares and TRS agreements

As at 30 September the company holds 140 811 treasury shares, corresponding to 0.32 % of the share capital of the company. Norway Royal Salmon ASA's total underlying exposures through TRS agreements is at 30 September 994 609 shares, representing 2.28 % of the share capital of the company. The agreement means that the Group has a result and liquidity exposure that is linked to the value development of the NRS share. TRS agreements are recorded at fair value and changes in fair value are recognized as financial items in the income statement. A loss of KNOK 29 186 at realisation of the TRS-agreement was recognised in the quarter and change in the unrealised value of the TRS agreements resulted in an unrealised gain of KNOK 44 083. Thus a gain of KNOK 14 897 was recognised as a financial item in the income statement in the period.

(NOK '000)	No. of shares	Exercise Price	Maturity	Market value 30.06.2019	Market value 30.09.2019	Change in market value Q3 2019
TRS entered into 14 March 2019	985 756	219,46	17.09.2019	-37 014	0	37 014
Allocated dividend shares on TRS shares	8 853	0,00	17.09.2019	1 610	0	-1 610
TRS entered into 13th September 2019	994 609	187,29	17.03.2020	0	8 680	8 680
Sum				-35 403	8 680	44 083

NOTE 9: Loans to credit institutions

The Group's main borrowing covenants is one requiring an equity ratio of at least 30 per cent and another requiring that the short-term credit facility shall not exceed 75 per cent of the carrying value of inventory and accounts receivables. At the end of Q3 2019 the Group is in compliance with the terms of its loan agreements.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: Right-of-use-assets

From 2019, Norway Royal Salmon ASA has implemented the new accounting standard regarding leases (IFRS 16)

The new standard requires capitalisation of all significant leasing agreements with duration exceeding 12 months. This have previously been recognised as rental costs. The right-of-use asset and liability to be recognised for each leasing agreement is the present value of the lease payments.

The Group has implemented IFRS 16 using the modified retrospective approach, i.e. without restating comparative information, and by recognising the same amount as right-of-use assets and lease liabilities per 1 January 2019. Consequently, the opening book value of equity has not been impacted, but both assets and liabilities increased by KNOK 16 793.

Total balance sheet value at 30 September 2019 has increased by KNOK 20 615 related to the implementation of the new standard. In the statement of profit and loss for Q3, leasing costs has been replaced by depreciation costs of leasing assets and interest costs from lease liabilities. The positive effect on Operational EBIT and EBIT related to this is KNOK 68 in the third quarter of 2019.

	Right-of-use assets	Liabilities
Opening balance 1 July 2019	15 114	15 216
New contracts Q3 2019	6 522	6 522
Depreciation Q3 2019*	-1 021	
Lease payments		-1 089
- of which Interest expense		118
Closing balance 30 September 2019	20 615	20 767

* Included in the line item "depreciation" in the income statement, recognised at KNOK 21 915 in Q3 2019

Spilt current vs. non-current liabilities

Non-current leasing liabilities	15 406
Current leasing liabilities	5 361
Closing balance 30 September 2019	20 767



NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 : Discontinued operations

On 26 September 2019, Norway Royal Salmon ASA signed an agreement with Tombe Fiskeanlegg AS, Lingalaks AS and Eidesvik Laks AS on the sale of all shares in Sør Farming AS (Region South), a wholly owned subsidiary of NRS, which after the completion of a demerger of NRS Farming AS will own Norway Royal Salmon ASA's farming operations in Region South. As consideration for the shares in Sør Farming AS, a purchase price of NOK 1 240 million has been agreed on a debt and cash-free basis. The purchase price is settled in cash and is financed by the buyers, partly with equity and partly with debt financing. In connection with the transaction, the parties have also agreed on long-term cooperation on the purchase and sale of fish. The transaction is expected to be completed in December 2019.

INCOME STATEMENT discontinued operations (Region South)

(NOK '000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018 ¹⁾	FY 2018 ¹⁾
Operating revenues	15 511	5 099	129 017	228 452	317 660
Cost of goods sold	3 571	-10 184	79 710	105 909	179 041
Salaries	5 452	3 793	14 676	13 026	19 062
Depreciation	3 273	3 247	9 442	9 493	12 749
Other operating costs	9 116	7 119	25 969	22 000	29 420
Operational EBIT	-5 900	1 123	-778	78 024	77 388
Fair value adjustments	-10 399	19 171	2 487	33 554	-24 591
Income from associates	46	-1 001	-972	-762	-960
EBIT	-16 253	19 293	737	110 816	51 837
Gain/loss on financial assets	0	308	0	497	-463
Other net financial items	-727	-137	-1 694	-446	-1 068
EBT	-16 980	19 464	-957	110 867	50 307
Tax	3 895	-4 247	444	-25 324	-11 350
Profit after tax on discontinued operations	-13 085	15 218	-514	85 543	38 957

¹⁾ Reported figures for discontinued operations YTD 2018 and FY 2018 deviates with MNOK 2.0 compared to previously reported segment figures. The deviation is explained by an allocation of a non-recurring item from Q2-18.

Assets held for sale

(NOK '000)	30.09.19
Intangible assets	104 911
Property, plant and equipment	66 006
Non-current financial assets	811
Inventory and biological assets	180 439
Receivables	25 261
Total assets held for sale	377 429

Liabilities held for sale

(NOK '000)	30.09.19
Deferred tax	56 300
Long-term interest-bearing debt	24 065
Short-term interest-bearing debt	88 268
Trade payables	25 593
Other current liabilities	2 484
Total liabilities held for sale	196 710

Statement of cash flow discontinued operations

(Tall i kr 1.000)	Q3 2019	YTD 2019
Net cash flow from operating activities	-65 990	-17 905
Net cash flow from investing activities	-1 637	-5 590
Net cash flow from financing activities	67 626	23 495
Total cash flow discontinued operations	0	0



NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: Alternative performance measures

The consolidated financial statements of Norway Royal Salmon ASA are prepared in accordance with the International Financial Reporting Standards (IFRS). In addition, the management prepares alternative performance measures to provide useful and relevant information to the users of the financial statements. Alternative performance measures are designed to increase the understanding of the underlying operational performance and is not a substitute for the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The performance measures are regularly reviewed by the Board. The alternative performance measures can be defined and used differently by other companies.

Net Interest-bearing debt

Net interest-bearing debt is defined as the net of long-term debt, short-term debt and bank deposits. The measure is useful and necessary information to investors and other users of the financial statements to assess the net of the interest-bearing external capital used to finance the group. The measure is used to calculate return on capital employed and highlights the Group's ability to take on more debt.

(NOK '000)	30.09.2019	30.06.2019	30.09.2018	31.12.2018
Reported long-term interest-bearing debt	874 857	752 238	562 547	551 054
Reported short-term interest-bearing debt	56 500	83 029	93 965	102 514
Interest-bearing long-term receivables	-51 313	-81 217	-75 340	-78 217
Reported bank deposits, cash	-66 022	-97 196	-81 411	-155 653
Net interest bearing debt continuing operations	814 022	656 854	499 761	419 698
Net interest bearing debt discontinued operations	112 333			
Total net interest bearing debt	926 355			

Equity ratio

The equity ratio is defined as equity divided by total assets. The measure is expressed as a percentage. The measure is relevant to users of the financial statements to see how much of the assets are financed with equity, the measure also indicate something about the solvency of the group.

(NOK '000)	30.09.2019	30.06.2019	30.09.2018	31.12.2018
Reported equity	2 278 647	2 300 418	2 243 495	2 320 785
Reported total assets	4 534 236	4 327 896	4 115 049	4 090 834
Equity ratio	50,3 %	53,2 %	54,5 %	56,7 %

Operational EBIT per kg (Group, including discontinuing operations)

Operational EBIT per kg is defined as a central performance measure for Norway Royal Salmon ASA. The measure is used to evaluate the profitability of sold goods and the operations of the Group. The performance measure is useful to users of the financial statements to evaluate the profitability sold good and the production. The measure is calculated before unallocated costs and extraordinary events, fair value adjustments, income from associated companies, financial expenses and taxes. The measure is expressed per kg harvested volume.

(NOK '000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Operational EBIT continuing operations	131 436	34 336	407 223	331 266	564 337
Operational EBIT discontinued operations (Region South)	-5 900	1 123	-778	78 024	77 388
Unallocated expenses	9 465	7 320	38 725	30 839	42 748
Non-recurring events (note 4)	0	12 000	11 000	34 000	34 000
Operational EBIT	135 002	54 780	456 170	474 129	718 474
Harvested volume (tonnes)	7 513	2 478	21 439	22 186	35 970
Operation EBIT per kg	17,97	22,10	21,28	21,37	19,97

Operational EBIT per kg (Segment)

Operational EBIT per kg is defined as a central performance measure for Norway Royal Salmon ASA. The measure is used to evaluate the profitability of sold goods and the operations of the segments. The performance measure is useful to users of the financial statements to evaluate the profitability of sold goods and the production. The measure is calculated before extraordinary events, fair value adjustments, income from associated companies, financial expenses and taxes. The measure is expressed per kg harvested volume. The measure is shown both before and after loss on open fixed-price contracts.

Operational EBIT per kg Region North

(NOK '000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Operational EBIT (segment, note 2)	102 941	36 870	413 794	384 582	616 243
Share of operational EBIT Sales allocated to region North excl. Contracts	-4 774	6 484	-671	8 577	11 565
Operational EBIT excl. Contracts	98 167	43 354	413 122	393 158	627 808
Loss(-) / Gain(+) on open fixed-price contracts	40 527	9 628	40 743	1 705	10 353
Operational EBIT	138 694	52 982	453 866	394 863	638 160
Harvested volume (tonnes)	7 076	2 379	19 054	18 341	30 384
Operational EBIT per kg excl. Contracts	13,87	18,23	21,68	21,44	20,66
Operational EBIT per kg	19,60	22,27	23,82	21,53	21,00



NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: Alternative performance measures (cont)

Operational EBIT per kg Region South

(NOK '000)

	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Operational EBIT (segment, note 2)	-5 900	1 123	-778	80 024	79 388
Share of operational EBIT Sales allocated to region South excl. Contracts	-295	271	513	1 329	1 761
Operational EBIT excl. Contracts	-6 195	1 395	-265	81 352	81 149
Loss(-) / Gain(+) on open fixed-price contracts	2 503	403	2 502	-2 086	-836
Operational EBIT	-3 692	1 798	2 238	79 266	80 313
Harvested volume	437	100	2 385	3 845	5 586
Operational EBIT per kg excl. Contracts	(14,18)	14,00	(0,11)	21,16	14,53
Operational EBIT per kg	(8,45)	18,05	0,94	20,62	14,38

Production cost per kg (per segment)

Production cost per kg is defined as a central performance measure for Norway Royal Salmon ASA. The performance measure is used to evaluate the profitability of sold goods per segment. The measure is expressed per kg harvested volume (tonnes HOG)

Production cost per kg Region North

(NOK '000)

	Q3 2019	Q3 2018
Production cost (segment, note 2)	250 703	82 515
Harvested volume (tonnes)	7 076	2 379
Production cost per kg Region North	35,43	34,69

Production cost per kg Region South

(NOK '000)

	Q3 2019	Q3 2018
Production cost (segment, note 2)	21 412	3 976
Harvested volume (tonnes)	437	100
Production cost per kg Region North	49,00	39,91

ROCE

Return on average capital employed (ROCE) is defined as 4-quarters rolling EBIT aligned for fair value adjustments divided by average net interest-bearing debt plus equity less financial assets. The performance measure is expressed as a percentage and is useful for users of Norway Royal Salmon ASA's financial information to evaluate its profitability.

Value-adjusted earnings per share

Earnings per share before fair value adjustments is defined as the period's result adjusted for fair value adjustments after tax. The performance measure is expressed per share and is useful for the users of Norway Royal Salmon ASA's financial information. The performance measure is used as raw data in analysis like of P/E.

(NOK '000)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Majority share of net result for the period	-24 270	152 735	229 333	618 163	705 311
Majority share of fair value adjustments of biomass after tax	134 472	-108 885	127 669	-217 435	-101 436
Fair value of sales contracts and Fish Pool contracts (in its entirety, the majority share)	766	1 133	1 290	-11 456	-19 735
Majority share of value-adjusted result for the period	110 968	44 982	358 292	389 271	584 139
Weighted average number of ordinary shares outstanding	43 320 672	43 493 529	43 320 672	43 493 529	43 498 749
Value-adjusted earnings per share	2,56	1,03	8,27	8,95	13,43



NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: Shareholders

Ownership structure – the 20 largest shareholders as at 30.09.2019:

Shareholder	No. of shares	Shareholding
GÅSØ NÆRINGSUTVIKLING AS	6 993 188	16,05 %
MÅSØVAL EIENDOM AS	5 255 360	12,06 %
NORWAY FRESH AS	5 044 905	11,58 %
HAVBRUKSINVEST AS	4 189 204	9,61 %
EGIL KRISTOFFERSEN OG SØNNER AS	3 801 689	8,73 %
NYHAMN AS	1 783 062	4,09 %
HELLESUND FISKEOPPDRETT A/S	1 665 843	3,82 %
DNB Markets Aksjehandel/-analyse	908 207	2,08 %
LOVUNDLAKS AS	672 821	1,54 %
BNP Paribas Securities Services	490 000	1,12 %
MP PENSJON FK	307 613	0,71 %
EIKA SPAR	278 606	0,64 %
JPMorgan Chase Bank, N.A., London	259 606	0,60 %
PNC INTERNATIONAL EQUITY FUND	258 304	0,59 %
MÅSØVAL FISHFARM AS	250 000	0,57 %
Citibank, N.A.	237 181	0,54 %
EIKA NORGE	236 471	0,54 %
HENDEN FISKEINDUSTRI AS	232 066	0,53 %
The Northern Trust Comp, London Br	231 285	0,53 %
NATIXIS	229 538	0,53 %
Total 20 largest shareholders	33 324 949	76,48 %
Total other shareholders	10 247 242	23,52 %
Total no. of shares	43 572 191	100,00 %