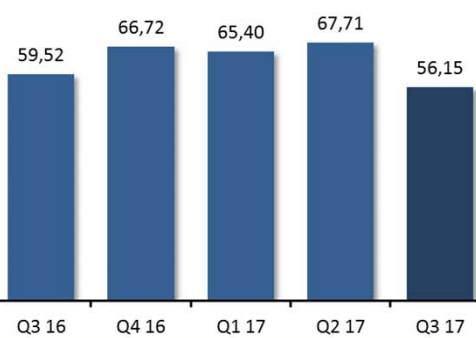


Interim Report

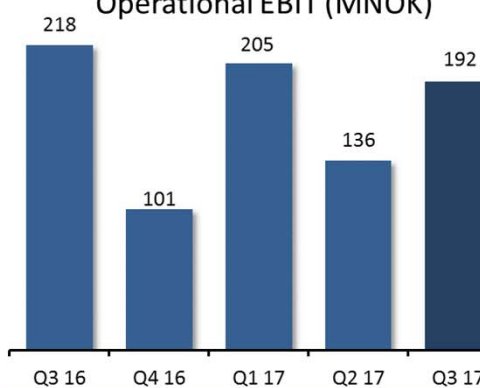
Q3-17



Salmon Price (NASDAQ) (NOK/kg)



Operational EBIT (MNOK)



Harvested volume (HOG)



HIGHLIGHTS Q3 2017

- Operational EBIT of NOK 192 million
 - Operational EBIT per kg of NOK 18.85 in Region North
 - Operational EBIT per kg of NOK 20.91 in Region South
- The highest harvested and sold volume in the history of NRS
 - Harvested volume was 39 per cent higher and sold volume 26 per cent higher than in the same quarter last year
- Still high production costs in Region North
- Profit before tax and fair value adjustments of NOK 276 million
- Good fish health and sea lice situation for NRS
- 43 per cent higher biomass in the sea compared with the end of the same quarter last year

NORWAY ROYAL SALMON - KEY FIGURES (NOK '000)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Operating revenues	1 360 291	1 106 855	3 694 542	3 040 605	4 224 340
Operational EBITDA	213 137	233 190	590 819	584 507	701 676
Operational EBIT	192 425	218 112	533 225	539 742	640 613
Income from associates	20 241	15 222	51 212	61 132	71 865
EBIT	158 820	250 659	606 864	533 806	876 628
EBT	221 792	286 244	508 596	677 722	1 172 421
EPS (NOK) – before fair value adjustments	5,33	4,92	8,02	13,82	19,87
ROCE ¹⁾			43,8 %	50,6 %	49,6 %
Net cash flow from operating activities	107 230	119 077	259 535	585 252	628 302
Investments in tangible fixed assets	72 331	14 660	196 482	54 216	121 423
Net interest-bearing debt			539 247	-13 122	282 160
Equity ratio			47,4 %	50,0 %	55,1 %
Volume harvested (HOG)	10 454	7 537	22 866	22 127	26 819
Operational EBIT per kg ²⁾	19,29	30,35	24,70	27,11	27,06
Volume sold - Sales	22 296	17 662	55 328	49 097	66 808

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 = 2016, unless otherwise specified)

Revenues and results

Norway Royal Salmon posted operating revenues of NOK 1 360.3 million (NOK 1 106.9 million) in the third quarter of 2017, an increase of 22.9 per cent from the corresponding prior-year period. The increase in revenues is due to higher sold volume. The Group achieved an operational EBIT of NOK 192.4 million (NOK 218.1 million), a reduction of NOK 25.7 million. The reduction in operational EBIT is due to lower prices and higher production costs. The gain on open fixed-price contracts compared to the level of spot prices contributed positively with NOK 33.0 million (loss of NOK 23.1 million) in the quarter.

The Group recognised negative fair value adjustments of NOK 53.8 million (positive NOK 17.3 million), a decrease of NOK 71.2 million because of lower forward prices.

The farming business harvested 10 454 tonnes (7 537 tonnes) gutted weight in the quarter, an increase of 38.7 per cent from the corresponding quarter last year. Including allocated margins from sales, Farming achieved an operational EBIT per kg of NOK 19.29 (NOK 30.35). The reduction is due to lower prices and higher production costs. The Sales business sold 22 296 tonnes (17 662 tonnes), an increase of 26.2 per cent. Both harvested and sold volume is the highest in a quarter in the history of NRS.

Financial items and share of profit from associates

Result from associates totalled NOK 20.2 million (NOK 15.2 million) in the third quarter. NRS' share of fair value adjustments of the biomass after tax amounted to NOK 10.8 million (NOK 10.4 million). Associated Norwegian farming companies harvested 1 006 tonnes, 1 348 tonnes less than in the corresponding period last year. NRS share of the above figure amounts to 359 tonnes, a decrease of 493 tonnes.

As a result of the increase of the NRS' share price from NOK 127.5 at the start of the quarter to NOK 167.5 at the end of the quarter, a gain of NOK 68.6 million (NOK 38.6 million) on TRS agreements on own shares was posted in the quarter. Net interest expenses for the period were NOK 5.3 million (NOK 2.9 million), an increase of NOK 2.4 million because of higher interest-bearing debt in the period.

Balance sheet

At the end of the reporting period, total assets amounted to NOK 4 172 million, an increase of NOK 196.2 million from the prior quarter end. The change in total assets is attributable to several factors. Fair value adjustments of the biomass decreased by NOK 50.0 million, while inventories and biomass at cost increased by NOK 57.6 million. The net increase in inventories and biological assets was NOK 7.6 million. Fixed assets had a net increase of NOK 51.5 million and financial assets decreased with NOK 17.8 million. The Group's receivables increased by NOK 83.4 million and bank deposits by NOK 71.5.

The Group's net interest-bearing debt decreased by NOK 54.8 million, from NOK 594.0 million at the end of the previous quarter to NOK 539.2 at 30 September 2017. The decrease is mainly attributable to an operational EBITDA of NOK 213.1 million, a realised gain on TRS-agreements of NOK 15.9 million and received dividend from associates of NOK 11.4 million. Increased working capital of NOK 90.5 million and investments in fixed assets of NOK 72.3 million had the opposite effect on the net interest-bearing debt. At the end of the quarter, the Group had an unused overdraft facility of NOK 400 million. The Group has bank deposits of NOK 242.4 million.



As of 30 September, the Group's equity totalled NOK 1 978 million, an increase of NOK 172.9 million from the end of the previous quarter. The increase is mainly attributable to a positive total comprehensive income of NOK 175.7 million. The equity ratio at the end of the quarter increased to 47.4 per cent.

Statement of cash flow

The Group's operating activities generated a positive cash flow of NOK 107.2 million during the quarter, which represents a decrease of NOK 11.8 million compared with the corresponding prior-year quarter. The positive cash flow is attributable to an operational EBITDA of NOK 213.6 million and an increase in accounts payables of NOK 74.8 million. An increase in inventories and biological assets at cost of NOK 57.6 million and an increase in accounts receivables of NOK 99.9 million had the opposite effect on the cash flow.

Net cash outflows related to investing activities in the third quarter amounted to NOK 44.0 million (inflow of NOK 44.4 million), which is attributable to payments of NOK 72.3 million for investments in fixed assets. Payments received from the realisation of TRS-agreements of NOK 15.9 million and received dividend from associates of NOK 11.4 million had positive effect.

The net cash inflows from financing activities totalled NOK 8.3 million (NOK 21.3 million) in the third quarter. Interests paid and instalments amounted to NOK 5.3 million and NOK 14.6 million respectively. A dividend payment of NOK 3.1 million has been made in the quarter. NOK 150.0 million has been drawn on the long-term credit facility and leasing liabilities rose by NOK 48.2 million, a total increase of NOK 198.2 million.

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 35 licences to produce farmed salmon, divided between 29 licences in Region North, located in Troms and western Finnmark, and 6 licences in Region South, located in the area around Haugesund.

The Sales business posted sales revenues of NOK 1 358.1 million in the third quarter (NOK 1 104.9 million), an increase of 22.9 per cent from the corresponding period last year. The spot price (NASDAQ) for superior quality during the quarter was NOK 56.15 per kg gutted weight, a decrease of 17 per cent from the second quarter of 2017 and a decrease of 6 per cent compared with the third quarter of 2016. The sales operations experienced an increase in sales volumes of 26.2 per cent compared with the corresponding prior-year period. 22 296 tonnes (17 662 tonnes) were sold in the third quarter. The Sales business achieved an operational EBIT before open fixed-price contracts of NOK 4.0 million (NOK 14.1 million), which equates to NOK 0.18 (NOK 0.80) per kg sold volume in the period. The gain on open fixed-price contracts compared to the level of spot prices was NOK 33.0 million (loss of NOK 23.1 million) in the quarter.



The Farming operations harvested 10 454 tonnes (7 537 tonnes) gutted weight in the third quarter, an increase of 38.7 per cent from the corresponding period last year. The estimated harvest volume for 2017 is 32 500 tonnes gutted weight and 43 000 tonnes gutted weight for 2018. 11.5 million smolts are planned released in 2017.

REGION NORTH

Operational EBIT came in at NOK 155.3 million (NOK 220.3 million), a decrease of NOK 65.0 million compared with the same quarter last year. Operational EBIT (ex. contracts) per kg amounted to NOK 15.70 (NOK 34.15). Gain on fixed-price contracts of NOK 3.16 per kg contributed to an operational EBIT per kg of NOK 18.85 (NOK 31.09).

8 238 tonnes (7 086 tonnes) were harvested in the region in the third quarter, an increase of 16.3 per cent. The achieved price for the Farming operations was NOK 8.87 lower per kg than in the corresponding period last year. The size of the harvested fish in the quarter have contributed positively to the price achievement, while timing contributed significantly negative.

Production costs for harvested fish was NOK 1.23 lower than in the second quarter of 2017 and NOK 8.10 higher than in the corresponding period last year. The reason for the increase from the third quarter of 2016 is that the smolts purchased to replace smolts that was culled due to ISA in 2015 have performed weaker than normal. An improvement in production costs in the fourth quarter, when for the 2016-generation is harvested, is expected. Due to lower than normal sea temperatures, the growth in the quarter was lower than expected. Nevertheless, the biomass in the sea increased in the quarter. Otherwise, the fish health and sea lice situation is good.

The estimated harvest volume for 2017 is 25 200 tonnes gutted weight and 35 800 tonnes gutted weight for 2018. 9.5 million smolts are planned released in 2017.

KEY FIGURES (NOK '000)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Operating revenues	1 069 983	1 038 773	2 673 838	2 621 419	3 279 605
Operational EBITDA	172 813	232 433	460 815	595 034	683 531
Operational EBIT	155 299	220 321	413 183	559 239	634 401
Investment in tangible assets	56 386	13 122	165 969	49 962	116 276
Volume harvested (tonnes HOG)	8 238	7 086	17 371	19 055	21 667
Operational EBIT per kg (ex contracts)	15,70	34,15	22,16	31,59	32,08
Gain (+)/Loss (-) on open fixed price contracts	3,16	-3,06	1,63	-2,24	-2,80
Operational EBIT per kg	18,85	31,09	23,79	29,35	29,28

REGION SOUTH

Operational EBIT came in at NOK 46.3 million (NOK 8.5 million), an increase of NOK 37.9 million. Operational EBIT (ex. contracts) per kg amounted to NOK 17.76 (NOK 21.79). Gain on fixed-price contracts of NOK 3.16 per kg contributed to an operational EBIT per kg of NOK 20.91 (NOK 18.73).

2 216 tonnes (451 tonnes) were harvested in the region in the third quarter, an increase of 1 765 tonnes from the corresponding prior-year period. The Farming operations achieved a price which was NOK 0.54 per kg lower than in the corresponding prior-year period.



The production costs for harvested fish is NOK 1.91 per kg higher than in the second quarter and NOK 2.00 higher than in the corresponding period last year. The increase in production costs for harvested fish is due to the start-up of harvesting on a new site. Region South had good production and achieved higher than expected growth in the quarter. The fish health and sea lice situation is good.

Estimated harvest volume for 2017 is 7 300 tonnes gutted weight and 7 200 tonnes gutted weight for 2018. 2.0 million were released in 2017.

KEY FIGURES (NOK '000)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Operating revenues	288 129	66 135	907 305	415 842	939 925
Operational EBITDA	49 544	11 417	160 789	49 597	103 291
Operational EBIT	46 345	8 451	151 674	40 628	91 358
Investment in tangible assets	16 147	2 091	21 192	2 390	5 144
Volume harvested (tonnes HOG)	2 216	451	5 495	3 071	5 151
Operational EBIT per kg (ex contracts)	17,76	21,79	26,20	15,50	21,86
Gain (+)/Loss (-) on open fixed price contracts	3,16	-3,06	1,40	-2,27	-4,13
Operational EBIT per kg	20,91	18,73	27,60	13,23	17,74

SHARES

As of 30 September 2017, Norway Royal Salmon ASA have 43 572 191 shares, allocated among 2 186 shareholders, a decrease of 37 from the end of the previous quarter. At the end of the quarter, the group had 82 443 treasury shares. The share price increased from NOK 127.50 at the end of June 2017 to NOK 167.50 at the end of September 2017. 4 440 668 shares were traded during the quarter.

EVENTS IN OR SUBSEQUENT TO THE QUARTER

Contractual rights and TRS agreements for own shares

During the third quarter Norway Royal Salmon has extended the TRS (Total Return Swap) agreement. After this transactions Norway Royal Salmon owns 82 443 treasury shares and has a contractual right to 1 775 377 shares, which together equates 4.26 per cent of the company's share capital.

Sickness absence

At 3.5 per cent, the Group's sickness absence rate decreased by 0.8 per cent from the previous quarter. The long-term absenteeism represents a substantial part of the absence.

Another site ASC-certified

In October, 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. Ten of sixteen sites at NRS Finnmark are now ASC-certified. ASC is a global standard for responsible farming and will together with our green licenses further reduce the influence on the environment and the society.



Demonstration facility in Alta

The Norwegian Directorate of Fisheries has granted NRS Finnmark a demonstration facility license with a MAB of 780 tonnes for 10 years. The final decision on allocation is taken by the county municipality. NRS looks forward to establishing a demonstration facility to convey knowledge about environmentally sustainable salmon farming in one of the northernmost areas of the world to the local community and visitors in Alta in a fact-based and inspiring way.

MARKET CONDITIONS

The total value of salmon exported from Norway in the third quarter was NOK 16.3 billion, an increase of 3.8 per cent from the third quarter of 2016. Exported volumes from Norway was 2.6 per cent higher than last year, which means the increase in value was due to higher volume and higher export prices. Harvested volumes from Norway increased by 4 per cent and the harvesting volumes globally increased by 8 per cent as Chile increased its harvest volume by 21 per cent in the quarter. Spot price (NASDAQ) in the third quarter of 2017 was NOK 56.15 per kg superior quality salmon (delivered Oslo). This is a decrease of 5.7 per cent from the third quarter of 2016. The export price was higher than the spot price, which indicates that average contract prices has been higher than the spot prices in the third quarter. The price decline in the spot market is largely driven by increased global supply. In EUR, the prices of Norwegian salmon fell by 6.2 per cent to EUR 6.01 per kg. The increase in export value of 3.8 per cent shows a good underlying market development in most markets through the third quarter.

Demand for Norwegian salmon in the EU has been good in the quarter with 1 per cent higher import volumes and 3 per cent higher import values compared with the same quarter last year. However, imports were somewhat lower than the global supply of salmon in the third quarter. The high prices affect the markets differently in the third quarter. The volume decline in the UK is significant, and in addition volumes fall in France and Poland. On the other hand, import increased significantly to Denmark, Spain and the Netherlands. Although the volumes are only 1 per cent higher than in the same period last year, the EU still uses more money on salmon in the third quarter of 2017 than in the same quarter last year. This signal continued good underlying demand development.

Q3/2017	Tonnes	yr/yr	MNOK	yr/yr
<i>Norway to the EU:</i>				
Poland	40 751	-5 %	2 046	-3 %
France	31 460	-3 %	1 668	-3 %
Denmark	29 548	21 %	1 499	19 %
UK	15 188	-24 %	834	-10 %
Spain	18 443	11 %	994	7 %
Nederland	16 188	9 %	881	15 %
Others in the EU	73 497	2 %	3 963	3 %
Total Norway to the EU	225 075	1 %	11 885	3 %
Others to the EU	49 225	3 %		
EU Total	274 300	1 %		

Export of salmon from Norway to Eastern Europe shows a strong growth both in volume and value in the third quarter of 2017. With such high prices it is pleasing to see strong growth in these countries. The volumes to the region are, however, clearly lower than when Norway could export to Russia. Volumes to Russia from other producer nations showed a slight increase in the third quarter. Eastern Europe in total increased its volume in the third quarter of 2017 with 21 per cent.

Q3/2017	Tonnes	yr/yr	MNOK	yr/yr
<i>Norway to Eastern Europe:</i>				
Ukraine	3 019	93 %	141	95 %
Turkey	1 504	40 %	76	48 %
Belarus	2 721	48 %	121	49 %
Kazakhstan	1 160	26 %	62	18 %
Others in Eastern Europe	752	3 %	49	20 %
Total Norway to Eastern Europe	9 156	49 %	450	50 %
Others to Eastern Europe	23 144	13 %		
Eastern Europe Total	32 300	21 %		



Demand for Norwegian salmon in Asia has been good for a long time. The third quarter of 2017 was no exception. Import volume increased by 18 per cent in total, and by 6 per cent from Norway. Chile had a substantial growth towards this region in the quarter. The trade problems with China continued in the third quarter, however work is being done to find a solution. A solution to the trade challenges with China will be very positive as the long-term potential in this region is very good.

Q3/2017	Tonnes	yr/yr	MNOK	yr/yr
<i>Norway to Asia:</i>				
South East Asia	20 327	17 %	1 205	12 %
Japan	10 035	-6 %	598	-7 %
Middle East	8 382	2 %	483	-2 %
Others in Asia	6 585	3 %	429	1 %
Total Norway to Asia	45 329	6 %	2 715	3 %
Others to Asia	30 771	42 %		
Asia Total	76 100	18 %		

Demand for Norwegian salmon in North America continues the positive trend. In total, import to North America has increased by 11 per cent, of which volume from Norway increased by 3 per cent. The growth from Norway is affected by the substantial increase in harvest volumes from Chile in the quarter.

Q3/2017	Tonnes	yr/yr	MNOK	yr/yr
<i>Norway to North America:</i>				
USA	14 520	6 %	914	6 %
Canada	730	-34 %	54	-32 %
Total Norway to North America	15 250	3 %	968	3 %
Others to North America	95 150	13 %		
North America total	110 400	11 %		

Low margins have contributed negatively to the profitability of the NRS' Sales operations in the quarter. The sales volume was 26 per cent higher than in the same quarter last year. 65 per cent of the harvested fish were sold in the spot market in the third quarter, while 35 per cent were sold at fixed prices. The fixed price contracts resulted in a profit of NOK 33.0 million compared to the level of spot prices. There were significant differences in the development of the sales volume between the regions. The export volumes to Western Europe increased with 38 per cent in the quarter, while the volumes sold in Norway increased by 42 per cent. The NRS' volumes to Asia fell by 16 per cent and to Eastern Europe with 14 per cent. In the third quarter, Western Europe accounted for 86 per cent of the export volumes, Asia 12 per cent and Eastern Europe accounted for 1 per cent. Domestic volume amounts to 15 per cent of the total sold volume.

OUTLOOK

Harvested volume for the quarter was 10 454 tonnes, which is 1 454 tonnes more than estimated at the end of the last quarter. As a result of lower production than expected in the Region North from mid-August to mid-October, the estimated harvest volume for 2017 is reduced with 1 500 tonnes to 32 500 tonnes. For 2018, the harvest volume is estimated to be 43 000 tonnes, an increase of 32 per cent from 2017. 35 per cent of the harvested volume was price-hedged in the third quarter. For the fourth quarter of 2017, 3 461 tonnes are priced-hedged at a Nasdaq equivalent price of around NOK 66.00 per kg.

In the third quarter, the global harvest volumes of salmon were 8 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 21 per cent. Good underlying demand contributed to the price of salmon not declining more than 6 per cent in the third quarter compared with the corresponding period last year.

Looking ahead, we expect global harvest volumes to increase compared with the same period the year before. In the fourth quarter, the increase is expected to be 12 per cent and in the first quarter of 2018 the increase is expected to be 6 per cent. The increase in the fourth quarter will result in an increase in supply to world markets of 5 per cent for 2017. Expected growth in global harvest volume in 2018 is 7 per cent. From a low or negative supply growth in recent years, supply growth for 2018 is expected to increase to a level corresponding to



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historical demand growth. Together with good demand for salmon provide this the basis for a continued positive market outlook for the industry.

NRS was awarded 10 licenses in 2014. This increases the production capacity with approximately 40 per cent and gives the possibility for a more sustainable production. The company has a strong focus on exploiting the growth potential. Estimated overall smolt releases for 2017 is 11.5 million smolts. NRS estimates approximately full utilization of the group's MAB in the fourth quarter of this year. NRS is satisfied that the farming operations primarily are located in Troms and Finnmark, where there are good conditions for the production of salmon at low production costs.

Trondheim, 6 November 2017

Helge Gåsø
Chair

Kristine Landmark
Vice Chair

Marianne E. Johnsen

John Hindar

Lars Måsøval

Trude Olafsen

Charles Høstlund
CEO



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INTERIM REPORT INCOME STATEMENT

(NOK '000)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Operating revenues	1 360 291	1 106 855	3 694 542	3 040 605	4 224 340
Cost of goods sold	1 064 688	805 295	2 866 856	2 258 500	3 230 927
Salaries	32 521	35 884	100 197	105 915	155 468
Depreciation	20 713	15 078	57 595	44 765	61 063
Other operating costs	49 944	32 486	136 670	91 684	136 269
Operational EBIT	192 425	218 112	533 225	539 742	640 613
Fair value adjustments	-53 846	17 325	22 427	-67 068	164 151
Income from associates	20 241	15 222	51 212	61 132	71 865
EBIT	158 820	250 659	606 864	533 806	876 628
Gain/loss on financial assets	68 565	38 586	-82 847	156 580	311 650
Other net financial items	-5 593	-3 001	-15 421	-12 663	-15 857
EBT	221 792	286 244	508 596	677 722	1 172 421
Tax	-31 920	-58 110	-137 762	-115 015	-167 707
Net profit/loss	189 872	228 134	370 834	562 707	1 004 713
Profit attributable to:					
Parent company shareholders	189 672	223 364	363 953	549 884	988 007
Minority interests	200	4 770	6 881	12 823	16 706
Earnings per share (NOK)	4,38	5,14	8,41	12,64	22,72
Earnings per share - diluted	4,38	5,14	8,41	12,64	22,72

EXTENDED INCOME STATEMENT

(NOK '000)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Net profit/loss	189 872	228 134	370 834	562 707	1 004 713
Items to be reclassified to profit or loss:					
Translation differences and OCI posts from associated companies	-25 621	0	-7 864	0	12 896
Cash Flow hedges (net)	11 413	8 607	1 939	48 843	21 429
Items not to be reclassified to profit or loss:					
Actuarial gains on defined benefit plans (net)	0	0	0	0	-1 361
Total comprehensive income	175 664	236 741	364 908	611 550	1 037 678
Total comprehensive income attributable to:					
Parent company shareholders	175 464	231 971	358 027	598 728	1 020 972
Non-controlling interests	200	4 770	6 881	12 823	16 706



BALANCE SHEET

(NOK '000)	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Intangible assets	648 887	648 887	648 887	648 887
Property, plant and equipment	557 131	505 604	417 496	366 589
Non-current financial assets	583 440	601 231	547 898	239 647
Non-current assets	1 789 459	1 755 723	1 614 281	1 255 122
Inventory and biological assets	1 453 522	1 445 879	1 307 035	909 078
Receivables	686 155	602 751	722 810	672 785
Bank deposits, cash	242 417	170 933	69 257	373 419
Current assets	2 382 094	2 219 563	2 099 101	1 955 282
TOTAL ASSETS	4 171 552	3 975 286	3 713 382	3 210 405
Share capital	43 489	43 489	43 473	43 474
Other equity	1 897 990	1 722 135	1 970 509	1 531 949
Non-controlling interests	36 765	39 715	33 034	29 151
Equity	1 978 244	1 805 338	2 047 017	1 604 574
Pensions	11 383	11 383	11 383	12 480
Deferred tax	533 807	498 283	394 786	431 387
Provisions	545 190	509 666	406 169	443 867
Long-term interest-bearing debt	725 401	543 992	303 781	277 616
Short-term interest-bearing debt	56 264	220 948	47 635	82 681
Trade payables	676 875	602 111	646 515	570 282
Tax payable	78 350	78 350	79 350	5 764
Other current liabilities	111 229	214 882	182 916	225 621
Current liabilities	922 717	1 116 291	956 417	884 348
TOTAL EQUITY AND LIABILITIES	4 171 552	3 975 286	3 713 382	3 210 405



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STATEMENT OF EQUITY

30.09.2017	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
(NOK '000)						
Equity at 01.01.2017	43 572	-98	1 970 509	2 013 984	33 035	2 047 017
Total 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
Purchase of treasury shares	0	-93	-18 154	-18 247	0	-18 247
Sale of treasury shares	0	109	15 959	16 068	0	16 068
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	-82	1 894 842	1 938 332	39 916	1 978 244

30.09.2016	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
(NOK '000)						
Equity at 01.01.2016	43 572	-71	1 070 288	1 113 791	72 731	1 186 519
Comprehensive income	0	0	598 728	598 728	12 823	611 550
Transactions with shareholders						
Dividend	0	0	-111 773	-111 773	0	-111 773
Share based payment	0	0	-10 892	-10 892	0	-10 892
Purchase minority interest	0	0	-13 598	-13 598	-56 402	-70 000
Purchase/sale of treasury shares	0	-27	-1 540	-1 567	0	-1 567
Other changes	0	0	737	737	0	737
Total transactions with shareholders	0	-27	-137 066	-137 094	-56 402	-193 496
Equity at 30.09.2016	43 572	-98	1 531 950	1 575 426	29 151	1 604 574

31.12.2016	Equity allocated to parent company shareholders				Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Total		
(NOK '000)						
Equity at 01.01.2016	43 572	-71	1 070 288	1 113 791	72 731	1 186 519
Total comprehensive income	0	0	1 020 972	1 020 972	16 706	1 037 678
Transactions with shareholders						
Dividend	0	0	-111 773	-111 773	0	-111 773
Share based payment	0	0	-10 702	-10 702	0	-10 702
Purchase/sale of treasury shares	0	-27	-1 540	-1 567	0	-1 567
Purchase minority interest	0	0	-13 598	-13 598	-56 402	-70 000
Equity changes associated companies	0	0	16 862	16 862	0	16 862
Total transactions with shareholders	0	-27	-120 752	-120 779	-56 402	-177 181
Equity at 31.12.2016	43 572	-98	1 970 509	2 013 984	33 035	2 047 017



INTERIM REPORT

Q3 2017

STATEMENT OF CASH FLOW

(NOK '000)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Operational EBIT	192 425	218 112	533 225	539 742	640 613
Adjusted for:					
Tax paid	0	0	-358	0	-3 180
Depreciation	20 713	15 078	57 595	44 765	61 063
Gains (-)/ losses (+) on disposal of non-current assets	0	0	0	10	10
Share based payment	0	189	-15 376	-10 892	-10 703
Pension costs with no cash effect	0	0	0	0	-2 887
Change in inventory / biomass	-57 643	-105 749	-124 733	-31 157	-242 359
Change in debtors and creditors	-25 097	53 010	-83 078	21 502	138 560
Change in other current assets and other liabilities	-23 168	-61 563	-107 739	21 282	47 185
Net cash flow from operating activities	107 230	119 077	259 535	585 252	628 302
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment	0	0	0	800	813
Payments for purchase of PPE	-72 331	-14 660	-196 482	-54 216	-121 423
Payments for acquisition of associated company	0	0	0	0	-269 487
Proceeds from realisation of non-current financial assets (TRS)	15 910	56 091	105 099	173 787	164 916
Proceeds from investments in non-current financial assets	11 411	0	13 421	0	8 871
Payments for acquisition of minority interest in subsidiary	0	0	0	-70 000	-70 000
Change in loans to associates and others	1 000	3 000	-10 500	3 000	4 000
Net cash flow from investing activities	-44 010	44 432	-88 462	53 371	-282 311
Cash flow from financing activities					
Receipts from new long-term debt	198 226	527	470 576	10 308	52 212
Long-term debt repayments	-14 560	-14 388	-40 328	-388 610	-400 674
Net change in overdraft	-166 941	38 720	0	38 720	0
Payment for acquisition of treasury shares	0	0	-18 754	-68 985	-68 985
Proceeds from sale of treasury shares	0	-48	16 068	67 418	67 418
Interest paid	-5 316	-3 488	-14 358	-13 621	-16 270
Dividend payment	-3 142	0	-411 117	-111 773	-111 773
Net cash flow from financing activities	8 266	21 323	2 087	-466 543	-478 073
Net increase (+)/ decrease (-) in cash & cash equivalents	71 486	184 832	173 160	172 080	-132 082
Cash and cash equivalents - opening balance	170 931	188 587	69 257	201 339	201 339
Cash and cash equivalents - closing balance	242 417	373 419	242 417	373 419	69 257

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 2016 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 2016 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 2016.



INTERIM REPORT

Q3 2017

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		Region North		Region South		Eliminations/other		Total	
	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016
Total sales revenues	1 357 855	1 104 908	435 626	437 580	122 756	25 234	2 178	1 948	1 918 415	1 569 669
Internal sales revenues	0	0	435 627	437 580	122 497	25 234	0	0	558 124	462 814
External sales revenues	1 357 855	1 104 908	-1	0	259	0	2 178	1 948	1 360 291	1 106 855
Operational EBIT	37 011	-8 941	126 134	228 728	38 499	8 986	-9 219	-10 660	192 425	218 112
Fair value adjustments	-3 845	10 466	-65 837	-30 128	15 836	36 987	0	0	-53 846	17 325
Income from associates	0	0	0	0	0	0	20 241	15 222	20 241	15 222
EBIT	33 167	1 525	60 297	198 600	54 335	45 973	11 022	4 562	158 820	250 659
EBT	28 931	1 410	58 046	198 092	54 233	44 883	80 583	41 858	221 792	286 244
Volume harvested (HOG)			8 238	7 086	2 216	451			10 454	7 537
Operational EBIT per kg			15,31	32,28	17,37	19,92			15,75	31,54
Volume sold	22 296	17 662							22 296	17 662
Operational EBIT per kg	1,66	-0,51							1,66	-0,51
- of w hich loss on open fixed-price contracts per kg.	1,48	-1,31							1,48	-1,31

(NOK '000)	Sales		Region North		Region South		Eliminations/other		Total	
	YTD 2017	YTD 2016	YTD 2017	YTD 2016	YTD 2017	YTD 2016	YTD 2017	YTD 2016	YTD 2017	YTD 2016
Total sales revenues	3 689 650	3 037 262	1 016 789	1 130 979	335 507	186 434	4 622	3 344	5 046 568	4 358 019
Internal sales revenues	0	0	1 016 790	1 130 980	335 236	186 434	0	0	1 352 026	1 317 414
External sales revenues	3 689 650	3 037 262	-1	0	270	0	4 622	3 344	3 694 542	3 040 605
Operational EBIT	65 194	-14 619	363 147	571 124	136 515	43 362	-31 632	-60 125	533 225	539 742
Fair value adjustments	673	-74 430	19 904	-21 369	1 850	28 731	0	0	22 427	-67 068
Income from associates	0	0	0	0	0	0	51 212	61 132	51 212	61 132
EBIT	65 867	-89 049	383 051	549 755	138 365	72 093	19 580	1 007	606 864	533 806
EBT	60 255	-89 631	376 526	546 610	137 713	67 929	-65 897	152 813	508 596	677 722
Volume harvested (HOG)			17 371	19 055	5 495	3 071			22 866	22 127
Operational EBIT per kg			20,91	29,97	24,84	14,12			21,85	27,77
Volume sold	55 328	49 097							55 328	49 097
Operational EBIT per kg	1,18	-0,30							1,18	-0,30
- of w hich loss (-)/gain (+) on open fixed-price contracts per kg.	0,65	-1,01							0,65	-1,01

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 changed the 31 December 2016 from a growth model to a present value model. In accordance with IFRS 13, the change of model is regarded as an estimate change. 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. 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)	30.09.2017	30.06.2017	30.09.2016	31.12.2016
Raw materials	38 506	31 092	33 859	35 512
Biological assets	1 317 585	1 337 311	861 935	1 205 399
Finished goods	97 431	77 477	13 285	66 123
Total inventory	1 453 522	1 445 879	909 078	1 307 035

Specification of the biological assets:

(NOK '000)	30.09.2017	30.06.2017	30.09.2016	31.12.2016
Biological assets at cost	904 320	874 045	657 179	813 888
Fair value adjustments of the biomass	413 265	463 266	204 756	391 511
Book value biological assets	1 317 585	1 337 311	861 935	1 205 399

Specification of biological assets - tonnes

	Q3 2017	Q2 2017	Q3 2016	FY 2016
Opening balance biological assets	22 205	20 606	15 025	22 407
Increase due fish put in the sea	420	670	478	1 298
Increase due to production in the period	15 522	7 927	11 669	33 714
Reduction due to mortality in the period	-498	-621	-615	-2 269
Reduction due to harvesting in the period	-12 447	-6 238	-8 973	-31 955
Non-recurring items and sold biomass	0	-141	0	-135
Closing balance biological assets	25 202	22 205	17 584	23 060

Specification of changes in book value of biological assets:

(NOK '000)	Q3 2017	Q2 2017	Q3 2016	FY 2016
Opening balance biological assets	1 337 311	1 099 549	743 821	829 928
Increase due to production in the period	386 138	281 652	300 325	967 416
Non-recurring event at cost	0	-10 000	0	-19 158
Reduction due to harvesting in the period	-355 863	-178 405	-189 070	-766 904
Fair value adjustments of the biological assets	-50 001	145 197	6 859	194 117
Fair value adj. of the biological assets due to non-recurring event	0	-682	0	0
Closing balance biological assets	1 317 585	1 337 311	861 935	1 205 399

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: Biomass cont.

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 pr 30.06.2017	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	6 616	2 472	197 962	128 293	326 255
1-4 kg	6 114	13 364	491 723	248 083	739 806
Larger than 4 kg	1 420	6 369	194 361	76 890	271 251
Biological assets	14 150	22 205	884 045	453 266	1 337 311

Groups of biological assets, status pr 30.09.2016	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	7 029	3 532	212 687	0	212 687
1-4 kg	5 418	12 731	409 837	183 705	593 542
Larger than 4 kg	228	1 317	34 656	21 051	55 706
Biological assets	12 675	17 580	657 179	204 756	861 935

Groups of biological assets, status pr 31.12.2016	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	7 098	4 575	255 803	109 784	365 587
1-4 kg	4 950	13 027	412 823	171 133	583 956
Larger than 4 kg	1 162	5 458	145 262	110 594	255 856
Biological assets	13 210	23 060	813 888	391 511	1 205 399

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

30.09.2017	NOK/kg	30.06.2017	NOK/kg	30.06.2016	NOK/kg	31.12.2016	NOK/kg
Q4 17	60,52	Q3 17	61,73	Q4 16	63,75	Q1 17	74,00
Q1 18	63,70	Q4 17	63,27	Q1 17	63,40	Q2 17	71,80
Q2 18	62,98	Q1 18	64,83	Q2 17	63,58	Q3 17	64,70
Q3 18	57,48	Q2 18	64,70	Q3 17	55,32	Q4 17	64,50
Q4 18	58,82	Q3 + Q4 18	62,50	Q4 17	56,68	Q1 + Q2 18	72,90

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: Non-recurring events

Non-recurring event	YTD 2017			YTD 2016		
	Cost	Fair value adjustments	Fair value	Cost	Fair value adjustments	Fair value
Destruction of fish with winter wounds Nor Seafood AS ¹⁾	0	0	0	11 186	0	11 186
Destruction of desmoltified fish NRS Finnmark AS ¹⁾	10 000	682	10 682	8 000	0	8 000
Biological assets	10 000	682	10 682	19 186	0	19 186

Extraordinary events	FY 2016		
	Cost	Fair value adjustments	Fair value
Destruction of fish with winter wounds Nor Seafood AS ¹⁾	11 186	0	11 186
Destruction of desmoltified fish NRS Finnmark AS ¹⁾	8 000	0	8 000
Biological assets	19 186	0	19 186

1) All events in 2016 are related to small fish (less than 1 kg). At the time the events occurred, cost was considered the best estimate of fair value. In Q4 2016 was additional MNOK 1,1 recognised as a non-recurring event due to the final verdict against Nord Senja Laks AS.

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 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Change in fair value adjustments of the biomass	-50 001	6 859	21 754	7 362	194 117
Change in provision for onerous sales contracts	11 798	22 990	75 596	-96 363	-62 227
Change in unrealised gains/losses on financial fish pool contracts	-15 643	-12 524	-74 923	21 933	32 261
Total fair value adjustments	-53 846	17 325	22 427	-67 068	164 151

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

(NOK '000)	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Fair value adjustments biomass (inventory and biological assets)	413 265	463 266	391 511	204 756
Provision for onerous sales contracts (other current liabilities)	-14 398	-26 196	-89 994	-124 130
Fair value of financial Fish Pool contracts (other receivables/other current liabilities)	19 624	35 266	94 547	84 219
Net fair value adjustments in the balance sheet	418 491	472 337	396 064	164 845

NOTE 6: Transactions with related parties

The Norway Royal Salmon Group undertakes transactions under ordinary terms and conditions with associates and fish farmers who are also NRS shareholders. This applies to the purchase of fish from fish-farming companies, as well as the purchase of harvesting services from two of the Group's associates. Smolts are also purchased from associated companies.

Wellboat services with a total value of KNOK 6 079 were purchased from enterprises controlled by the company's Chair Helge Gåsø in Q3 2017. These services were priced at the market rate. In addition, has smolts from Nordland Akva AS, which is controlled by one of the largest shareholders of NRS, Egil Kristoffersen og Sønner AS, been purchased for KNOK 25 981 in Q3 2017.

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 and 45 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 100 000 shares allocated to the CEO. In the quarter costs relating to the option scheme was recognised in the income statement in the amount of KNOK 2 026.

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 31 people and 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 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. Each employee can at most be granted rights to shares for a value of 75 per cent of the annual salary in level 1, 100 per cent of the annual salary in level 2, 50 per cent of the annual salary in level 3 and 25 per cent of the annual salary in level 4. At 30 September 2017, the program includes 419 888 options. The exercise price will be adjusted for dividends and changes in holdings of treasury shares. In the quarter, a cost of KNOK 381 related to the new option scheme was recognised in the accounts.

For further details of transactions with related parties, please see the description in the annual report.

	Program introduced in 2014	Program introduced in 2017	All programs
Change in number of options			
At 31 June 2017	100 000	0	100 000
Exercised in the quarter	0	0	0
Allocated during the year (new program)	0	419 888	419 888
Number of options at 30 September 2017	100 000	419 888	519 888
Exercise price	31,78	149,26	0
Number of employees in the program at the end of the quarter	1	31	32



NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: Investments in associates

(NOK '000)	Shareholding	Book value 01.01.2017	Share of profit/loss in the period after tax	Other changes	Book value 30.09.2017	Share of volume harvested - tonnes HOG 30.09.2017*
Arctic Fish ehf.	50,00 %	281 218	11	-7 864	273 365	711
Wilsgård Fiskeoppdrett AS	37,50 %	134 544	22 000	-7 125	149 419	1 012
Måsøval Fishfarm AS	36,10 %	10 489	9 754	-1 730	18 514	609
Hellesund Fiskeoppdrett AS	33,50 %	67 033	18 517	-9 617	75 934	591
Hårdanger Fiskeforedling AS	31,10 %	9 903	423	0	10 326	
Espevær Laks AS	33,33 %	2 910	-180	168	2 898	
Ranfjord Fiskeprodukter AS	37,75 %	21 814	1 124	0	22 938	
Skardalen Settefisk AS	30,00 %	3 547	-437	0	3 110	
Other		48	0	0	48	
Total associates 30.09.2017		531 505	51 212	-26 168	556 548	2 924
Total associates 31.12.2016		169 992	71 865	289 649	531 504	3 204

* 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 2017:

	Shareholding	Number of shares	Fair value	NRS' share of fair value
Måsøval Fishfarm AS	36,10 %	255 497	42 796	15 449
Hellesund Fiskeoppdrett AS	33,50 %	1 639 482	274 613	91 995
Total		1 894 979	317 409	107 445

Note 8 Treasury shares and TRS agreements

As at 30 September the company holds 82 443 treasury shares, corresponding to 0.19 % of the share capital of the company. Norway Royal Salmon ASA's total underlying exposures through TRS agreements is at 30 September 1 775 377 shares, representing 4.07 % 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. The company realised previously entered TRS agreements in the period. Gain on realisation amounted to KNOK 15 910 and is posted as a financial item (gain on financial assets) in the income statement.

(NOK '000)	No. of shares	Exercise Price	Maturity	Market value 30.09.2017	Market value 30.09.2017	Change in market value Q3 2017
TRS	1 775 377	160,03	19.09.2017	-57 381	0	57 381
TRS	1 775 377	170,81	15.03.2018	0	-4 740	-4 740
Sum				-57 381	-4 740	52 641

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 2017 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)	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Reported long-term interest-bearing debt	725 401	543 992	303 781	277 616
Reported short-term interest-bearing debt	56 264	220 948	47 635	82 681
Reported bank deposits, cash	242 417	170 933	69 257	373 419
Net interest bearing debt	539 247	594 007	282 160	-13 122

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)	30.09.2017	30.06.2017	31.12.2016	30.09.2016
Reported equity	1 978 244	1 805 338	2 047 017	1 604 574
Reported total assets	4 171 552	3 975 286	3 713 382	3 210 405
Equity ratio	47,4 %	45,4 %	55,1 %	50,0 %

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 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Operational EBIT	192 425	218 112	533 225	539 742	640 613
Unallocated expenses	9 220	10 660	21 594	40 939	64 824
Non-recurring events (note 4)	0	0	10 000	19 186	20 322
Operational EBIT	201 645	228 772	564 818	599 867	725 759
Harvested volume	10 454	7 537	22 866	22 127	26 819
Operation EBIT per kg	19,29	30,35	24,70	27,11	27,06

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 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Operational EBIT (segment, note 2)	126 134	228 728	363 147	571 124	656 112
Share of operational EBIT Sales allocated to region North excl. Contracts	3 172	13 266	21 734	30 815	38 958
Operational EBIT excl. Contracts	129 305	241 993	384 881	601 939	695 070
Loss(-) / Gain(+) on open fixed-price contracts	25 993	-21 672	28 301	-42 700	-60 669
Operational EBIT	155 299	220 321	413 183	559 239	634 401
Harvested volume	8 238	7 086	17 371	19 055	21 667
Operational EBIT per kg excl. Contracts	15,70	34,15	22,16	31,59	32,08
Operational EBIT per kg	18,85	31,09	23,79	29,35	29,28



NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: Alternative performance measures (cont)

Operational EBIT per kg Region South

(NOK '000)

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Operational EBIT (segment, note 2)	38 499	8 986	136 515	43 362	101 914
Share of operational EBIT Sales allocated to region South excl. Contracts	854	844	7 475	4 241	10 717
Operational EBIT excl. Contracts	39 353	9 830	143 990	47 602	112 631
Loss(-) / Gain(+) on open fixed-price contracts	6 993	-1 379	7 684	-6 974	-21 274
Operational EBIT	46 345	8 451	151 674	40 628	91 357
Harvested volume	2 216	451	5 495	3 071	5 151
Operational EBIT per kg excl. Contracts	17,76	21,79	26,20	15,50	21,86
Operational EBIT per kg	20,91	18,73	27,60	13,23	17,74

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 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Majority share of net result for the period	189 672	223 364	363 953	549 884	988 007
Majority share of fair value adjustments of biomass after tax	38 220	-1 490	-16 178	-4 627	-146 698
Fair value of sales contracts and Fish Pool contracts (in its entirety, the majority share)	2 922	-7 850	-511	55 823	22 774
Majority share of value-adjusted result for the period	230 814	214 024	347 263	601 080	864 083
Weighted average number of ordinary shares outstanding	43 296 128	43 482 307	43 296 128	43 482 307	43 480 197
Value-adjusted earnings per share	5,33	4,92	8,02	13,82	19,87

NOTE 11: Shareholders

Ownership structure – the 20 largest shareholders as at 30.09.2017:

Shareholder	No. of shares	Shareholding
GÅSØ NÆRINGSUTVIKLING AS	6 780 149	15,56 %
GLASTAD CAPITAL AS	5 266 542	12,09 %
MÅSØVAL EIENDOM AS	5 172 196	11,87 %
EGIL KRISTOFFERSEN OG SØNNER AS	4 734 545	10,87 %
HAVBRUKSINVEST AS	4 122 912	9,46 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	1 754 407	4,03 %
HELLESUND FISKEOPPDRETT A/S	1 639 482	3,76 %
SPAREBANK 1 MARKETS AS	1 263 267	2,90 %
NYHAMN AS	1 066 694	2,45 %
LOVUNDLAKS AS	1 063 598	2,44 %
STATE STREET BANK AND TRUST COMP	522 411	1,20 %
J.P. MORGAN BANK LUXEMBOURG S.A.	386 974	0,89 %
HOLTA INVEST AS	304 060	0,70 %
JPMORGAN CHASE BANK, N.A., LONDON	274 544	0,63 %
HENDEN FISKEINDUSTRI AS	257 154	0,59 %
MÅSØVAL FISHFARM AS	255 497	0,59 %
MP PENSJON PK	253 582	0,58 %
STATE STREET BANK AND TRUST COMP	204 223	0,47 %
SVENSKA HANDELSBANKEN AB	191 715	0,44 %
OLA LOE	188 286	0,43 %
Total 20 largest shareholders	35 702 238	81,94 %
Total other shareholders	7 869 953	18,06 %
Total no. of shares	43 572 191	100,00 %