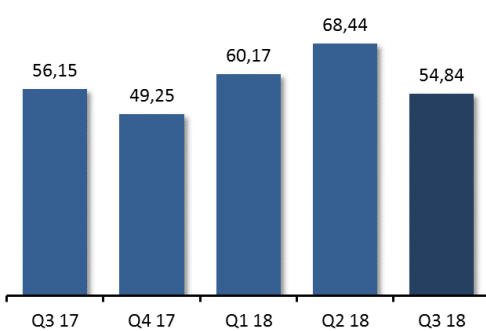


Interim Report

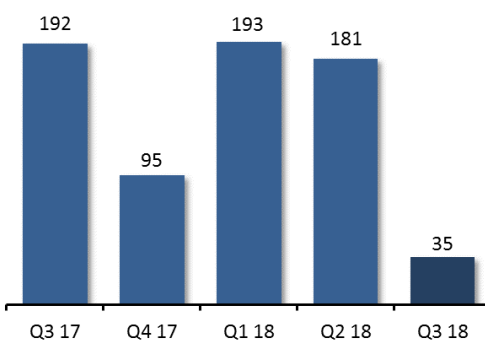
Q3-18



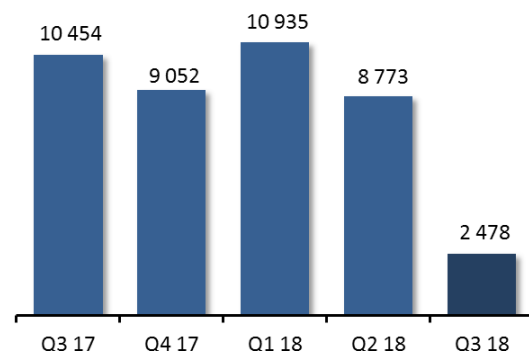
Salmon Price (NASDAQ) (NOK/kg)



Operational EBIT (MNOK)



Harvested volume (HOG)





HIGHLIGHTS Q3 2018

- Operational EBIT of NOK 35 million
 - Operational EBIT per kg of NOK 22.27 in Region North
 - Operational EBIT per kg of NOK 18.05 in Region South
- ISA detected at a site in Region North resulted in a cost of NOK 12 million in the quarter
- Positive development in production cost from the previous quarter in Region North
- Harvested volume 76 per cent lower than Q3 last year
- High biomass build-up in the quarter
 - Biomass in the sea is 11 927 tonnes (71 per cent) higher than last quarter
 - Biomass in the sea is 3 491 tonnes (14 per cent) higher than corresponding quarter last year.

NORWAY ROYAL SALMON - KEY FIGURES (NOK '000)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operating revenues	879 038	1 360 291	3 480 354	3 694 542	4 937 798
Operational EBITDA	58 265	213 137	475 159	590 819	709 923
Operational EBIT	35 459	192 425	409 290	533 225	627 861
Income from associates	-7 931	20 241	-18 894	51 212	52 657
EBIT	168 556	158 820	687 772	606 864	485 719
EBT	188 249	221 792	780 153	508 596	322 597
EPS (NOK) – before fair value adjustments	1,03	5,33	8,95	8,02	8,72
ROCE ¹⁾			29,6 %	43,8 %	39,8 %
Net cash flow from operating activities	36 019	107 230	677 078	259 535	170 504
Investments in fixed assets/licenses	65 823	72 331	357 434	196 482	211 470
Net interest-bearing debt			499 760	539 247	633 479
Equity ratio			54,5 %	47,4 %	48,0 %
Volume harvested (HOG)	2 478	10 454	22 186	22 866	31 918
Operational EBIT per kg ²⁾	22,10	19,29	21,37	24,70	22,10
Volume sold - Sales	14 945	22 296	54 635	55 328	77 799

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

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

FINANCIAL PERFORMANCE

(Figures in brackets = 2017, unless otherwise specified)

Revenues and results

Norway Royal Salmon posted operating revenues of NOK 879.0 million (NOK 1 360.3 million) in the third quarter of 2018, a decrease of 35.4 per cent from the corresponding prior-year period. The decrease in revenues is due to lower sold volume. The Group achieved an operational EBIT of NOK 35.5 million (NOK 192.4 million), a decrease of NOK 157.0 million. The decrease in operational EBIT is due to lower harvested volume. A cost of NOK 12 million not related to harvested fish was recognised in the quarter and is treated as a non-recurring item. The cost is due to the fish disease ISA (Infectious Salmon Anemia) being detected at a site in Region North. The fish was immediately culled. The non-recurring cost has not been allocated to the segments. The result from the sales operations had a positive development from the previous quarter. A gain on open fixed-price contracts compared to the level of spot prices contributed with NOK 10.0 million (NOK 33.0 million) in the quarter. The Group recognised positive fair value adjustments of NOK 141.0 million (negative NOK 53.8 million), an increase of NOK 194.9 million.

The farming business harvested 2 478 tonnes (10 454 tonnes) gutted weight in the quarter, a decrease of 76.3 per cent from the corresponding quarter last year. Including allocated margins from sales, Farming achieved an operational EBIT per kg of NOK 22.10 (NOK 19.29). The increase is due to lower cost on harvested fish partially offset by slightly lower achieved prices. The Sales business sold 14 945 tonnes (22 296 tonnes), a decrease of 33.0 per cent.

Financial items and share of profit from associates

NRS had a negative result from associates of NOK -7.9 million (positive of NOK 20.2 million) in the third quarter. The reason for the negative result from associates is that Wilsgård Fiskeoppdrett harvested fish from a site where the fish disease ISA was detected in the second quarter. In addition, Arctic Fish did not harvest in the quarter, but has had fixed costs and start-up costs. The start of harvest in Arctic Fish will be in the fourth quarter of 2018. NRS' share of fair value adjustments of the biomass after tax amounted to NOK 4.7 million (NOK 10.8 million). Associated Norwegian farming companies harvested 2 771 tonnes, 1 765 tonnes more than in the corresponding period last year. NRS share of the above figure amounts to 1 024 tonnes, an increase of 665 tonnes.

As a result of the increase of the NRS' share price from NOK 181.80 at the start of the quarter to NOK 196.4 at the end of the quarter, a gain of NOK 25.4 million (NOK 68.6 million) on TRS agreements on own shares was posted in the quarter. Net interest expenses for the period were NOK 4.4 million (NOK 5.3 million), a decrease of NOK 0.9 million because of lower interest-bearing debt.

Balance sheet

At the end of the reporting period, total assets amounted to NOK 4 115.0 million, an increase of NOK 81.2 million from the prior quarter end. The change in total assets is attributable to several factors. Fixed assets had a net increase of NOK 25.5 million, financial assets increased with NOK 16.8 million and the Group's receivables decreased by NOK 239.3 million. Fair value adjustments of the biomass increased by NOK 142.5 million, while inventories and biomass at cost increased by NOK 297.9 million. The net increase in inventories and biological assets was NOK 440.4 million. The Group's bank deposits decreased by NOK 162.3 in the quarter.



The Group's net interest-bearing debt increased by NOK 86.7 million, from NOK 413.1 million at the end of the previous quarter to NOK 499.8 at 30 September 2018. The increase is mainly attributable to the purchase of 800 tonnes MAB for NOK 131.8 million, investments in fixed assets of NOK 48.4 million, other investments of NOK 7.5 million, increased working capital of NOK 20.4 million, net payment on Fish Pool contracts of NOK 2.8 million and payment of interest and fees of NOK 5.7 million. An operational EBITDA of NOK 58.3 million and a realised gain on TRS agreements of NOK 70.7 million had the opposite effect on the net interest-bearing debt. At the end of the quarter, the Group had an unused credit facility of NOK 1 009.0 million and bank deposits of NOK 81.4.

As of 30 September, the Group's equity totalled NOK 2 243.5 million, an increase of NOK 142.2 million from the end of the previous quarter. The increase is attributable a positive total comprehensive income of NOK 141.3 million. The equity ratio at the end of the quarter was 54.5 per cent.

Statement of cash flow

The Group's operating activities generated a positive cash flow of NOK 36.0 million during the quarter, which represents a decrease of NOK 71.2 million compared with the corresponding prior-year quarter. The positive cash flow is attributable to a positive operational EBITDA of NOK 58.3 million and a net reduction in accounts receivables and accounts payables of NOK 307.1 million. An increase in inventories and biological assets at cost of NOK 297.9 million, cash payments on Fish Pool contracts of NOK 2.8 million and a net increase in short term posts of NOK 29.6 million had the opposite effect on the cash flow.

Net cash outflows related to investing activities in the third quarter amounted to NOK 136.7 million (NOK 44.0 million), which is attributable to payment for purchase of 800 MAB of NOK 131.8 million, investments in fixed assets of NOK 48.4 million and development projects of NOK 7.5 million as well as an increase in loans given to associated companies by NOK 19.7 million. Proceeds from realisation of TRS agreements of NOK 70.7 million had a positive effect on the cash flow.

The net cash outflows from financing activities totalled NOK 61.6 million (cash inflow of NOK 8.3 million) in the third quarter. Repayment of NOK 100.0 million on the long-term credit facility and an increase in leasing liabilities of NOK 17.6 million resulted in a total decrease of NOK 82.4 million in long term debt. Finance costs paid and instalments amounted to NOK 5.7 million and NOK 14.2 million respectively. The overdraft facility increased by NOK 40.7 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, and 4 680 tonnes MAB in Region South, located in the area around Haugesund.

The segments posted sales revenues of NOK 877.0 million in the second quarter (NOK 1 358.1 million), a decrease of 35.4 per cent from the corresponding period last year. The spot price (NASDAQ) for superior quality during the quarter was NOK 54.84 per kg gutted weight, a decrease of 20 per cent from the second quarter of 2018 and a decrease of 2 per cent compared with the third quarter of 2017. The sales operations experienced a decrease in sales volumes of 33.0 per cent compared with the corresponding prior-year period. 14 945 tonnes (22 296 tonnes) were sold in the third quarter. The Sales business achieved an operational EBIT before open fixed-price contracts of NOK 6.8 million (NOK 4.0 million), which equates to NOK 0.45 (NOK 0.18) per kg sold volume in the period. Gain on open fixed-price contracts compared to the level of spot prices was NOK 10.0 million (NOK 33.0 million) in the quarter.

The Farming operations harvested 2 478 tonnes (10 454 tonnes) gutted weight in the third quarter, a decrease of 76.3 per cent from the corresponding period last year. The estimated harvest volume for 2018 is 36 000 tonnes gutted weight and 40 000 tonnes gutted weight for 2019. 10.8 million smolts are planned released in 2018.

REGION NORTH

Operational EBIT came in at NOK 53.0 million (NOK 155.3 million), a decrease of NOK 102.3 million compared with the same quarter last year. Operational EBIT (ex. contracts) per kg amounted to NOK 18.23 (NOK 15.70). Gain on fixed-price contracts of NOK 4.05 per kg (NOK 3.16) contributed to an operational EBIT per kg of NOK 22.27 (NOK 18.85).

2 379 tonnes (8 238 tonnes) were harvested in the region in the third quarter, a decrease of 71.1 per cent. The achieved price for the Farming operations was NOK 2.69 lower per kg than in the corresponding period last year. The size of the harvested fish contributed negatively to the price achievement.

Total production costs per kg for harvested fish was NOK 34.69, which is NOK 5.15 lower than in the second quarter of 2018 and NOK 2.88 lower than in the corresponding period last year. The reason for the decreased production cost is that fish were harvested from 2017-generation, which has had better production than the 2016-generation.

The estimated harvest volume for 2018 is 30 600 tonnes gutted weight and 33 000 tonnes for 2019. 9.2 million smolts are planned released in 2018.

KEY FIGURES (NOK '000)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operating revenues	841 732	1 069 983	2 939 119	2 673 838	3 678 491
Operational EBITDA	72 487	172 813	451 089	460 815	576 860
Operational EBIT	52 981	155 299	394 863	413 183	529 227
Investment in tangible assets/licenses	44 090	56 386	323 526	165 969	177 800
Volume harvested (tonnes HOG)	2 379	8 238	18 341	17 371	24 697
Operational EBIT per kg (ex contracts)	18,23	15,70	21,44	22,16	18,58
Gain (+)/Loss (-) on open fixed price contracts	4,05	3,16	0,09	1,63	2,85
Operational EBIT per kg	22,27	18,85	21,53	23,79	21,43



REGION SOUTH

Operational EBIT came in at NOK 1.8 million (NOK 46.3 million), a decrease of NOK 44.5 million. Operational EBIT (ex. contracts) per kg amounted to NOK 14.00 (NOK 17.76). Gain on fixed-price contracts of NOK 4.05 per kg (NOK 3.16) contributed to an operational EBIT per kg of NOK 18.05 (NOK 20.91).

100 tonnes (2 216 tonnes) were harvested in the region in the third quarter, a decrease of 95.5 per cent from the corresponding prior-year period. The Farming operations achieved a price which was NOK 4.19 per kg lower than in the corresponding prior-year period. The timing of the harvest in the quarter contributed negatively to the price achievement.

The production costs for harvested fish was NOK 39.91, which is NOK 1.12 per kg higher than in the second quarter and NOK 1.90 higher than in the corresponding period last year. The high production costs are due to the low harvesting volumes.

The estimated harvest volume for 2018 is 5 400 tonnes gutted weight and 7 000 tonnes for 2019. 1.6 million smolts are planned released in 2018.

KEY FIGURES (NOK '000)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operating revenues	35 248	288 129	536 931	907 305	1 143 760
Operational EBITDA	5 045	49 544	88 759	160 789	185 156
Operational EBIT	1 798	46 345	79 266	151 674	176 041
Investment in tangible assets	4 096	16 147	9 251	21 192	22 732
Volume harvested (tonnes HOG)	100	2 216	3 845	5 495	7 221
Operational EBIT per kg (ex contracts)	14,00	17,76	21,16	26,20	21,94
Gain (+)/Loss (-) on open fixed price contracts	4,05	3,16	-0,54	1,40	2,44
Operational EBIT per kg	18,05	20,91	20,62	27,60	24,38

SHARES

As of 30 September 2018, Norway Royal Salmon ASA have 43 572 191 shares, allocated among 2 035 shareholders, an increase of 20 from the end of the previous quarter. At the end of the quarter, the group had 57 954 treasury shares. The share price increased from NOK 181.80 at the end of June 2018 to NOK 196.40 at the end of September 2018. 5 685 609 shares were traded during the quarter.

EVENTS IN OR SUBSEQUENT TO THE 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 57 954 treasury shares and has through the TRS-agreement a contractual right to 1 485 756 shares, which in total equates 3.54 per cent of the company's share capital.



Sickness absence

The sickness absence rate was stable and was 1.8 per cent.

Another site ASC-certified

In September, another site at NRS Finnmark received ASC (Aquaculture Stewardship Council) certification. NRS are pleased to have another site approved by the strictest international environmental standards in the industry. Twelve NRS sites are now ASC-certified. ASC is a global standard ensuring responsible and sustainable farming.

MARKET CONDITIONS

The total value of salmon exported from Norway in the third quarter was NOK 16.9 billion, an increase of 4.3 per cent from the third quarter of 2017. Exported volume from Norway was 6.0 per cent higher than in the third quarter of 2017, which means that value increase is due to higher volumes. The spot price (NASDAQ) in the third quarter of 2018 was NOK 54.84 per kg superior quality salmon (delivered Oslo). This is a decrease of 2.3 per cent from the third quarter of 2017. In EUR, the prices of Norwegian salmon fell by 4.7 per cent to EUR 5.73 per kg. The export price of NOK 59.54 was higher than the spot price and on 1.6 per cent lower than in the same period last year.

The fall in prices in the spot market is largely driven by increased global supply. Harvested volumes from Norway increased by 4 per cent compared with the same quarter last year. From Chile the harvesting volumes increased by 13 per cent. A reduction in volume from other producing countries resulted in an increase in global harvesting volumes of 3 per cent. For Q4 2018 Kontali Analyse expects a harvesting volume, which is on the same level as Q4 2017.

Harvest volume (tonnes wfe)	Q3/18	yr/yr	Q4/18 E	yr/yr
Norway	324 700	4 %	358 200	0 %
Chile	159 000	13 %	159 900	-1 %
Uk	37 600	-19 %	44 200	-2 %
Canada	37 300	-2 %	39 600	5 %
Faroe Islands	15 300	-13 %	19 900	-3 %
Australia	14 800	-5 %	18 300	-4 %
USA	5 100	-6 %	5 400	-5 %
Iceland	2 800	22 %	3 700	48 %
Others	7 000	-5 %	8 700	24 %
	603 600	3 %	657 900	0 %

Source: Kontali Analyse

Sold volumes increased by 5 per cent in the quarter compared with the same period last year. This is higher than the increase in global harvest volume and indicate slightly lower frozen inventory. Russia and USA are the most growing markets.

Sold volumes (tonnes wfe)	Q3/18	yr/yr	Q4/18 E	yr/yr
EU	276 000	1 %	303 200	2 %
USA	117 800	11 %	120 300	5 %
Eastern Europe ex. Russia	9 600	-6 %	23 000	5 %
Russia	25 800	30 %	28 900	10 %
Asia ex. Japan	59 400	-3 %	66 500	-1 %
Japan	14 700	0 %	17 900	1 %
Others	102 900	10 %	102 600	5 %
	606 200	5 %	662 400	3 %

Source: Kontali Analyse



INTERIM REPORT

Q3 2018

Demand for salmon in the EU has been good in the quarter with 1 per cent higher global import volumes, 86 per cent of the volume comes from Norway. Norwegian export to the EU increased by 7 per cent in volume, while the export value increased by 4 per cent. With lower salmon prices in the third quarter, have many of the major markets increased the volume of imports from Norway with more than the increase in global supply. Poland, UK and Netherland had a substantial increase. Denmark was the only market where import volume decreased. Although the growth in import volumes is lower than the global growth, the development in the EU still signals continued good underlying demand development.

Q3/2018	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to EU:				
Poland	46 809	16 %	2 313	14 %
France	32 843	5 %	1 728	4 %
Denmark	29 165	-1 %	1 439	-3 %
UK	18 351	21 %	955	15 %
Spain	18 912	3 %	997	0 %
Holland	17 706	10 %	938	7 %
Others in EU	75 627	4 %	3 985	1 %
Total Norway to EU	239 413	7 %	12 353	4 %
Others to EU	36 587	-25 %		
EU total	276 000	1 %		

Source: Norsk sjømatråd

Demand for salmon in Asia has developed well for a long time, but stagnated in the third quarter of 2018. Import volumes decreased by 2 per cent in total but was unchanged from Norway. Norway had a market share of 61 per cent in the third quarter. Chile had a substantial reduction in this region in the quarter. The variation in the development of export volumes between the different markets in this region has been large in the quarter. Sales to China increases steadily and the long-term potential in this region is very good.

Q3/2018	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to Asia				
South East Asia	11 534	-31 %	657	-34 %
Japan	9 928	-1 %	572	-2 %
Middle East	8 442	1 %	467	-3 %
China (incl. Hong Kong)	7 813	93 %	470	98 %
South-Korea	7 293	31 %	464	27 %
Others in Asia	197	-44 %	12	-42 %
Total Norway to Asia	45 207	0 %	2 642	-2 %
Others to Asia	28 893	-6 %		
Asia Total	74 100	-2 %		

Source: Norsk sjømatråd

Export of salmon to Eastern Europe shows a strong global growth of 18 per cent in the third quarter of 2018. However, from Norway the volume increased by only 1 per cent. A lower price level is probably the cause of the strong growth in these countries. The volumes to the region are, however, clearly lower than when Norway exported to Russia. Volumes to Russia from other producer nations showed an increase in the third quarter. Norway had a market share of 25 per cent in Eastern Europe.

Q3/2018	Tonnes (wfe)	yr/yr	MNOK	år/år
Norway to Eastern Europe				
Ukraine	3 673	22 %	167	18 %
Turkey	1 119	-26 %	55	-28 %
Belarus	1 911	-27 %	94	-23 %
Kazakhstan	1 416	25 %	79	27 %
Others in Eastern Europe	973	30 %	60	22 %
Norway to Eastern Europe	9 092	1 %	455	1 %
Other to Eastern Europe	26 308	25 %		
Eastern Europe Total	35 400	18 %		

Source: Norsk sjømatråd

Demand for salmon in North America continues the positive trend. In total, import to North America has increased by 11 per cent, while volume from Norway increased by 10 per cent.

Q3/2018	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to North America				
USA	16 062	11 %	1 106	22 %
Canada	696	-5 %	52	-4 %
Total Norway to North America	16 758	10 %	1 158	21 %
Others to North America	101 042	11 %		
North America Total	117 800	11 %		

Source: Norsk sjømatråd

The margins of the NRS' Sales operations was better than in previous quarters this year, but lower volumes contributed negatively to the profitability in the quarter. The sales volume was 33 per cent lower than in the same quarter last year. Because of lower than planned harvest volumes from the NRS' Farming operations, all harvested fish were sold at fixed prices in the third quarter. The fixed price contracts resulted in a gain of NOK 10.0 million compared to the level of spot prices. The sales volumes to all regions, apart from North America, fell in the quarter. The export volumes to Western Europe decreased with 33 per cent in the quarter, the volumes sold in Norway decreased by 50 per cent, volumes to Asia decreased with 17 per



cent and to Eastern Europe with 24 per cent. In the third quarter, Western Europe accounted for 78 per cent of the export volumes, Asia for 15 per cent and Eastern Europe for 7 per cent. Domestic volume amounts to 12 per cent of the total sold volume.

OUTLOOK

Harvested volume for the quarter was 2 478 tonnes, which was 922 tonnes lower than estimated in the last quarterly report. Estimated harvest volume for 2018 is 36 000 tonnes. This is an increase of 13 per cent from 2017. Estimated harvest volume for 2019 is 40 000 tonnes. This is an increase of 11 per cent from 2018. The farming operations hedged the price of all the harvested volume in the third quarter. For the fourth quarter of 2018, 2 968 tonnes are hedged at a Nasdaq equivalent price of around NOK 60.00 per kg.

In the third quarter, the global harvest volumes of salmon were 3 per cent higher than the year before. Harvest volumes from Norway were 4 per cent higher than last year, while the increase from Chile was 13 per cent. Sold volume to the markets increased by 5 per cent in the quarter. Good underlying demand after salmon meant that the price of salmon did not fall by more than 2 per cent in the quarter compared with the corresponding period last year.

In the fourth quarter of 2018 Kontali Analyse expects global harvest volumes to be on the same level as the fourth quarter of 2017. This will result in a growth in global harvest volume for 2018 of 4 per cent, which is a moderate growth in a historical context. For 2019 Kontali Analyse expects a growth of 5 per cent from Norway and the growth from Chile is expected to slow down to 3 per cent. Together with good demand for salmon, this provide the basis for a continued positive market outlook for the industry.

Trondheim, 5 November 2018

Helge Gåsø
Chair

Kristine Landmark
Vice Chair

Marianne E. Johnsen

John Hindar

Lars Måsøval

Trude Olafsen

Charles Høstlund
CEO



INTERIM REPORT

Q3 2018

INTERIM REPORT

INCOME STATEMENT

(NOK '000)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operating revenues	879 038	1 360 291	3 480 354	3 694 542	4 937 798
Cost of goods sold	741 953	1 064 688	2 749 765	2 866 856	3 889 102
Salaries	33 167	32 521	114 567	100 197	138 596
Depreciation	22 806	20 713	65 869	57 595	82 063
Other operating costs	45 653	49 944	140 863	136 670	200 178
Operational EBIT	35 459	192 425	409 290	533 225	627 861
Fair value adjustments	141 027	-53 846	297 375	22 427	-194 799
Income from associates	-7 931	20 241	-18 894	51 212	52 657
EBIT	168 556	158 820	687 772	606 864	485 719
Gain/loss on financial assets	25 352	68 565	109 338	-82 847	-142 185
Other net financial items	-5 659	-5 593	-16 957	-15 421	-20 937
EBT	188 249	221 792	780 153	508 596	322 597
Tax	-35 793	-31 920	-159 307	-137 762	-86 180
Net profit/loss	152 456	189 872	620 845	370 834	236 416
Profit attributable to:					
Parent company shareholders	152 735	189 672	618 163	363 953	228 538
Minority interests	-278	200	2 682	6 881	7 878
Earnings per share (NOK)	3,51	4,38	14,21	8,41	5,27
Earnings per share - diluted	3,51	4,38	14,21	8,41	5,27
EXTENDED INCOME STATEMENT					
(NOK '000)	Q3 2018	Q3 2017	YTD 2018	YTD 2 017	FY 2017
Net profit/loss	152 456	189 872	620 845	370 834	236 416
Items to be reclassified to profit or loss:					
Translation differences and OCI posts from associated companies	-12 458	-25 621	-20 770	-7 864	8 194
Cash Flow hedges (net)	1 346	11 413	12 638	1 939	-7 334
Items not to be reclassified to profit or loss:					
Actuarial gains on defined benefit plans (net)	0	0	0	0	-4 623
Total comprehensive income	141 344	175 664	612 714	364 908	232 654
Total comprehensive income attributable to:					
Parent company shareholders	141 622	175 464	610 031	358 027	224 776
Non-controlling interests	-278	200	2 682	6 881	7 878



BALANCE SHEET

(NOK '000)	30.09.2018	30.06.2018	31.12.2017	30.09.2017
Intangible assets	846 807	846 807	648 887	648 887
Property, plant and equipment	613 553	588 030	544 006	557 131
Non-current financial assets	661 504	644 716	613 517	583 440
Non-current assets	2 121 864	2 079 553	1 806 410	1 789 459
Inventory and biological assets	1 561 089	1 120 709	1 277 004	1 453 522
Receivables	350 683	589 932	619 970	686 155
Bank deposits, cash	81 411	243 661	151 779	242 417
Current assets	1 993 184	1 954 302	2 048 753	2 382 094
TOTAL ASSETS	4 115 049	4 033 856	3 855 163	4 171 552
Share capital	43 514	43 514	43 489	43 489
Other equity	2 159 536	2 017 055	1 769 778	1 897 990
Non-controlling interests	40 445	40 723	37 762	36 765
Equity	2 243 495	2 101 291	1 851 030	1 978 244
Pensions	16 728	16 728	16 728	11 383
Deferred tax	529 294	493 099	364 557	533 807
Provisions	546 022	509 827	381 285	545 190
Long-term interest-bearing debt	562 547	658 307	461 241	725 401
Short-term interest-bearing debt	93 965	54 073	342 617	56 264
Trade payables	538 227	577 047	549 526	676 875
Tax payable	36 178	36 178	113 485	78 350
Other current liabilities	94 617	97 133	155 980	111 229
Current liabilities	762 986	764 431	1 161 607	922 718
TOTAL EQUITY AND LIABILITIES	4 115 049	4 033 856	3 855 163	4 171 552



INTERIM REPORT

Q3 2018

STATEMENT OF EQUITY

30.09.2018	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
(NOK '000)	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	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

30.09.2017	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
(NOK '000)	Share capital	Treasury shares	Retained earnings	Total		
Equity at 01.01.2017	43 572	-98	1 970 509	2 013 984	33 035	2 047 017
Comprehensive income	0	0	358 027	358 027	6 881	364 908
Transactions with shareholders						
Dividend	0	0	-411 624	-411 624	0	-411 624
Share based payment	0	0	-14 990	-14 990	0	-14 990
Net purchase and sale of treasury shares	0	16	-2 195	-2 179	0	-2 179
Equity changes associated companies	0	0	-4 885	-4 885	0	-4 885
Total transactions with shareholders	0	16	-433 695	-433 679	0	-433 679
Equity at 30.09.2017	43 572	-83	1 894 842	1 938 333	39 915	1 978 244

31.12.2017	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
(NOK '000)	Share capital	Treasury shares	Retained earnings	Total		
Equity at 01.01.2017	43 572	-98	1 970 509	2 013 984	33 035	2 047 017
Total comprehensive income	0	0	224 776	224 776	7 878	232 654
Transactions with shareholders						
Dividend	0	0	-407 968	-407 968	-3 150	-411 118
Share based payment	0	0	-14 609	-14 609	0	-14 609
Net purchase and sale of treasury shares	0	16	-2 702	-2 686	0	-2 686
Equity changes associated companies	0	0	-226	-226	0	-226
Total transactions with shareholders	0	16	-425 505	-425 489	-3 150	-428 639
Equity at 31.12.2017	43 572	-82	1 769 780	1 813 271	37 762	1 851 030



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STATEMENT OF CASH FLOW

(NOK '000)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operational EBIT	35 459	192 425	409 290	533 225	627 861
Adjusted for:					
Tax paid	0	0	-75 555	-358	-79 351
Depreciation and write-downs	22 806	20 713	65 869	57 595	82 063
Share based payment	858	0	-947	-15 376	-15 376
Pension costs with no cash effect	0	0	0	0	-659
Change in inventory / biomass	-297 864	-57 643	-1 785	-124 733	-134 503
Change in debtors and creditors	307 135	-25 097	297 449	-83 078	-164 857
Change in other current assets and other liabilities	-32 375	-23 168	-17 242	-107 739	-144 673
Net cash flow from operating activities	36 019	107 230	677 078	259 535	170 504
Cash flow from investing activities					
Payments for purchase of PPE and licenses	-180 167	-72 331	-333 494	-196 482	-211 470
Payments other investments	-7 456	0	-23 940	0	-2 530
Payments(-)/proceeds(+) from realisation of non-current financial assets (TRS)	70 666	15 910	47 282	105 099	105 099
Proceeds from investments in financial assets	0	11 411	4 527	13 421	13 448
Change in loans to associates and others	-19 720	1 000	-56 740	-10 500	-11 600
Net cash flow from investing activities	-136 677	-44 010	-362 366	-88 462	-107 053
Cash flow from financing activities					
Receipts from new long-term debt	17 649	198 226	241 189	470 576	470 992
Long-term debt repayments	-114 243	-14 560	-142 642	-40 328	-305 170
Net change in overdraft	40 725	-166 941	-245 894	0	286 619
Payment for acquisition of treasury shares	0	0	3 887	-2 686	-2 686
Interest paid	-5 725	-5 316	-16 938	-14 358	-19 568
Dividend payment	2	-3 142	-224 684	-411 117	-411 117
Net cash flow from financing activities	-61 592	8 266	-385 082	2 087	19 070
Net increase (+)/ decrease (-) in cash & cash equivalents	-162 250	71 486	-70 369	173 160	82 522
Cash and cash equivalents - opening balance	243 662	170 931	151 780	69 257	69 257
Cash and cash equivalents - closing balance	81 411	242 417	81 411	242 417	151 779

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 2017 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 2017 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 2017.



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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/other		Total		
	Q3 2018	Q3 2017	Region North		Region South		Q3 2018	Q3 2017	Q3 2018	Q3 2017	
			Q3 2018	Q3 2017	Q3 2018	Q3 2017					
Total sales revenues	876 981	1 357 855	119 385	435 626	5 099	122 756	2 057	2 178	1 003 522	1 918 415	
Internal sales revenues	0	0	119 385	435 628	5 099	122 497	0	0	124 484	558 125	
External sales revenues	876 981	1 357 855	0	-2	0	259	2 057	2 178	879 038	1 360 290	
Operational EBIT	16 786	37 011	36 870	126 134	1 123	38 499	-19 320	-9 219	35 459	192 425	
Fair value adjustments	-1 490	-3 845	123 346	-65 837	19 171	15 836	0	0	141 027	-53 846	
Income from associates	0	0	0	0	0	0	-7 931	20 241	-7 931	20 241	
EBIT	15 296	33 167	160 216	60 297	20 294	54 335	-27 251	11 022	168 556	158 820	
EBT	14 800	28 931	157 862	58 046	20 465	54 233	-4 879	80 583	188 249	221 792	
Volume harvested (HOG)			2 379	8 238	100	2 216			2 478	10 454	
Operational EBIT per kg			15,50	15,31	11,28	17,37			15,33	15,75	
Volume sold	14 945	22 296							14 945	22 296	
Operational EBIT per kg	1,12	1,66							1,12	1,66	
- of w hich loss on open fixed-price contracts per kg.	0,67	1,48							0,67	1,48	
(NOK '000)	Sales		Farming				Eliminations/other		Total		
YTD 2018	YTD 2017	Region North		Region South		YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017
		YTD 2018	YTD 2017	YTD 2018	YTD 2017						
Total sales revenues	3 476 049	3 689 650	1 079 907	1 016 789	228 452	335 507	4 305	4 622	4 788 713	5 046 568	
Internal sales revenues	0	0	1 079 907	1 016 790	228 452	335 236	0	0	1 308 359	1 352 026	
External sales revenues	3 476 049	3 689 650	0	-1	0	270	4 305	4 622	3 480 354	3 694 542	
Operational EBIT	9 524	65 194	384 582	363 147	80 024	136 515	-64 840	-31 632	409 290	533 225	
Fair value adjustments	15 074	673	248 747	19 904	33 554	1 850	0	0	297 375	22 427	
Income from associates	0	0	0	0	0	0	-18 894	51 212	-18 894	51 212	
EBIT	24 598	65 867	633 329	383 051	113 578	138 365	-83 733	19 580	687 772	606 864	
EBT	24 598	60 255	626 391	376 526	113 629	137 713	15 534	-65 897	780 153	508 596	
Volume harvested (HOG)			18 341	17 371	3 845	5 495			22 186	22 866	
Operational EBIT per kg			20,97	20,91	20,81	24,84			20,94	21,85	
Volume sold	54 635	55 328							54 635	55 328	
Operational EBIT per kg	0,17	1,18							0,17	1,18	
- of w hich loss (-)/gain (+) on open fixed-price contracts per kg.	-0,01	0,65							-0,01	0,65	

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)	30.09.2018	30.06.2018	30.09.2017	31.12.2017
Raw materials	41 411	21 292	38 506	37 906
Biological assets	1 458 511	1 040 206	1 317 585	1 177 678
Finished goods	61 168	59 211	97 431	61 420
Total inventory	1 561 089	1 120 709	1 453 522	1 277 004

Specification of the biological assets:

(NOK '000)	30.09.2018	30.06.2018	30.09.2017	31.12.2017
Biological assets at cost	949 232	673 444	904 320	950 700
Fair value adjustments of the biomass	509 279	366 762	413 265	226 978
Book value biological assets	1 458 511	1 040 206	1 317 585	1 177 678

Specification of biological assets - tonnes

	Q3 2018	Q2 2018	Q3 2017	FY 2017
Opening balance biological assets	16 766	21 942	22 205	23 060
Increase due fish put in the sea	352	425	420	1 413
Increase due to production in the period	15 428	6 150	15 522	46 278
Reduction due to mortality in the period	-520	-541	-498	-3 424
Reduction due to harvesting in the period	-2 950	-10 443	-12 447	-38 015
Non-recurring items	-382	-766	0	-242
Closing balance biological assets	28 693	16 766	25 202	29 071

Specification of changes in book value of biological assets:

(NOK '000)	Q3 2018	Q2 2018	Q3 2017	FY 2017
Opening balance biological assets	1 040 206	1 069 942	1 337 311	1 205 399
Increase due to production in the period	363 095	224 692	386 138	1 230 516
Non-recurring event at cost	-12 000	-22 000	0	-19 879
Reduction due to harvesting in the period	-77 807	-312 233	-355 863	-1 073 825
Fair value adjustments of the biological assets	159 377	94 752	-50 001	-163 237
Fair value adj. of the biological assets due to non-recurring event	-14 359	-14 947	0	-1 296
Closing balance biological assets	1 458 511	1 040 206	1 317 585	1 177 678



NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass cont.

Groups of biological assets, status as of 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 30.06.2018	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	5 425	2 266	198 271	116 652	314 923
1-4 kg	6 683	14 168	466 408	246 019	712 427
Larger than 4 kg	58	332	11 265	1 589	12 854
Biological assets	12 167	16 766	675 944	364 261	1 040 206

Groups of biological assets, status pr 30.09.2017	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	7 891	3 859	219 864	136 946	356 810
1-4 kg	6 740	18 293	605 972	234 681	840 653
Larger than 4 kg	641	3 050	78 484	41 637	120 122
Biological assets	15 273	25 202	904 320	413 265	1 317 585

Groups of biological assets, status as of 31.12.2017	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	6 220	3 799	203 819	70 529	274 348
1-4 kg	5 132	9 960	332 324	61 610	393 934
Larger than 4 kg	3 162	15 313	414 557	94 839	509 396
Biological assets	14 514	29 071	950 700	226 978	1 177 678

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

30.09.2018	NOK/kg	30.06.2018	NOK/kg	30.09.2017	NOK/kg	31.12.2017	NOK/kg
Q4 18	62,43	Q3 18	58,87	Q4 17	60,52	Q1 18	53,85
Q1 19	65,67	Q4 18	61,33	Q1 18	63,70	Q2 18	53,05
Q2 19	66,43	Q1 19	63,50	Q2 18	62,98	Q3 18	53,05
Q3 19	60,60	Q2 19	63,70	Q3 18	57,48	Q4 18	55,00
Q4 19	62,50	Q3 + Q4 19	59,70	Q4 18	58,82	Q1 + Q2 19	57,80

NOTE 4: Non-recurring events

Non-recurring event ¹⁾	Cost	Q3 2018 Fair value adjustments	Fair value	Cost	Q3 2017 Fair value adjustments	Fair value
The fish disease Infections Salmon Anemia (ISA)	12 000	14 359	26 359	0	0	0
Biological assets	12 000	14 359	26 359	0	0	0

1) Non-recurring event not allocated to the segments.

Non-recurring event ¹⁾	Cost	YTD 2018 Fair value adjustments	Fair value	Cost	YTD 2017 Fair value adjustments	Fair value
The fish disease Infections Salmon Anemia (ISA)	32 000	28 476	60 476	0	0	0
Destruction of desmoltified fish NRS Finmark AS	0	0	0	10 000	682	10 682
Extraordinary mortality when delousing	2 000	830	2 830	0	0	0
Biological assets	34 000	29 306	63 306	10 000	682	10 682

1) Non-recurring event not allocated to the segments.

Non-recurring event ¹⁾	Cost	FY 2017 Fair value adjustments	Fair value
The fish disease Infections Salmon Anemia (ISA)	55 000	614	55 614
Destruction of desmoltified fish	10 000	682	10 682
Biological assets	65 000	1 296	66 296

1) Non-recurring event not allocated to the segments.



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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 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Change in fair value adjustments of the biomass	142 517	-50 001	282 301	21 754	-164 533
Change in provision for onerous sales contracts	1 323	11 798	-14 151	75 596	89 994
Change in unrealised gains/losses on financial Fish Pool contracts	-2 813	-15 643	29 225	-74 923	-120 259
Total fair value adjustments	141 027	-53 846	297 375	22 427	-194 799

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

(NOK '000)	30.09.2018	30.06.2018	30.09.2017	31.12.2017
Fair value adjustments biomass (inventory and biological assets)	509 279	366 762	413 265	226 978
Provision for onerous sales contracts (other current liabilities)	-14 151	-15 475	-14 398	0
Fair value of financial Fish Pool contracts (other receivables/other current liabilities)	3 513	6 327	19 624	-25 712
Net fair value adjustments in the balance sheet	498 641	357 614	418 491	201 266

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. 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 from Gåsø Næringsutvikling AS and Frøy Akvaservice AS are purchased at market terms.

Goods and services purchased:

(NOK '000)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Associates - products purchased	80 779	70 734	247 189	325 986	445 975
Associates - services purchased	8 749	13 161	41 645	42 654	58 985
Companies controlled by large shareholder - products purchased	258 084	118 304	430 555	278 103	461 970
Companies controlled by large shareholder - services purchased	3 991	5 306	13 737	11 353	12 451
Total goods and services purchased from related parties	351 603	207 505	733 126	658 096	979 381

Share-based incentive schemes

A bonus program based on synthetic options was introduced for the Group's management in 2014. The bonus program gives entitlement to a cash bonus based on the NRS average share price over a period prior to respectively 29 March 2014 and 24 June 2014. Bonuses are calculated 12, 24, 36, 45 and 57 months after these dates, and the bonus program includes an obligation to invest the net bonus after tax in Norway Royal Salmon ASA (NRS) shares at the market price on the relevant date. Shares purchased in accordance with the bonus program will be subject to a 12-month lock-up period. All bonus payments are conditional on full-time employment in the company. The bonus is calculated based on the increase in value of the share in NRS from 29 March 2014 and 24 June 2014, and in relation to price increases during the period on the number of shares covered by the program. The scheme covers 50 000 shares allocated to the CEO. In the quarter a cost relating to the option scheme was recognised in the income statement in the amount of KNOK 320.

A bonus program based on options was introduced for senior executives and key personnel in the Group on 1 April 2017. The scheme has been approved by the Board. The scheme comprises 24 employees and is divided into 4 different levels. The scheme was continued in Q1 2018. The continued scheme comprises 25 employees. The option scheme has a 24 months' vesting period. The bonus program is a share-based scheme that entitles shareholders 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 2018 for the scheme introduced in 2017 and 20 March 2019 for the scheme introduced in 2018. 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. In the quarter, a cost of KNOK 858 related to the new option scheme was recognised in the accounts.

	Program introduced in 2014	Program introduced in 2017	Program introduced in 2018	All programs
Change in number of options				
At 30 June 2018	50 000	371 073	412 626	833 699
Terminated	0	0	0	0
Exercised in the quarter	0	0	0	0
Number of options at 30 September 2018	50 000	371 073	412 626	833 699
Exercise price	31,78	149,26	150,51	
Number of employees in the program at the end of the quarter	1	24	25	50



NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: Investments in associates

(NOK '000)	Shareholding	Book value 01.01.2018	Share of profit/loss in the period after tax	Other changes	Book value 30.09.2018	Share of volume harvested - tonnes HOG 30.09.2018*
Arctic Fish ehf.	50,00 %	287 271	-13 789	-20 770	252 711	0
Wilsgård Fiskeoppdrett AS	37,50 %	152 875	-21 330	0	131 545	1 621
Måsøval Fishfarm AS	36,10 %	18 932	15 506	360	34 798	815
Hellesund Fiskeoppdrett AS	33,50 %	79 630	6 499	-3 390	82 739	197
Hårdanger Fiskeforedling AS	31,10 %	10 369	191	0	10 560	
Espevær Laks AS	33,33 %	2 745	-762	0	1 983	
Ranfjord Fiskeprodukter AS	37,75 %	22 935	-4 797	0	18 138	
Skardalen Settefisk AS	30,00 %	5 707	-412	0	5 295	
Other		48	0	0	48	
Total associates 30.09.2018		580 510	-18 895	-23 800	537 816	2 633
Total associates 31.12.2017		531 507	52 657	-3 651	580 510	4 019

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

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 2018:

	Shareholding	Number of shares	Fair value	NRS' share of fair value
Måsøval Fishfarm AS	36,10 %	257 295	50 533	18 242
Hellesund Fiskeoppdrett AS	33,50 %	1 651 015	324 259	108 627
Total		1 908 310	374 792	126 869

Note 8 Treasury shares and TRS agreements

As at 30 September the company holds 57 954 treasury shares, corresponding to 0.13 % of the share capital of the company. Norway Royal Salmon ASA's total underlying exposures through TRS agreements is at 30 September 1 485 756 shares, representing 3.41 % 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. Norway Royal Salmon has realised previously entered into agreements in the period. A realised gain of KNOK 70 666 and an unrealised loss of KNOK 45 314 was recognised in the period. Thus a net gain of KNOK 25 352 was recognised as a financial item in the income statement in the period.

(NOK '000)	No. of shares	Exercise Price	Maturity	Market value 30.06.2018	Market value 30.09.2018	Change in market value Q3 2018
TRS entered into 15 March 2018	1 475 377	154,39	13.09.2018	41 318	0	-41 318
Allocated dividend shares on TRS shares	10 379	0,00	13.09.2018	1 893	0	-1 893
TRS entered into 13 September 2018	1 485 756	199,42	18.03.2019	0	-2 103	-2 103
Sum				43 211	-2 103	-45 314

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 the third quarter 2018 the Group is in compliance with the terms of its loan agreements.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: 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)	30.09.2018	30.06.2018	31.12.2017	30.09.2017
Reported long-term interest-bearing debt	562 547	658 307	461 241	725 401
Reported short-term interest-bearing debt	93 965	54 073	342 617	56 264
Interest-bearing long-term receivables	-75 340	-55 620	-18 600	0
Reported bank deposits, cash	-81 411	-243 661	-151 779	-242 417
Net interest bearing debt	499 760	413 099	633 479	539 247

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)	30.09.2018	30.06.2018	31.12.2017	30.09.2017
Reported equity	2 243 495	2 101 291	1 851 030	1 978 244
Reported total assets	4 115 049	4 033 856	3 855 163	4 171 552
Equity ratio	54,5 %	52,1 %	48,0 %	47,4 %

Operational EBIT per kg (Group)

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 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operational EBIT	35 459	192 425	409 290	533 225	627 861
Unallocated expenses	7 313	9 220	30 606	21 594	31 064
Non-recurring events (note 4)	12 000	0	34 000	10 000	46 547
Operational EBIT	54 773	201 645	473 896	564 818	705 472
Harvested volume	2 478	10 454	22 186	22 866	31 918
Operation EBIT per kg	22,10	19,29	21,37	24,70	22,10

Operational EBIT per kg (Group)

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 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operational EBIT (segment, note 2)	36 870	126 134	384 582	363 147	433 082
Share of operational EBIT Sales allocated to region North excl. Contracts	6 484	3 172	8 577	21 734	25 775
Operational EBIT excl. Contracts	43 354	129 305	393 158	384 881	458 857
Loss(-) / Gain(+) on open fixed-price contracts	9 628	25 993	1 705	28 301	70 370
Operational EBIT	52 981	155 299	394 863	413 183	529 227
Harvested volume	2 379	8 238	18 341	17 371	24 697
Operational EBIT per kg excl. Contracts	18,23	15,70	21,44	22,16	18,58
Operational EBIT per kg	22,27	18,85	21,53	23,79	21,43



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NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: Alternative performance measures (cont)

Operational EBIT per kg Region South

(NOK '000)

	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Operational EBIT (segment, note 2)	1 123	38 499	80 024	136 515	150 017
Share of operational EBIT Sales allocated to region South excl. Contracts	271	854	1 329	7 475	8 424
Operational EBIT excl. Contracts	1 395	39 353	81 352	143 990	158 441
Loss(-) / Gain(+) on open fixed-price contracts	403	6 993	-2 086	7 684	17 600
Operational EBIT	1 798	46 345	79 266	151 675	176 041
Harvested volume	100	2 216	3 845	5 495	7 221
Operational EBIT per kg excl. Contracts	14,00	17,76	21,16	26,20	21,94
Operational EBIT per kg	18,05	20,91	20,62	27,60	24,38

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 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Majority share of net result for the period	152 735	189 672	618 163	363 953	228 538
Majority share of fair value adjustments of biomass after tax	-108 885	38 220	-217 435	-16 178	126 457
Fair value of sales contracts and Fish Pool contracts (in its entirety, the majority share)	1 133	2 922	-11 456	-511	23 002
Majority share of value-adjusted result for the period	44 982	230 814	389 271	347 263	377 996
Weighted average number of ordinary shares outstanding	43 493 529	43 296 128	43 493 529	43 296 128	43 344 931
Value-adjusted earnings per share	1,03	5,33	8,95	8,02	8,72



NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: Shareholders

Ownership structure – the 20 largest shareholders as at 30.09.2018:

Shareholder	No. of shares	Shareholding
GÅSØ NÆRINGSUTVIKLING AS	6 829 605	15,67 %
MÅSØVAL EIENDOM AS	5 208 581	11,95 %
NORWAY FRESH AS	5 000 000	11,48 %
EGIL KRISTOFFERSEN OG SØNNER AS	4 267 850	9,79 %
HAVBRUKSINVEST AS	4 151 915	9,53 %
NYHAMN AS	1 941 799	4,46 %
DNB NOR BANK ASA	1 725 520	3,96 %
HELLESUND FISKEOPPDRETT A/S	1 651 015	3,79 %
LOVUNDLAKS AS	1 071 080	2,46 %
BNP PARIBAS SECURITIES SERVICES	841 273	1,93 %
STATE STREET BANK AND TRUST COMP	505 875	1,16 %
GLASTAD CAPITAL AS	303 590	0,70 %
JPMORGAN CHASE BANK, N.A., LONDON	276 127	0,63 %
MP PENSJON PK	264 732	0,61 %
MÅSØVAL FISHFARM AS	257 295	0,59 %
EUROCLEAR BANK S.A./N.V.	231 753	0,53 %
RAMSFJELL AS/ OLA LOE	225 897	0,52 %
SVENSKA HANDELSBANKEN AB	223 335	0,51 %
HENDEN FISKEINDUSTRI AS	212 853	0,49 %
J.P. MORGAN BANK LUXEMBOURG S.A.	207 306	0,48 %
Total 20 largest shareholders	35 397 401	81,24 %
Total other shareholders	8 174 790	18,76 %
Total no. of shares	43 572 191	100,00 %