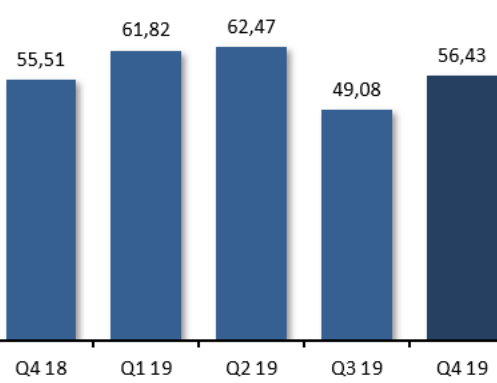


Interim Report

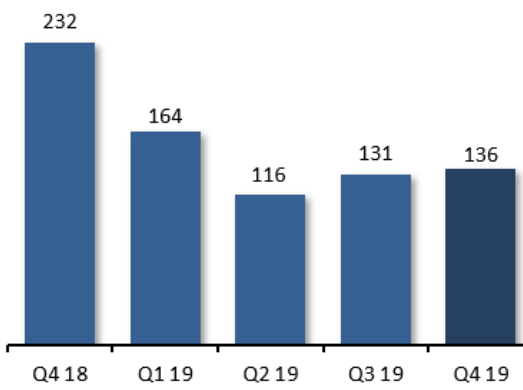
Q4-19



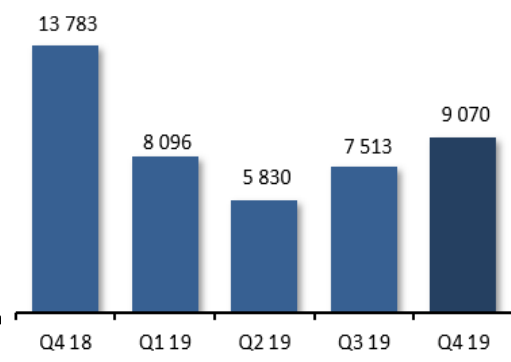
Salmon Price (NASDAQ) (NOK/kg)



Operational EBIT (MNOK)



Harvested volume (HOG)



HIGHLIGHTS Q4 2019

- Operational EBIT of NOK 136 million
 - Operational EBIT per kg of NOK 17.71 in Region North
 - Operational EBIT per kg of NOK 6.77 in Region South
- Increased production costs in the quarter
- Harvested volume 34 % lower than corresponding prior-year period
- The biomass in the sea for Region North increased by 4 244 tonnes (19.5 per cent) from the fourth quarter of 2018
- The sale of Region South completed 16th December with a profit after tax of MNOK 922
- Granted green funding of NOK 400 million. 75% of the NRS sites are now ASC-certified
- The Board proposes a dividend of NOK 10.00 per share

NORWAY ROYAL SALMON - KEY FIGURES (NOK '000)	Q4 2019	Q4 2018	FY 2019	FY 2018
Operating revenues	1 496 435	1 600 452	5 586 670	5 080 806
Operational EBITDA ¹⁾	158 983	253 246	629 606	640 887
Operational EBIT ¹⁾	136 358	233 071	542 802	564 337
Income from associates ¹⁾	-12 536	32 845	16 901	14 713
EBIT ¹⁾	154 707	178 945	423 301	755 901
EBT ¹⁾	190 636	150 246	474 775	819 531
EPS (NOK) – before fair value adjustments	24,20	4,48	32,47	13,43
ROCE ²⁾			25,9 %	36,8 %
Net cash flow from operating activities	-81 515	129 618	180 803	806 696
Investments in fixed assets/licenses	238 832	65 823	674 243	412 941
Net interest-bearing debt			33 073	419 698
Equity ratio			71,7 %	56,7 %
Volume harvested (HOG)	9 070	13 783	30 509	35 970
Operational EBIT per kg ³⁾	16,71	17,73	19,92	19,97
Volume sold - Sales	24 726	27 785	89 879	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 (NBD + Equity - Financial assets)

3) Operational EBIT for segments (Region North and Region South) 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 sold operations. In the balance sheet at 31 December 2019 sold operations are deconsolidated.)

Revenues and results

Norway Royal Salmon posted operating revenues of NOK 1 496.3 million (NOK 1 600.5 million) in the fourth quarter of 2019, a decrease of 6.5 per cent from the corresponding prior-year period. The decrease in revenues is due to lower sold volumes, while higher prices had the opposite effect. The Group achieved an operational EBIT of NOK 136.4 million (NOK 233.1 million), a decrease of NOK 96.7 million. The decrease in operational EBIT is mainly due to lower harvested volume. A gain on open fixed-price contracts compared to the level of Fish Pool prices of NOK 14.1 million (NOK 9.9 million) was recognised in the quarter. Due to increasing forward prices and increased biomass in the quarter the Group recognised positive fair value adjustments of NOK 35.3 million (negative NOK -87.0 million), an increase of NOK 122.3 million.

The farming business harvested 9 070 tonnes (13 783 tonnes) gutted weight in the quarter, a decrease of 34 per cent from the corresponding quarter last year. Including allocated margins from sales, Farming (Region North and Region South) achieved an operational EBIT per kg of NOK 16.71 (NOK 17.73). The decrease is mainly due to lower margins from Region North. The Sales business sold 24 726 tonnes (27 785 tonnes), a decrease of 11 per cent.

Financial items and share of profit from associates

Result from associates totalled NOK -12.5 million (NOK 32.8 million) in the fourth quarter. NRS' share of fair value adjustments of the biomass after tax amounted to NOK -6.1 million (positive NOK 17.9 million). Arctic Fish harvested 839 tonnes in the quarter, NRS share was 420 tonnes. Arctic Fish's farming activities had a profit in the quarter, but as a result of overhead and finance costs the Arctic Fish Group had a negative result in the fourth quarter. Associated Norwegian farming companies harvested 4 617 tonnes, 2 805 tonnes more than in the corresponding period last year. NRS' share of the above figure amounts to 1 634 tonnes, an increase of 1 009 tonnes. An agreement on the sale of NRS's shares in Ranfjord Fiskeprodukter was entered into in the quarter. This resulted in a write-down of the book value of Ranfjord Fiskeprodukter AS by NOK 18.1 million. The transaction is expected to be completed in the first quarter of 2020. See note 7 for further details.

As a result of the increase of the NRS' share price from NOK 195.80 at the start of the quarter to NOK 239.20 at the end of the quarter, a gain of NOK 44.2 million (NOK 27.2 million) on TRS agreements on own shares was posted in the quarter. Net finance expenses for the period were NOK 8.5 million (NOK 2.4 million), an increase of NOK 6.1 million.

Profit after tax for sold operations, including gain on sale

Region South was sold on 16 December 2019. Profit from sales after tax for the fourth quarter is NOK 923.1 million. This consists of a gain of NOK 922.0 million on sold operations and profit after tax in the sold operations in the quarter until the transaction date of NOK 1.1 million.

Balance sheet

At the end of the reporting period, total assets amounted to NOK 4 680.5 million, an increase of NOK 146.3 million from the prior quarter end. The change in total assets is attributable to several factors. Fixed assets had a net increase of NOK 184.5 million. Fair value adjustments

of the biomass increased by NOK 37.7 million, and inventories and biomass at cost decreased by NOK 9.8 million. The net increase in inventories and biological assets was NOK 27.9 million. The Group's receivables increased by NOK 268.6 million. The Group's bank deposits increased by NOK 86.3 in the quarter. Financial assets decreased with NOK 15.5 million. The sale of Region South resulted in a decrease on total assets of NOK 405.4 million.

The Group's net interest-bearing debt decreased by NOK 893.3 million, from NOK 926.4 million at the end of the previous quarter to NOK 33.1 million at 31 December 2019. The decrease is attributable net payment of the sold operation, Region South, of NOK 1 125.7 million, an operational EBITDA of NOK 159.0 million and received dividend from an associate of NOK 11.7 million. Increased working capital of NOK 240.0 million, investments in fixed assets of NOK 179.3 million and payment of interest and fees of NOK 9.5 million had the opposite effect on the net interest-bearing debt. The Group had an unused credit facility of NOK 2 000 million at the end of the quarter, and bank deposits of NOK 152.3 million.

As at 31 December, the Group's equity totalled NOK 3 357.0 million, an increase of NOK 1 078.4 million from the end of the previous quarter. The increase is mainly attributable to the gain on the Sale of Region South that increased equity with NOK 922.0 million. The equity ratio at the end of the quarter was 71.7 per cent.

Statement of cash flow

The Group's operating activities generated a negative cash flow of NOK 81.5 million during the quarter, which represents a decrease of NOK 211.1 million compared with the corresponding prior-year quarter. The negative cash flow is attributable to a net increase in accounts receivables and accounts payables of NOK 243.0 million, while a positive operational EBITDA of NOK 159.0 million and a decrease in inventories and biological assets at cost of NOK 9.8 million had the opposite effect on the cash flow.

Net cash inflows related to investing activities in the fourth quarter amounted to NOK 949.6 million (outflow of NOK 49.5 million). This is related to a net payment for the sale of Region South of NOK 1 125.7 million and received dividend from an associate of NOK 11.7 million. Investments in fixed assets of NOK 179.3 million and a net increase in loans to associates of NOK 8.5 million had a negative effect on the cash flow.

The net cash outflows from financing activities totalled NOK 781.8 million (NOK 5.9 million) in the fourth quarter. Payment of NOK 712.4 million on the long-term credit facility and the increase in leasing liabilities of NOK 34.1 million resulted in a total decrease of NOK 678.3 million in long term debt. Finance costs paid and paid dividend to a minority interest amounted to NOK 9.5 million and NOK 2.0 million respectively. The overdraft facility decreased by NOK 92.0 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.

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 the Farming operations.



After Region South was sold in December 2019, the Group owns 34 746 tonnes MAB in Region North, located in Troms and Finnmark.

The segments posted sales revenues of NOK 1 496.4 million in the fourth quarter (NOK 1 598.6 million), a decrease of 6.4 per cent from the corresponding period last year. The spot price (NASDAQ) for superior quality during the quarter was NOK 56.43 per kg gutted weight, an increase of 15.0 per cent from the third quarter of 2019 and an increase of 1.7 per cent compared with the fourth quarter of 2018. The sales operations experienced a decrease in sales volumes of 11 per cent compared with the corresponding prior-year period. 24 726 tonnes (27 785 tonnes) were sold in the fourth quarter. The Sales business had an operational EBIT before open fixed-price contracts of NOK 12.3 million (NOK 3.4 million), which equates to NOK 0.50 (NOK 0.12) per kg sold volume in the period. Gain on open fixed-price contracts compared to the level of Fish Pool prices was NOK 14.1 million (NOK 9.9 million) in the quarter.

The Farming operations harvested 9 070 tonnes (13 783 tonnes) gutted weight in the fourth quarter, a decrease of 34.2 per cent from the corresponding period last year. The estimated harvest volume for 2020 is 37 000 tonnes gutted weight.

REGION NORTH

Operational EBIT came in at NOK 146.0 million (NOK 243.3 million), a decrease of NOK 97.3 million compared with the same quarter last year. Operational EBIT (ex. contracts) per kg amounted to NOK 16.15 (NOK 19.49). Gain on fixed-price contracts of NOK 1.56 per kg (NOK 0.72) contributed to an operational EBIT per kg of NOK 17.71 (NOK 20.20).

8 243 tonnes (12 042 tonnes) were harvested in the region in the fourth quarter, a decrease of 31.6 per cent. The achieved price for the Farming operations was NOK 2.22 higher per kg than in the corresponding period last year. The size of the harvested fish contributed positively to the price achievement, while the timing of harvest in the quarter contributed negatively.

Total production cost per kg for harvested fish was NOK 40.44, which is NOK 5.01 higher than in the third quarter of 2019 and NOK 6.66 higher than in the corresponding period last year. The increase in the production cost is due to higher harvest and well boat costs on fish infected by the fish disease ISA, as well as higher feed and smolt costs. In addition, low sea water temperatures last year led to lower growth which has contributed to an increase in fixed costs.

The biomass in sea increased with 1 358 tonnes (6.2 per cent) in the quarter and is 4 244 tonnes (19.5 %) higher than at the end of the fourth quarter of 2018. The production cost is expected to be approximately on the same level in the next quarter.

KEY FIGURES (NOK '000)	Q4 2019	Q4 2018	FY 2019	FY 2018
Operating revenues	1 360 047	1 697 165	4 991 015	4 636 283
Operational EBITDA	168 568	263 417	686 614	714 506
Operational EBIT	145 964	243 297	599 896	638 160
Investment in tangible assets/licenses	218 777	14 317	638 074	337 843
Volume harvested (tonnes HOG)	8 243	12 042	27 297	30 384
Operational EBIT per kg (ex contracts)	16,15	19,49	20,01	20,66
Gain (+)/Loss (-) on open fixed price contracts	1,56	0,72	1,96	0,34
Operational EBIT per kg	17,71	20,20	21,98	21,00

REGION SOUTH

Region South was sold 16 December 2019 and has been deconsolidated from the same date. Information about Region South includes only the period up to the time of sale.

Operational EBIT came in at NOK 5.6 million (NOK 1.0 million), an increase of NOK 4.6 million. Operational EBIT (ex. contracts) per kg amounted to NOK 5.21 (negative NOK -0.12). Gain on fixed-price contracts of NOK 1.56 per kg (NOK 0.72) contributed to an operational EBIT per kg of NOK 6.77 (NOK 0.60).

826 tonnes (1 741 tonnes) were harvested in the region in the fourth quarter, a decrease of 52.5 per cent from the corresponding prior-year period. The Farming operations achieved a price which was NOK 8.20 per kg higher than in the corresponding prior-year period.

The production costs for harvested fish was NOK 55.59, which is NOK 6.59 per kg higher than in the third quarter of 2019 and NOK 3.99 higher than in the corresponding period last year.

KEY FIGURES (NOK '000)	Q4 2019	Q4 2018	FY 2019	FY 2018
Operating revenues	136 317	210 727	595 460	747 657
Operational EBITDA	8 668	4 302	20 347	93 062
Operational EBIT	5 590	1 047	7 828	80 313
Investment in tangible assets	20 056	2 880	36 170	12 131
Volume harvested (tonnes HOG)	826	1 741	3 212	5 586
Operational EBIT per kg (ex contracts)	5,21	-0,12	1,26	14,53
Gain (+)/Loss (-) on open fixed price contracts	1,56	0,72	1,18	-0,15
Operational EBIT per kg	6,77	0,60	2,44	14,38

SHARES

As of 31 December 2019, Norway Royal Salmon ASA have 43 572 191 shares, allocated among 2 533 shareholders, a decrease of 77 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 195.80 at the end of September 2019 to NOK 239.20 at the end of December 2019. 4 857 696 shares were traded during the quarter.

EVENTS IN OR SUBSEQUENT TO THE QUARTER

Completed sales transaction 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 owned 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 was agreed on a debt and cash-free basis. In connection with the transaction, the parties agreed on long-term cooperation on the purchase and sale of fish. The transaction was completed on 16 December 2019 with an accounting gain of NOK 922 million.

Contractual rights and TRS agreements for own shares

In the previous quarter Norway Royal Salmon extended the TRS (Total Return Swap) agreement. At the end of year 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.

Sickness absence

At 4.2 per cent, the Group's sickness absence rate increased by 2.2 per cent from the previous quarter.

Sustainable production:

Two new sites ASC-certified

Norway Royal Salmon is working to achieve the most stringent environmental certificates in the industry, the Aquaculture Stewardship Council (ASC) standard. ASC-certified fish are produced in a very responsible and sustainable manner within very strict requirements. In December, a site was approved according to the ASC standard. Another site was certified in January 2020. Norway Royal Salmon is pleased to have more sites certified. The company is now certified at 75 per cent of the sites in Region North and the goal is to be 100 per cent certified at active sites by the year 2022.

Received green funding of NOK 400 million from Danske Bank

In the fourth quarter, NOK 400 million of the Group's total credit limit of NOK 2 000 million was converted to a green loan. It is gratifying to see that the commitment to sustainable production results in more favorable loan terms and is appreciated by the bank.

Scores B in CDP survey

In 2019, Norway Royal Salmon participated for the first time in the comprehensive climate survey Climate Change, carried out by CDP. CDP is an international non-profit organisation working to influence companies and authorities to measure environmental impact and manage climate risk. The reporting to CDP is comprehensive, with a high degree of detail and the score is from A to D. To receive the highest grades, require that you make conscious choices to manage climate risk and impact. The scores became public in January 2020 and NRS received the grade B. The company will continue to work on defined sustainability goals.

MARKET CONDITIONS

The total value of salmon exported from Norway in the fourth quarter was NOK 20.2 billion, this is the highest export value in a quarter ever. The increase of 9.6 per cent from the fourth quarter of 2019 was due to exported volume from Norway being 6.6 per cent higher and that the prices was higher than in the fourth quarter of 2018. The spot price (NASDAQ) in the fourth quarter of 2019 was NOK 56.43 per kg superior quality salmon (delivered Oslo). This is an increase of 1.7 per cent from the fourth quarter of 2018. In EUR, the prices of Norwegian salmon decreased 0.7 per cent to EUR 5.72 per kg. The export price of NOK 62.02 was higher than the spot price and 2.8 per cent higher than in the same period last year.

Despite the increase in global supply, prices increased from the corresponding prior-year period. Harvested volumes from Norway increased by 4 per cent from the corresponding prior-year period. Harvested volumes from Chile decreased by 6 per cent, which resulted in an increase in global harvesting volumes of 3 per cent. For Q1 2020 Kontali Analyse expects a harvesting volume, which is 2 per cent higher than in Q1 2019.

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 a lower than the change in frozen inventory compared to the same quarter last year. Eastern Europe and the USA are the markets that grows the most.

Demand for salmon in the EU has been good in the quarter with 3 per cent higher global import volumes, 85 per cent of the volume comes from Norway. Norwegian export volume to the EU increased by 3 per cent from the corresponding prior-year period, while the export value increased by 5 per cent. Higher salmon prices compared with the fourth quarter of 2018 had a different impact on the markets in the EU. Denmark, Spain and Holland had the highest increase also in the fourth quarter. France and UK had a reduction in import volumes in this quarter as well. That the growth in import volumes is as high as the global supply growth indicate that the underlying demand in EU still is good.

Harvest volume (tonnes wfe)	Q4/19	yr/yr	Q1/20 E	yr/yr
Norway	372 600	4 %	285 000	-4 %
Chile	175 500	-6 %	187 100	8 %
Uk	46 900	4 %	41 000	-1 %
Canada	40 000	10 %	35 200	19 %
Faroe Islands	26 500	11 %	21 900	0 %
Australia	19 600	3 %	15 700	11 %
USA	4 800	-14 %	3 600	-8 %
Iceland	8 400	155 %	7 300	11 %
Others	10 900	8 %	10 410	20 %
	705 200	3 %	607 210	2 %

Source: Kontali Analyse

Sold volumes (tonnes wfe)	Q4/19	yr/yr	Q1/20 E	yr/yr
EU	311 700	3 %	241 500	-3 %
USA	139 500	14 %	138 400	8 %
Eastern Europe ex. Russia	15 100	31 %	10 000	4 %
Russia	27 900	1 %	21 300	13 %
Asia ex. Japan	73 800	5 %	70 500	4 %
Japan	17 200	-5 %	14 700	-1 %
Others	119 300	0 %	110 700	1 %
	704 500	5 %	607 100	2 %

Source: Kontali Analyse

Q4/2019	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to EU:				
Poland	51 179	0 %	2 597	3 %
France	35 536	-3 %	1 953	0 %
Denmark	31 413	9 %	1 568	9 %
UK	21 292	-3 %	1 164	0 %
Spain	22 845	9 %	1 247	13 %
Holland	22 406	14 %	1 202	15 %
Others in EU	81 769	3 %	4 476	5 %
Total Norway to EU	266 440	3 %	14 207	5 %
Others to EU	45 260	0 %		
EU total	311 700	3 %		

Source: Norsk sjømatråd



INTERIM REPORT

Q4 2019

The global demand for salmon in Asia has developed well over time, but stagnated in the fourth quarter and increased by 2 per cent in total. However, import volumes from Norway increased by 20 per cent. Norway had a market share of 64 per cent in the fourth quarter. Chile had a decrease toward this region in the quarter as well and import volumes decreased with 19 per cent. All regions had an increase in import volumes from Norway in the quarter.

Q4/2019	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to Asia				
South East Asia	13 976	11 %	838	16 %
Japan	12 586	5 %	849	21 %
Middle East	12 379	35 %	695	35 %
China (incl. Hong Kong)	9 772	47 %	587	46 %
South-Korea	9 511	17 %	640	22 %
Others in Asia	313	60 %	20	60 %
Total Norway to Asia	58 537	20 %	3 629	26 %
Others to Asia	32 463	-19 %		
Asia Total	91 000	2 %		

Source: Norsk sjømatråd

Despite higher prices the export of salmon to Eastern Europe increased in the fourth quarter of 2019. Global import volumes increased by 10 per cent but import volumes from Norway increased with 29 per cent. Volumes to Russia from other producer nations increased by 4 per cent in the fourth quarter. Norway had a market share of 30 per cent in Eastern Europe.

Q4/2019	Tonnes (wfe)	yr/yr	MNOK	år/år
Norway to Eastern Europe				
Ukraine	5 785	21 %	295	30 %
Turkey	1 802	50 %	84	41 %
Belarus	2 889	53 %	142	46 %
Kazakhstan	1 342	13 %	75	9 %
Others in Eastern Europe	879	10 %	44	4 %
Norway to Eastern Europe	12 697	29 %	640	29 %
Other to Eastern Europe	30 303	4 %		
Eastern Europe Total	43 000	10 %		

Source: Norsk sjømatråd

Demand for salmon in North America continues the positive trend. In total, import to North America has increased by 14 per cent, while volume from Norway increased by 7 per cent.

Q4/2019	Tonnes (wfe)	yr/yr	MNOK	yr/yr
Norway to North America				
USA	18 262	7 %	1 360	11 %
Canada	855	-1 %	68	7 %
Total Norway to North America	19 117	7 %	1 428	11 %
Others to North America	120 383	15 %		
North America Total	139 500	14 %		

Source: Norsk sjømatråd

The fourth quarter resulted in good profitability from the NRS' Sales operations and was better than the fourth quarter of 2018. Even though sold volume was lower than the corresponding prior-year period, good price achievement and good margins contributed positively to profitability. 62 per cent of the harvested fish were sold in the spot market in the fourth quarter, while 38 per cent were sold at fixed prices. The fixed price contracts resulted in a gain of NOK 14.1 million compared to the level of Fish Pool prices in the quarter. The sales volumes to Asia increased by 6 per cent in the quarter, volumes to Western Europe decreased with 8 per cent and export volumes to Eastern Europe decreased with 5 per cent. The volumes sold in Norway decreased by 35 per cent in the quarter. In the fourth quarter, Western Europe accounted for 80 per cent of the export volumes, Asia for 13 per cent and Eastern Europe for 7 per cent. Domestic volume amounts to 16 per cent of the total sold volume.

OUTLOOK

Harvested volume for the quarter was 9 070 tonnes, which is 400 tonnes lower than estimated in the last quarterly report. Estimated harvest volume for 2020 is 37 000 tonnes gutted weight, an increase of 36 per cent compared with the volume of Region North in 2019. For 2020, 6 518 tonnes are hedged, of which 1 521 tonnes are hedged in the first quarter of 2020.

In the first quarter of 2020 Kontali Analyse expects global harvest volumes to increase with 2 per cent compared with the first quarter of 2019. 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 3 per cent and the growth from Chile is expected to be 5 per cent. Together with good demand for salmon, this provide the basis for a continued positive market outlook for the industry.

NRS has two major investment projects under development; a new hatchery and Arctic Offshore Farming. The investment in a new hatchery is strategically important for NRS and the facility is centrally located in relation to the fish farming sites. When the facility is finished in 2021, it will be one of the world's largest and most modern hatcheries within RAS technology. The facility is designed so that it has the potential for further extensions. The hatchery will contribute to increased biological safety, increased quality and greater smolt, as well as improve the timing of smolt releases into the sea. This will improve the utilisation of the Group's MAB and reduce production costs. Remaining investment cost to the completion of the project is estimated at NOK 460 million in 2020 and NOK 130 million in 2021.

The investment in Arctic Offshore Farming is also a strategically important investment in which NRS develops and builds offshore technology of the future for the aquaculture industry. This technological solution enables aquaculture in significantly more exposed waters and will help increase the utilisation of sea areas. Two cages and a feed barge are under construction. The first fish is expected to be released at the site during the fall of 2020. NRS has recognised that implementing the development project is complex, which has resulted in an increase in the estimated total investment cost. Remaining investment cost to the completion of the project is estimated at NOK 685 million.

Gardermoen, 10 February 2020

Helge Gåsø
Chair

Eva Kristoffersen
Vice chair

Marianne E. Johnsen

Tom Vidar Rygh

Lars Måsøval

Trude Olafsen

Charles Høstlund
CEO



INTERIM REPORT

Q4 2019

INTERIM REPORT INCOME STATEMENT

(NOK '000)	Q4 2019	Q4 2018	FY 2019	FY 2018
Operating revenues	1 496 435	1 600 452	5 586 670	5 080 806
Cost of goods sold	1 246 498	1 260 542	4 586 500	4 132 850
Salaries	40 162	37 738	154 466	139 279
Depreciation	22 625	20 174	86 804	76 550
Other operating costs	50 792	48 927	216 098	167 790
Operational EBIT	136 358	233 071	542 802	564 337
Fair value adjustments	35 264	-86 971	-132 023	176 851
Write down of assets	-4 379	0	-4 379	0
Income from associates	-12 536	32 845	16 901	14 713
EBIT	154 707	178 945	423 301	755 901
Gain/loss on financial assets	44 457	-26 265	78 658	82 576
Other net financial items	-8 527	-2 434	-27 183	-18 946
EBT	190 636	150 246	474 775	819 531
Tax	-35 321	-15 415	-84 278	-149 398
Profit after tax from continuing operations	155 316	134 831	390 498	670 133
Profit after tax on discontinued operations incl. profit from sale	923 114	-46 586	922 600	38 957
Net profit/loss	1 078 430	88 245	1 313 098	709 091
Profit attributable to:				
Parent company shareholders	1 077 389	87 148	1 306 722	705 311
Minority interests	1 040	1 097	6 376	3 780
Earnings per share, continuing operations (NOK)	24,81	3,07	30,11	15,31
Earnings per share, continuing operations - diluted	24,81	3,07	30,11	15,31
Earnings per share (NOK)	24,85	2,00	30,14	16,21
Earnings per share - diluted	24,85	2,00	30,14	16,21

EXTENDED INCOME STATEMENT

(NOK '000)	Q4 2019	Q4 2018	FY 2019	FY 2018
Net profit/loss	1 078 429	88 245	1 313 098	709 091
Items to be reclassified to profit or loss:				
Translation differences and OCI posts from associated companies	-645	4 911	-2 182	-15 859
Cash Flow hedges (net)	10 675	-15 337	18 424	-2 699
Items not to be reclassified to profit or loss:				
Actuarial gains on defined benefit plans (net)	-7 686	-1 154	-7 686	-1 154
Total comprehensive income	1 080 772	76 666	1 321 653	689 379
Total comprehensive income attributable to:				
Parent company shareholders	1 079 732	75 568	1 315 277	685 600
Non-controlling interests	1 040	1 097	6 376	3 780

BALANCE SHEET

(NOK '000)	31.12.2019	30.09.2019	31.12.2018
Intangible assets	713 947	741 896	846 807
Property, plant and equipment	1 175 568	991 113	672 577
Non-current financial assets	676 723	692 231	656 001
Non-current assets	2 566 238	2 425 240	2 175 385
Inventory and biological assets	1 311 784	1 283 902	1 321 769
Receivables	650 199	381 643	438 027
Bank deposits, cash	152 317	66 022	155 653
Current assets	2 114 300	1 731 567	1 915 449
Assets discontinued operations	0	377 429	
TOTAL ASSETS	4 680 538	4 534 236	4 090 834
Share capital	43 432	43 431	43 514
Other equity	3 267 659	2 188 338	2 235 729
Non-controlling interests	45 949	46 878	41 542
Equity	3 357 040	2 278 647	2 320 785
Pensions	27 638	19 005	19 005
Deferred tax	358 208	387 422	385 754
Provisions	385 847	406 426	404 759
Long-term interest-bearing debt	200 933	874 857	551 054
Short-term interest-bearing debt	47 927	56 500	102 514
Trade payables	575 895	624 306	446 993
Tax payable	42 537	0	134 777
Other current liabilities	70 359	96 789	129 952
Current liabilities	736 718	777 595	814 236
Liabilities discontinued operations	0	196 710	
TOTAL EQUITY AND LIABILITIES	4 680 538	4 534 236	4 090 834



STATEMENT OF EQUITY

31.12.2019		Equity allocated to parent company shareholders			Non-controlling interests	Total equity
(NOK '000)	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	1 315 277	1 315 277	6 376	1 321 653
Transactions with shareholders						
Dividend	0	0	-258 259	-258 259	-1 969	-260 228
Share based payment	0	0	-1 412	-1 412	0	-1 412
Net purchase and sale of treasury shares	0	-83	-24 952	-25 035	0	-25 035
Other equity transactions in the group	0	0	-1 441	-1 441	0	-1 441
Equity transactions associated companies	0	0	2 719	2 719	0	2 719
Total transactions with shareholders	0	-83	-283 346	-283 428	-1 969	-285 398
Equity at 31.12.2019	43 572	-141	3 267 659	3 311 092	45 949	3 357 040
31.12.2018						
		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
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 transactions 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

STATEMENT OF CASH FLOW

(NOK '000)	Q4 2019	Q4 2 018	FY 2019	FY 2018
Operational EBIT	136 358	232 436	542 802	641 726
Adjusted for:				
Tax paid	-290	-36 668	-138 290	-112 223
Depreciation	22 625	23 430	86 804	89 299
Share based payment	971	650	-1 413	-297
Pension costs with no cash effect	-1 199	798	-1 199	798
Change in inventory / biomass	9 843	83 312	-260 491	81 527
Change in debtors and creditors	-242 993	-222 771	17 974	74 678
Change in other current assets and other liabilities	-6 831	48 432	-65 385	31 190
Net cash flow from operating activities	-81 515	129 618	180 803	806 696
Cash flow from investing activities				
Payments for purchase of PPE and licenses (MAB)	-179 329	-55 506	-584 237	-412 941
Payments for acquisition of associated company	0	0	-1 250	0
Payments(-)/proceeds(+) from realisation of non-current financial assets (TRS)	0	0	-3 809	47 282
Proceeds from investments in financial assets	11 732	6 931	19 950	11 458
Net cash proceeds from discontinued operations	1 125 681	0	1 125 681	0
Change in loans to associates and others	-8 500	-877	-22 251	-57 617
Net cash flow from investing activities	949 584	-49 453	534 083	-411 818
Cash flow from financing activities				
Receipts from new long-term debt	34 147	0	48 841	241 189
Long-term debt repayments	-712 417	-13 828	-400 404	-156 471
Net change in overdraft	-92 012	10 886	-51 611	-235 008
Payment for acquisition of treasury shares	0	0	-25 035	3 887
Interest paid	-9 523	-2 980	-29 785	-19 918
Dividend payment	-1 970	0	-260 229	-224 684
Net cash flow from financing activities	-781 774	-5 923	-718 223	-391 005
Net increase (+)/ decrease (-) in cash & cash equivalents	86 295	74 243	-3 336	3 873
Cash and cash equivalents - opening balance	66 022	81 410	155 653	151 780
Cash and cash equivalents - closing balance	152 317	155 653	152 317	155 653

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	
	Q4 2019	Q4 2018	Region North		Region South		adj. for discontinued ¹⁾		Q4 2019	Q4 2018
			Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018		
Total sales revenues	1 496 364	1 598 561	455 325	638 450	49 111	89 208	72	1 892	2 000 871	2 328 111
Internal sales revenues	0	0	455 325	638 451	49 111	89 208	0	0	504 435	727 659
External sales revenues	1 496 364	1 598 561	0	0	0	0	72	1 891	1 496 435	1 600 452
Operating costs	1 469 953	1 585 243	333 366	406 789	45 926	89 844	-489 168	-714 494	1 360 077	1 367 381
Operational EBIT	26 411	13 318	121 959	231 661	3 184	-635	-15 196	-11 273	136 358	233 071
Fair value adjustments	-2 463	10 893	37 727	-97 864	0	-58 145	0	58 145	35 264	-86 971
Write down of assets	0	0	-4 379	0	0	0	0	0	-4 379	0
Income from associates	0	0	0	0	-115	-198	-12 421	33 043	-12 536	32 845
EBIT	23 948	24 211	155 307	133 797	3 069	-58 978	-27 617	79 915	154 707	178 945
EBT	22 994	24 212	144 406	129 410	1 940	-60 560	21 296	57 185	190 636	150 246
Volume harvested (HOG)			8 243	12 042	826	1 741			9 070	13 783
Operational EBIT per kg			14,79	19,24	3,85	-0,36			13,80	16,76
Volume sold	24 726	27 785							24 726	27 785
Operational EBIT per kg	1,07	0,48							1,07	0,48
- of w hich gain on fixed-price contracts per kg.	0,57	0,36							0,57	0,36

¹⁾ Region South is presented as a business segment for informational purposes but is reversed in the elimination column,. Region South w as sold on 16 December 2019. See note 11 for further information.

(NOK '000)	Sales		Farming				Eliminations and		Total	
	FY 2019	YTD 2018	Region North		Region South		adj. for discontinued ¹⁾		FY 2019	YTD 2018
			FY 2019	YTD 2018	FY 2019	YTD 2018	FY 2019	YTD 2018		
Total sales revenues	5 586 475	5 074 610	1 540 978	1 718 358	178 128	317 660	196	6 197	7 305 776	7 116 824
Internal sales revenues	0	0	1 540 978	1 718 358	178 128	317 660	0	0	1 719 106	2 036 018
External sales revenues	5 586 475	5 074 610	0	0	0	0	196	6 197	5 586 670	5 080 806
Operating costs	5 516 910	5 051 768	1 005 225	1 102 115	175 722	238 272	-1 653 988	-1 875 685	5 043 868	4 516 469
Operational EBIT	69 565	22 842	535 753	616 243	2 406	79 388	-64 922	-154 136	542 802	564 337
Fair value adjustments	-4 116	25 968	-127 907	150 883	2 487	-24 591	-2 487	24 591	-132 023	176 851
Write down of assets	0	0	-4 379	0	0	0	0	0	-4 379	0
Income from associates	0	0	0	0	-1 087	-2 960	17 988	17 673	16 901	14 713
EBIT	65 449	48 810	403 467	767 126	3 806	51 837	-49 420	-111 872	423 301	755 901
EBT	61 643	48 810	381 815	755 801	983	50 307	30 335	-35 387	474 775	819 531
Volume harvested (HOG)			27 297	30 384	3 212	5 586			30 509	35 970
Operational EBIT per kg			19,63	20,28	0,75	14,21			17,64	19,34
Volume sold	89 879	82 420							89 879	82 420
Operational EBIT per kg	0,77	0,28							0,77	0,28
- of w hich gain on open fixed-price contracts per kg.	0,64	0,12							0,64	0,12

¹⁾ Region South is presented as a business segment for informational purposes but is reversed in the elimination column,. Region South w as sold on 16 December 2019. 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)	31.12.2019	30.09.2019	31.12.2018
Raw materials	36 453	47 906	31 349
Biological assets	1 231 662	1 318 339	1 240 393
Finished goods	43 670	98 096	50 027
Total inventory	1 311 784	1 464 341	1 321 769
Of which discontinued operations	0	180 439	142 568
Continued operations	1 311 784	1 283 902	1 179 201

Specification of the biological assets:

(NOK '000)	31.12.2019	30.09.2019	31.12.2018
Biological assets at cost	1 013 394	1 128 216	887 123
Fair value adjustments of the biomass	218 268	190 123	353 270
Book value biological assets	1 231 662	1 318 339	1 240 393
Of which discontinued operations	0	177 260	138 810
Continued operations	1 231 662	1 141 079	1 101 583

Specification of biological assets - tonnes

(NOK '000)	Q4 2019	Q4 2018	FY 2019	FY 2018
Opening balance biological assets	27 892	28 693	24 675	29 071
Increase due fish put in the sea	538	494	1 555	1 371
Increase due to production in the period	13 576	13 059	43 252	41 490
Reduction due to mortality in the period	-848	-1 163	-2 733	-3 011
Reduction due to harvesting in the period	-10 797	-16 409	-36 320	-42 827
Non-recurring items	-4 327	0	-4 396	-1 419
Closing balance biological assets	26 033	24 675	26 033	24 675
Of which discontinued operations	0	2 885	0	2 885
Continued operations	26 033	21 790	26 033	21 789

Specification of changes in book value of biological assets:

(NOK '000)	Q4 2019	Q4 2018	FY 2019	FY 2018
Opening balance biological assets	1 318 339	1 458 511	1 240 393	1 177 678
Increase due to production in the period	413 141	377 051	1 377 738	1 144 419
Non-recurring event at cost	0	0	-11 000	-34 000
Reduction due to harvesting in the period	-342 598	-439 160	-1 055 101	-1 175 113
Fair value adjustments of the biological assets	37 727	-156 009	-125 420	156 716
Fair value adj. of the biological assets due to non-recurring event	-194 947	0	-194 947	-29 306
Closing balance biological assets	1 231 662	1 240 395	1 231 662	1 240 393
Of which discontinued operations	0	138 810	0	138 810
Continued operations	1 231 662	1 101 585	1 231 662	1 101 583

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass cont.

Groups of biological assets, status as of 31.12.2019	Number of fish (1 000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	6 757	3 515	261 098	22 868	283 967
1-4 kg	5 357	12 734	454 350	78 241	532 591
Larger than 4 kg	2 154	9 784	297 945	117 158	415 103
Biological assets	14 268	26 033	1 013 393	218 268	1 231 662

Groups of biological assets, status as of 30.09.2019	Number of fish (1000)	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	1 318 338
Of which discontinued operations	-	3 384	167 678	9 582	177 260
Continued operations	15 361	24 508	960 538	180 541	1 141 080

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
Of which discontinued operations	-	2 885	131 715	7 095	138 810
Continued operations	14 065	21 788	755 410	346 175	1 101 583

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

31.12.2019	NOK/kg	30.09.2019	NOK/kg	31.12.2018	NOK/kg
Q1 20	66,20	Q4 19	51,83	Q1 19	64,02
Q2 20	66,80	Q1 20	60,36	Q2 19	65,00
Q3 20	54,90	Q2 20	62,37	Q3 19	59,52
Q4 20	56,30	Q3 20	54,97	Q4 19	61,48
Q1 + Q2 21	59,50	Q4 20	55,89	Q1 + Q2 20	64,51

NOTE 4: Non-recurring events

Non-recurring event ¹⁾	Cost	Q4 2019 Fair value adjustments	Fair value	Cost	Q4 2018 Fair value adjustments	Fair value
Biological assets	0	0	0	0	0	0

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

Non-recurring event ¹⁾	Cost	FY 2019 Fair value adjustments	Fair value	Cost	FY 2018 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)	Q4 2019	Q4 2018	FY 2019	FY 2018
Change in fair value adjustments of the biomass	37 727	-156 009	-125 420	126 292
Change in provision for onerous sales contracts	-3 860	12 689	-2 399	-1 462
Change in unrealised gains/losses on financial Fish Pool contracts	1 398	-1 796	-1 717	27 429
Total fair value adjustments	35 264	-145 116	-129 536	152 260
Of which discontinued operations	0	-58 145	2 487	-24 591
Continued operations	35 264	-86 971	-132 023	176 851

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

(NOK '000)	31.12.2019	30.09.2019	31.12.2018
Fair value adjustments biomass (inventory and biological assets)	227 850	190 123	353 270
Provision for onerous sales contracts (other current liabilities)	-3 860	0	-1 462
Fair value of financial Fish Pool contracts (other receivables/other current liabilities)	0	-1 398	1 717
Net fair value adjustments in the balance sheet	223 990	188 725	353 526
Of which discontinued operations	0	9 582	
Continued operations	223 990	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. 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. The table below shows figures from continued operations.

Goods and services purchased:

(NOK '000)	Q4 2019	Q4 2018	FY 2019	FY 2018
Associates - products purchased	162 370	14 853	461 577	256 281
Associates - services purchased	5 768	22 359	33 209	52 828
Companies controlled by large shareholder - products purchased	79 930	213 734	656 566	644 289
Companies controlled by large shareholder - services purchased	9 024	8 345	32 916	22 082
Total goods and services purchased from related parties	257 092	259 291	1 184 268	975 481

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 September 2019	379 953	336 130	716 083
Terminated	0	-4 146	-4 146
Exercised in the quarter	0	0	0
Allocated during the year (new program)	0	0	0
Number of options at 31 December 2019	379 953	331 984	711 937
Exercise price	150,51	197,48	
Number of employees in the program at the end of the quarter	21	21	42

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: Investments in associates

(NOK '000)	Shareholding	Book value 01.10.2019	Share of profit/loss in the period after tax	Other changes	Book value 31.12.2019	Share of volume harvested - tonnes HOG 31.12.2019 ¹⁾
Arctic Fish ehf.	50,00 %	238 286	-9 891	-645	227 749	420
Wilsgård Fiskeoppdrett AS	37,50 %	175 349	5 590	0	180 939	648
Måsøval Fishfarm AS	36,10 %	33 835	3 689	-11 342	26 182	245
Hellesund Fiskeoppdrett AS	33,50 %	104 570	7 141	0	111 710	741
Ranfjord Fiskeprodukter AS	37,75 %	20 756	-18 113	0	2 643	
Skardalen Settefisk AS	30,00 %	5 131	-562	0	4 569	
Nordnorsk Smolt AS	50,00 %	191	-432	42 488	42 247	
Other		48	0	0	48	
Total associates Q4 2019		589 921	-12 538	30 501	607 885	2 053
Total associates Q4 2018		537 816	32 647	-2 020	568 442	625

¹⁾ The harvested volume comprises NRS's share of the harvested volume of associates

²⁾ A sales agreement has been entered into for NRS's shares in Ranfjord Fiskeprodukter AS. The book value is written down so the balance sheet value at 31 December 2019 is equal to the sale price of TNOK 2 643.

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 at 31 December 2019:

	Shareholding	Number of shares	Fair value ¹⁾	NRS' share of fair value
Måsøval Fishfarm AS	37,50 %	259 606	62 098	22 417
Hellesund Fiskeoppdrett AS	36,10 %	1 665 843	398 470	133 487
Total		1 925 449	460 567	155 905

¹⁾ Fair value is calculated as the closing price of OSE on the balance sheet date for the Norway Royal Salmon share multiplied by the number of shares.

Note 8: Treasury shares and TRS agreements

As at 31 December 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 31 December 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. Change in the unrealised value of the TRS agreements resulted in an unrealised gain of KNOK 44 174 in the period.

(NOK '000)	No. of shares	Exercise Price	Maturity	Market value 30.09.2019	Market value 31.12.2019	Change in market value Q4 2019
TRS entered into 13th September 2019	994 609	187,29	17.03.2020	8 680	52 854	44 174
Sum				8 680	52 854	44 174

NOTE 9: Loans to credit institutions

The Group's main borrowing covenants is one requiring an equity ratio of at least 30 per cent, adjusted for IFRS 16 effects, 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 Q4 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 December 2019 has increased by KNOK 22 771 related to the implementation of the new standard. In the statement of profit and loss for Q4, 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 98 in the fourth quarter of 2019 and KNOK 286 for 2019.

	Right-of-use assets	Liabilities
Opening balance 1 October 2019	20 615	20 767
New contracts Q4 2019	3 725	3 725
Depreciation Q4 2019*	-1 569	
Lease payments		-1 667
- of which Interest expense		166
Closing balance 31 December 2019	22 771	22 991

* Included in the line item "depreciation" in the income statement, recognised at KNOK 22 625 in Q4 2019

Spilt current vs. non-current liabilities

Non-current leasing liabilities	16 883
Current leasing liabilities	6 108
Closing balance 31 December 2019	22 991

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 : Discontinued operations

On 26 September 2019, Norway Royal Salmon ASA signed an agreement with Tomte 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 owned 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 was agreed on a debt and cash-free basis. In connection with the transaction, the parties have agreed on long-term cooperation on the purchase and sale of fish.

Income statement discontinued operations

(NOK '000)	Q4 2019	Q4 2018	FY 2019	FY 2018 ¹⁾
Operating revenues	49 111	89 208	178 128	317 660
Cost of goods sold	31 128	73 132	110 838	179 041
Salaries	5 110	6 036	19 786	19 062
Depreciation	3 078	3 255	12 519	12 749
Other operating costs	6 611	7 420	32 579	29 420
Operational EBIT	3 184	-635	2 406	77 388
Fair value adjustments	0	-58 145	2 487	-24 591
Income from associates	-115	-198	-1 087	-960
EBIT	3 069	-58 978	3 806	51 837
Gain/loss on financial assets	0	-960	0	-463
Other net financial items	-1 129	-622	-2 823	-1 068
EBT	1 940	-60 560	983	50 307
Tax	-871	13 974	-427	-11 350
Profit after tax on discontinued operations	1 069	-46 586	556	38 957

¹⁾ Reported figures for discontinued operations FY 2018 deviates with TNOK 2 000 compared to previously reported segment figures. The deviation is explained by an allocation of a non-recurring item from Q2-18.

Statement of cash flow discontinued operations

(NOK '000)	Q4 2019	FY 2019
Net cash flow from operating activities	50	-17 855
Net cash flow from investing activities	-5 848	-11 437
Net cash flow from financing activities	24 889	48 384
Total cash flow discontinued operations	19 091	19 091

Specification of calculation of profit

(NOK '000)	Q4 2019	FY 2019
Profit from discontinued operations	1 069	556
Profit from sale	922 044	922 044
Total cash flow discontinued operations	923 114	922 600



NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: Shareholders

Ownership structure – the 20 largest shareholders as at 31.12.2019:

Shareholder	No. of shares	Shareholding
GÅSØ NÆRINGSUTVIKLING AS	6 993 188	16,05 %
MÅSØVAL EIENDOM AS	5 255 360	12,06 %
NORWAY FRESH AS	5 000 000	11,58 %
HAVBRUKSINVEST AS	4 189 204	9,61 %
EGIL KRISTOFFERSEN & SØNNER AS	3 801 689	8,73 %
HELLESUND FISKEOPPDRETT AS	1 665 843	4,09 %
NYHAMN AS	1 460 340	3,82 %
DNB Markets Aksjehandel/-analyse	981 230	2,08 %
BNP Paribas Securities Services	525 000	1,54 %
HANDELSBANKEN Nordiska Smabolag	432 918	1,12 %
State Street Bank and Trust Comp	394 027	0,71 %
Brown Brothers Harriman & Co.	352 907	0,64 %
MP PENSJON PK	319 471	0,60 %
The Northern Trust Comp, London Br	311 898	0,59 %
FEDERATED INTERNATIONAL EQUITY FND	295 905	0,57 %
JPMorgan Chase Bank, N.A., London	278 606	0,54 %
State Street Bank and Trust Comp	272 213	0,54 %
MÅSØVAL FISHFARM AS	259 606	0,53 %
LOVUNDLAKS AS	252 821	0,53 %
State Street Bank and Trust Comp	246 163	0,53 %
Total 20 largest shareholders	33 288 389	76,40 %
Total other shareholders	10 283 802	23,60 %
Total no. of shares	43 572 191	100,00 %

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)	31.12.2019	30.09.2019	31.12.2018
Reported long-term interest-bearing debt	200 933	874 857	551 054
Reported short-term interest-bearing debt	47 927	56 500	102 514
Interest-bearing long-term receivables	-63 470	-51 313	-78 217
Reported bank deposits, cash	-152 317	-66 022	-155 653
Net interest bearing debt continuing operations	33 073	814 022	419 698
Net interest bearing debt discontinued operations	-	112 333	-
Total net interest bearing debt	33 073	926 355	419 698

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)	31.12.2019	30.09.2019	31.12.2018
Reported equity	3 357 040	2 278 647	2 320 785
Reported total assets	4 680 538	4 534 236	4 090 834
Equity ratio	71,7 %	50,3 %	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)	Q4 2019	Q4 2018	FY 2019	FY 2018
Operational EBIT continuing operations	136 358	233 071	542 802	564 337
Operational EBIT discontinued operations (Region South)	3 184	-635	2 406	77 388
Unallocated expenses	11 834	11 827	50 719	42 748
Non-recurring events (note 4)	0	0	11 000	34 000
Operational EBIT	151 377	244 263	606 927	718 474
Harvested volume (tonnes)	9 070	13 783	30 509	35 970
Operation EBIT per kg	16,71	17,73	19,92	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)	Q4 2019	Q4 2018	FY 2019	FY 2018
Operational EBIT (segment, note 2)	121 959	231 661	535 753	616 243
Share of operational EBIT Sales allocated to region North excl. Contracts	11 171	2 988	10 466	11 565
Operational EBIT excl. Contracts	133 130	234 649	546 219	627 808
Loss(-) / Gain(+) on open fixed-price contracts	12 834	8 648	53 677	10 353
Operational EBIT	145 964	243 297	599 896	638 160
Harvested volume (tonnes)	8 243	12 042	27 297	30 384
Operational EBIT per kg excl. Contracts	16,15	19,49	20,01	20,66
Operational EBIT per kg	17,71	20,20	21,98	21,00

Alternative performance measures (cont.)

Operational EBIT per kg Region South (Discontinued operations)

(NOK '000)	Q4 2019	Q4 2018	FY 2019	FY 2018
Operational EBIT (segment, note 2)	3 184	-635	2 406	79 388
Share of operational EBIT Sales allocated to region South excl. Contracts	1 120	432	1 641	1 761
Operational EBIT excl. Contracts	4 304	-203	4 047	81 149
Loss(-) / Gain(+) on open fixed-price contracts	1 286	1 250	3 782	-836
Operational EBIT	5 590	1 047	7 829	80 313
Harvested volume	826	1 741	3 212	5 586
Operational EBIT per kg excl. Contracts	5,21	-0,12	1,26	14,53
Operational EBIT per kg	6,77	0,60	2,44	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)	Q4 2019	Q4 2018
Production cost (segment, note 2)	333 366	406 789
Harvested volume (tonnes)	8 243	12 042
Production cost per kg Region North	40,44	33,78

Production cost per kg Region South (Discontinued operations)

(NOK '000)	Q4 2019	Q4 2018
Production cost (segment, note 2)	45 926	89 844
Harvested volume (tonnes)	826	1 741
Production cost per kg Region North	55,59	51,60

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)	Q4 2019	Q4 2018	FY 2019	FY 2018
Majority share of net result for the period	1 077 386	87 148	1 306 719	705 311
Majority share of fair value adjustments of biomass after tax	-30 143	115 999	97 526	-101 436
Fair value of sales contracts and Fish Pool contracts (in its entirety, the majority share)	1 921	-8 279	3 210	-19 735
Majority share of value-adjusted result for the period	1 049 164	194 868	1 407 456	584 139
Weighted average number of ordinary shares outstanding	43 348 577	43 493 529	43 348 577	43 498 749
Value-adjusted earnings per share	24,20	4,48	32,47	13,43