



Austevoll Seafood ASA

Financial report Q1 2020



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FINANCIAL REPORT Q1 2020

- Higher harvest volume for Atlantic salmon and trout when compared with Q1 2019
 - » Spot price for salmon impacted by COVID-19 outbreak
- Good activity for pelagic and whitefish in the North Atlantic
- Start of season in Chile with good catch rates for horse mackerel
- Seasonal low activity in Peru
 - » Second fishing season of 2019 stopped on 15 January 2020; weak season – 36% of total quota for Peru caught before season stopped

KEY FIGURES FOR THE GROUP

All figures in NOK 1,000	Q1 2020	Q1 2019	2019
Operating revenue	5 856 454	5 563 270	23 341 679
EBITDA*	1 200 395	1 156 589	4 260 515
EBITDA %	20%	21%	18%
EBIT*	833 819	837 259	2 923 726
Pre tax profit before biomass adj.*	659 473	939 455	3 080 975
Pre tax profit	16 683	744 676	2 755 926
Earnings per share (EPS) *	1,15	2,20	6,89
Earnings per share (EPS)	-0,18	1,79	6,22
Dividend per share (paid)			3,50
Proposed dividend			2,50
Total assets	40 875 143	39 412 727	39 830 833
Equity	23 926 559	23 002 928	23 331 034
Equity ratio	59%	58%	59%
NIBD ex. right-of-use assets liabilities **	4 586 266	4 297 353	4 074 378
NIBD incl. right-of-use assets liabilities **	5 952 099	5 733 630	5 353 877

* Before fair value adjustments of biological assets

** NIBD = Net interest bearing debt

FINANCIAL REVIEW

PROFIT/LOSS Q1 2020

Group operating revenue in Q1 2020 totalled NOK 5,856 million, compared with NOK 5,563 million in Q1 2019.

Group EBITDA in Q1 2020 totalled NOK 1,200 million compared with NOK 1,157 million in Q1 2019.

The increase in revenue and earnings is explained by a higher harvest volume for Atlantic salmon and trout and higher catch volumes for whitefish when compared with the same period in 2019. The disappointing fishing season in Peru in Q4 2019, including a significant decline in sales volume for fishmeal and oil, resulted in a reduction in revenue and earnings for this segment in the quarter, when compared with the same quarter of 2019.

EBIT before fair value adjustment related to biological assets in Q1 2020 was NOK 834 million (Q1 2019: NOK 837 million).

The various restrictions implemented both in Norway and internationally in the wake of the COVID-19 outbreak have affected the market for salmon and trout. At the end of Q1 2020, the spot price for salmon, measured according to the NSI (sales price FCA Oslo), was substantially lower than at the start of the year. This had a significantly negative impact on the fair value adjustment related to biological assets at the end of the quarter. Fair value adjustment related to biological assets in Q1 2020 totalled NOK -614 million. The fair value adjustment for Q1 2019 was also negative, NOK -174 million. EBIT after fair value adjustment related to biological assets in Q1 2020 was NOK 220 million (Q1 2019: NOK 663 million).

The largest associates are Norskott Havbruk AS and Pelagia Holding AS (Pelagia). The Group's associates have generated good results over time, are significant enterprises in their segments and represent substantial values for Austevoll Seafood ASA. Income from associates was negative at NOK -50 million in the quarter (Q1 2019: NOK 131 million). For Norskott Havbruk AS, fair value adjustment related to biological assets was negative and amounted to NOK -29 million in the quarter. The corresponding fair value adjustment for Q1 2019 was NOK -21 million. Unrealised foreign exchange losses linked to the extraordinary depreciation of the Norwegian krone in the quarter had a significantly negative impact

on Pelagia's earnings. Accounting policies specify that unrealised losses on forward contracts must be recognised consecutively. The accounting impact, however, is expected to be reversed as the goods are shipped to the customers. Pelagia's underlying operations are satisfactory.

The Group's net interest expense in Q1 2020 totalled NOK 73 million (Q1 2019: NOK 58 million). Net other financial expenses in Q1 2020 were NOK -80 million, of which the main share is unrealised foreign exchange losses. Net other financial expenses in Q1 2019 totalled NOK 8 million.

Profit before tax and fair value adjustment related to biological assets for Q1 2020 amounted to NOK 659 million, compared with NOK 939 million in Q1 2019.

Profit before tax in the quarter was NOK 17 million (Q1 2019: NOK 745 million). The Group reported a loss after tax of NOK 4 million (Q1 2019: profit of NOK 593 million).

CASH FLOWS Q1 2020

Cash flow from operating activities for Q1 2020 was NOK 421 million (Q1 2019: NOK 261 million). Cash flow from investing activities for Q1 2020 was NOK -629 million (Q1 2019: NOK -415 million). LSG's subsidiary, Lerøy Havfisk AS, has taken over the newbuild trawler "Kongsfjord" in Q1 2020. Cash flow from financing activities for Q1 2020 was NOK 188 million (Q1 2019: NOK -84 million).

At the end of Q1 2020, the Group had cash and cash equivalents of NOK 4,259 million compared with NOK 4,165 million at the end of Q1 2019 and NOK 4,251 million at year-end 2019.

STATEMENT OF FINANCIAL POSITION AT 31/03/2020

The Group's statement of financial position at the end of Q1 2020 totalled NOK 40,875 million compared with NOK 39,831 million at the end of 2019. Some Group companies have a functional currency other than the Norwegian krone. Changes in foreign exchange rates will therefore result in changes in the Group's statement of financial position, due to conversion to Norwegian krone

from period to period. At the end of the first quarter, for example, the closing rate for the USD had risen 20% in comparison with the closing rate at 31 December 2019. This is the reason behind the major share of the increase in the statement of financial position from 31 December 2019 to 31 March 2020.

The Group is financially sound with book equity at 31 March 2020 of NOK 23,927 million, equivalent to an equity ratio of 59%. At the end of Q1 2019, the Group had book equity of NOK 23,003 million, equivalent to an equity ratio of 58%. The company's equity at year-end 2019 was NOK 23,331 million, with an equity ratio of 59%.

The implementation of IFRS 16 Leases on 1 January 2019 has required right-of-use assets to be capitalised. These are now shown on a separate line in the statement of financial position.

The Group had net interest-bearing debt, excluding right-of-use obligations, totalling NOK 4,586 million at the end of the first quarter, compared with NOK 4,297 million at the end of Q1 2019. The Group's net interest-bearing debt including right-of-use obligations at the end of the first quarter was NOK 5,952 million, compared with NOK 5,734 million at the end of Q1 2019.

OPERATIONAL REVIEW OF THE OPERATING SEGMENTS

The Group's activities are classified according to the following operating segments: Lerøy Seafood Group ASA (Europe), Austral Group S.A.A (Peru), Foodcorp Chile S.A (Chile), Br. Birkeland AS (Norway), Br. Birkeland Farming AS (Norway) and the joint venture Pelagia Holding AS (Europe).

Lerøy Seafood Group ASA (LSG)

LSG's operations comprise farming, wild catches (Lerøy Havfisk and LNWS), VAP and Sales & Distribution. LSG's farming operations are distributed geographically with licences in Troms and Finnmark (Lerøy Aurora), Nordmøre/Trøndelag (Lerøy Midt) and Vestland (Lerøy Sjøtroll).

In Q1 2020, LSG reported revenue of NOK 5,306 million (Q1 2019: NOK 4,747 million) and EBITDA before fair

value adjustment related to biological assets of NOK 1,097 million (Q1 2019: NOK 933 million).

Earnings in Q1 2020 are up on earnings in Q1 2019, mainly due to the increase in harvest volume for Atlantic salmon and trout and higher catch rates for whitefish.

The harvest volume for salmon and trout, gutted weight, was 39,377 tonnes in Q1 2020, up from the figures reported for Q1 2019 of 32,317 tonnes.

In recent years, the prices for Atlantic salmon have been impacted by the fact that Norway, the largest producer in the world, has had very limited growth in domestic production since 2012. There are several reasons for this lack of growth, including biological challenges, limitations in new licence capacity and challenges faced by the Norwegian industry in adapting to national political regulations that drive costs. The lack of growth in Norway together with a positive development in demand and the weaker Norwegian krone have combined to give historically very high prices for salmon.

At the start of Q1 2020, the spot prices for salmon were extremely high, around NOK 80/kg. Through the quarter however, these prices gradually started to reflect the impact on demand from the restrictions introduced in connection with the COVID-19 pandemic. By the end of the quarter, the spot prices were just over NOK 50/kg. The harvest volume in March amounted to 40% of the total harvest volume for the quarter. The average price for salmon in Q1 2020, measured according to NSI (sales price FCA Oslo), was NOK 68.50/kg, compared with NOK 61.30/kg in Q1 2019. This corresponds to a price increase of NOK 7.10/kg or 12%.

The contract share for salmon in Q1 2020 was 38%, and prices realised for contracts were in line with prices realised on the spot market. Compared with the spot price FCA Oslo, the prices realised have been impacted by sales margin, transport, size, quality and time of sale.

As mentioned in the interim report for Q4 2019, Lerøy Aurora reported an increase in winter ulcers at the start of 2020. This development worsened through the first quarter and had a very negative effect on prices realised. Moreover, the prices realised have, as always,

been impacted by sales margin, transport, size, quality and time of sale. Logistics costs increased substantially in the last part of March.

Lerøy Sjøtroll's harvest volume for trout was 39% in Q1 2020. Prices realised for trout have been lower than for salmon in the quarter, partly due to a significant increase in harvest volume from Norway, but also due to the COVID-19 pandemic. Prices realised for trout in the quarter are approximately NOK 6/kg lower than for salmon.

Release from stock costs for the Group in Q1 2020 were higher than in both Q1 2019 and Q4 2019.

As mentioned in the interim report for Q4 2019, the increase in winter ulcers was expected to affect release from stock costs for Lerøy Aurora in Q1 2020. The development in winter ulcers through the quarter has been worse than expected, which will probably result in a lower harvest volume for Lerøy Aurora in 2020 and slightly higher costs in Q2 2020. However, costs are still expected to fall in the second half of 2020.

Growth and production for Lerøy Midt at the start of 2020 have been positive. Costs per harvested kilogram were lower than in Q4 2019 and could potentially continue to fall through 2020.

Lerøy Sjøtroll reported a clear downward trend in costs in the second half of 2019. Costs were up slightly in the first quarter of 2020 when compared with Q4 2019, but growth in the quarter has been good and there is potential for significant improvements. The new smolt facility in Fitjar, Kjærelva, has now been completed. The facility will supply smolt weighing both 160 grams and 500 grams. At the end of April 2020, Lerøy Sjøtroll started harvesting salmon from what was the first 160-gram smolt released from Kjærelva around a year ago. The smolt have performed very well, and the new smolt facility is expected to gradually result in increased harvest volume and lower release from stock costs from 2020, and again from 2021.

The wholly owned subsidiary Lerøy Havfisk's primary business is wild catches of whitefish. Lerøy Havfisk has licence rights to harvest just above 10% of the total Norwegian cod quotas in the zone north of 62 degrees

latitude, corresponding to more than 30% of the total quota allocated to the trawler fleet. Lerøy Havfisk also owns several processing plants, which are mainly leased out to their sister company Lerøy Norway Seafoods (LNWS) on long-term contracts. Lerøy Havfisk's trawler licences stipulate an operational obligation for these processing plants.

Lerøy Havfisk took delivery of the new trawler, "Kongsfjord", on schedule in February 2020 and had 10 trawlers in operation at the end of Q1 2020. Experience gained to date of operations with "Kongsfjord" is positive. The vessel has a high catch efficiency, and it is particularly rewarding to see that the investments made in improving the catch quality are paying off. For Lerøy Havfisk, the first quarter of the year saw an improvement in prices, good catch efficiency and a high volume.

Lerøy Havfisk's total catch volume in Q1 2020 was 25,009 tonnes, compared with 20,536 tonnes in Q1 2019. Catch volumes for the main species in Q1 2020 were 12,530 tonnes of cod, 5,198 tonnes of haddock and 3,602 tonnes of saithe. The catch distribution in Q1 2019 was 8,881 tonnes of cod, 5,246 tonnes of haddock and 3,214 tonnes of saithe. The value of fish on inventory for Lerøy Havfisk increased by NOK 59 million in Q1 2020 compared with an increase of NOK 37 million in Q1 2019. Average prices for all species saw an increase of 13% in Q1 2020 when compared with the same period in 2019. Prices realised were up 13% for cod, 12% for haddock and 33% for saithe, all compared with Q1 2019.

LNWS's primary business is processing wild-caught whitefish. The company has use of 12 processing and purchasing plants in Norway, five of which are leased from Lerøy Havfisk. The processing of whitefish in Norway has been extremely challenging for many years. As a result of high demand for seafood and lower quotas, the raw material prices increased throughout 2019 and early 2020. In the short term, this always represents a challenge for processing operations.

High raw material prices in the quarter have generated satisfactory earnings for the trawler fleet, but have presented challenges for LNWS. In total, Lerøy Havfisk and LNWS contributed EBIT of NOK 270 million in Q1 2020, compared with NOK 171 million in the same period

of 2019. Catches vary according to the seasons, and some of the intragroup sales for Lerøy Havfisk have still not been sold to external end customers – the main reason behind the internal elimination in the Group of NOK 39 million in the quarter. The corresponding internal elimination in Q1 2019 totalled NOK 51 million.

The Group continues to focus on reinforcing efforts to improve the competitiveness of the whitefish industry, but this is a long-term project. Substantial investments have been made in both human resources and machinery, and the Group expects to see positive results gradually emerging throughout 2020.

The Group's substantial investments in whitefish in recent years have significantly improved its product range and position as a seafood supplier to leading enterprises on the global seafood markets. Catch trends for whitefish resources result in seasonal fluctuations in access to raw materials for whitefish that are much more evident than with Farming. Seasonal fluctuations naturally result in slight increases in inventory. This, combined with natural fluctuations in catch periods for different fish species, will impact the interim key figures to a certain extent.

LSG's results are closely linked to developments in the markets for seafood – particularly the price for Atlantic salmon and trout – but also to an increasing degree the price for whitefish, particularly cod, after the investments within whitefish in 2016. Pricing is determined by where supply and demand are in equilibrium. The growth in demand in recent years has outstripped the growth in supply, resulting in a positive price development, particularly for salmon and trout. At the time of writing, the COVID-19 pandemic is having a significantly negative impact on demand for seafood. LSG's results will continue to be affected by the developments in both supply and demand in the future. It is extremely difficult to form any specific opinion on how long the restrictions laid down as a result of the pandemic will last.

For further information, please refer to LSG's report and presentation for Q1 2020.

Austral Group S.A.A (Peru)

Austral Group S.A.A. (Austral) is involved in fishing,

production of fishmeal and fish oil and consumer products. Austral holds 6.98% of the total quota for anchoveta in Central/North Peru, and just under 4% of the quota in South Peru. In addition, the company has fishing rights for horse mackerel and mackerel. Anchoveta is used to produce fishmeal and fish oil, while horse mackerel/mackerel is fished for consumer products. The main fishing seasons for anchoveta in Central/North Peru are from April to July and November to January. Fishmeal and fish oil are produced in four factories, located in Coishco, Chancay, Pisco and Ilo. The company also produces consumer products in facilities that share premises with the fishmeal and fish oil factories in Coishco and Pisco.

As previously reported, the second fishing season of 2019 was disappointing, which has also had an impact on the company's earnings in Q1 2020. The company had a quota of 194,600 tonnes anchoveta for the second fishing season. Only 50,800 tonnes of the quota were caught by the end of 2019 and the company did not fish for anchoveta after 1 January 2020. This was therefore the total catch volume for the company at the end of the season in January 2020. The volume of horse mackerel/mackerel caught in Q1 2020 was 15,500 tonnes. In Q1 2019, the company's own vessels caught just below 25,000 tonnes of anchoveta and more than 16,000 tonnes of horse mackerel and mackerel. Due to the low season, the company has as normal carried out maintenance work on vessels and factories, in preparation for the start-up of the first fishing season in 2020.

In Q1 2020, operating revenue was NOK 264 million (Q1 2019: NOK 557 million) and EBITDA was NOK 23 million (Q1 2019: NOK 140 million).

The decline in revenue is a result of the weak fishing season and lower sales volume in Q1 2020 when compared with the same period in 2019. The fall in earnings is attributed to a combination of factors – low sales volumes, lower prices realised for fishmeal and, as previously mentioned, lower supply of raw materials. Sales volumes for fishmeal and oil in the quarter were 15,000 tonnes, down from 37,500 tonnes in the same quarter of 2019. The company's prices realised for fishmeal in Q1 2020 were down 11% on Q1 2019. The prices realised for fish oil were up 20% when compared with Q1 2019, but fish oil represents only 6% of the total sales volume in Q1 2020.

The company's inventory of fishmeal and fish oil at the end of the first quarter 2020 was 2,400 tonnes, compared with 18,400 tonnes at the end of the same quarter in 2019.

Peru is usually the largest producer of fishmeal and fish oil in the world. Production volumes in Peru therefore have a direct influence on global prices established for fishmeal and fish oil.

The authorities in Peru have introduced stringent national restrictions in the wake of the COVID-19 outbreak. These restrictions affect access to manpower both within and outside the company, in addition to other input factors. As a result, some of the company's maintenance work prior to the first fishing season has been delayed. The authorities have introduced stringent requirements for companies relating to execution of the first fishing season, and the company has also drawn up procedures for vessel and factory operations in order to protect their employees. The COVID-19 outbreak is causing greater uncertainty and a significant decrease in predictability. It is to be expected that the first fishing season in 2020 will be much more challenging than normal.

Foodcorp Chile S.A (Chile)

Foodcorp Chile S.A. (FC) is involved in fisheries, production of consumer products and production of fishmeal and fish oil. From 2018, the regulation of fisheries in Chile has allowed greater flexibility for the fleet to carry out fishing in all the country's regions. This provides a corresponding increase in flexibility for FC, whose quota previously covered South Chile exclusively. FC's quota therefore now corresponds to 8.4% of the horse mackerel quota established for the fleet to which FC's vessels belong. FC also has a quota for sardine/anchoveta.

All FC's shore-based industrial activities are located in the same building in the coastal town of Coronel.

The main season for horse mackerel fishing is from December to July. The main season for sardine/anchoveta fishing is divided into two periods. The first season starts in March and ends in July/August. The second season normally starts in October/November and lasts until the end of December.

In 2020, the company has its own quota (including

leased quota) for horse mackerel of 34,600 tonnes, up 15% from 2019. The company has also signed an agreement for the purchase of 22,000 tonnes of horse mackerel from a third party, to be fished using the company's own vessels. Catches of third-party quotas allow for increased productivity for the company's fleet and production facilities.

The company can report a good level of fishing activities in Q1 2020 with catches of 27,900 tonnes of horse mackerel/mackerel, compared with 25,000 tonnes in Q1 2019.

In Q1 2020, operating revenue was NOK 138 million (Q1 2019: NOK 147 million) and EBITDA was NOK 40 million (Q1 2019: NOK 51 million).

Sales of frozen products totalled 10,300 tonnes in Q1 2020, up from 9,200 tonnes in the same quarter of 2019. In Q1 2020, the company has reported a fall in prices realised for its main products within production of frozen goods compared with Q1 2019. This is attributed to the decline in prices realised on the company's main market for horse mackerel.

The authorities in Chile have introduced stringent national restrictions in the wake of the COVID-19 outbreak. These restrictions affect access to manpower both within and outside the company, in addition to other input factors. The company's employees have done their utmost to keep the value chain open during this difficult time, and vessel and factory operations have, to date, continued practically as normal. Logistics operations for shipping of goods are more challenging and taking longer than normal.

Fisheries company Br. Birkeland AS (BRBI) and Br. Birkeland Farming AS (BFARM)

In Q1 2020, the BRBI segment reported operating revenue of NOK 49 million (Q1 2019: NOK 46 million). EBITDA amounted to NOK 10 million (Q1 2019: NOK 9 million).

The pelagic vessels have fished for blue whiting in the first quarter. One of the vessels caught its entire blue whiting quota in Q1 2020, while the second vessel had fulfilled its quota by early April. Prices realised have been good and are up from the same fishing season in 2019. The vessel assigned to fish for snow crab has once again struggled with a lot of ice in the winter. This factor,

combined with small catches, has made the season very difficult, and the vessel caught 68 tonnes in the quarter, down from 142 tonnes in Q1 2019.

The pelagic vessels completed their blue whiting season almost as normal, and have experienced only a minor impact from the COVID-19 outbreak. The same applies to the crab fishing vessel, although crew changeovers may present a challenge.

In Q1 2020, the BFARM segment reported operating revenue of NOK 87 million (Q1 2019: NOK 68 million). EBITDA before fair value adjustment related to biological assets in Q1 2020 was NOK 27 million (Q1 2019: NOK 18 million).

The company harvested 1,441 tonnes of salmon in Q1 2020, up from 1,192 tonnes harvested in Q1 2019. The company sells all its fish on the spot market. Release from stock costs remain high. In the first quarter of 2020, the company achieved an EBIT/kg of NOK 12.30, up from NOK 11.20 in Q1 2019.

JOINT VENTURES

Pelagia Holding AS (Pelagia)

In the consolidated financial statements, Pelagia Holding AS (Pelagia) is defined as a joint venture and accounted for according to the equity method.

In Note 4 Segments however, Pelagia is reported according to the so-called "proportionate consolidation method", where 50% of the company's total revenue, EBITDA, EBIT and sales volume are presented. This corresponds to AUSS's equity interest in company.

The figures for Pelagia in this paragraph reflect 100% of the company's financial and operational figures.

Underlying operations in the first quarter have been good, with a high sales volume and good access to raw materials. However, unrealised foreign exchange losses linked to the extraordinary depreciation of the Norwegian krone in the quarter had a significantly negative impact on Pelagia's earnings, including EBITDA. Accounting policies specify that unrealised losses on forward contracts must be recognised consecutively. The accounting impact, however,

is expected to be reversed as the goods are shipped to the customers in the near future.

Revenue for the quarter was NOK 2,150 million (Q1 2019: NOK 1,644 million) and EBITDA was NOK 79 million (Q1 2019: NOK 199 million).

The increase in revenue results from a substantial increase in sales volume for frozen products in the quarter, up from 74,100 tonnes in Q1 2019 to 109,300 tonnes. Nonetheless, earnings, as described above, were significantly impacted by foreign exchange.

The volume of raw materials received for consumer products in the first quarter was 132,000 tonnes, compared with 99,000 tonnes in Q1 2019. Raw materials in Q1 2020 were mainly mackerel and herring. Total receipt of raw materials for Pelagia and associates (100%) for fishmeal/FPC and oil production was approx. 289,000 tonnes in Q1 2020, compared with approx. 274,000 tonnes in Q1 2019. The main share of the raw materials for fishmeal and fish oil production in Q1 2020 has been blue whiting and cuttings from the consumer product plants.

National and international restrictions in connection with the COVID-19 outbreak are affecting access to manpower both within and outside the company. The company's employees have done their utmost to keep the value chain open during this difficult time, and operations have, to date, continued practically as normal.

OTHER ISSUES

Risks and uncertainties

The Group's risk exposure is described in the Annual Report 2019. The Group's activities are essentially global and will always be impacted to varying degrees by developments in the global economy. In light of the turmoil in the global economy in recent years, including trade barriers and geopolitical risk, the general consensus is that macroeconomic uncertainty is still greater than what was previously considered normal. The Group's risk profile covers pandemics, and the COVID-19 outbreak is an example of a pandemic. As a result of the outbreak, national and global authorities have introduced extensive restrictions in an attempt to prevent uncontrolled spread of the infection. COVID-19 is having an impact on global

value chains in that the necessary measures taken by public authorities, illness and fear at a global level are significantly affecting how we live our lives. As part of the seafood industry, the Group is also noting a substantial impact in the form of changes in demand, access to manpower both in the Group and outside, other input factors and credit risk. Although this situation may have a negative impact on the real economy in most markets, it is our opinion that AUSS's core business is founded on long-term sustainable assets within interesting segments of the global seafood industry.

The Group is exposed to risk related to the value of the Group's assets. Risk arises mainly as a result of changes in the prices of raw materials and finished products, to the extent that these changes impact the company's competitiveness and earnings potential over time. Operational factors, such as marine biomass, fishing conditions and price trends for the Group's input factors, are other key parameters that have an impact on risk for the Group.

At the end of Q1 2020, the Group had live fish on its statement of financial position worth NOK 5.2 billion. Biological risk has been and will remain a substantial risk factor in the Group's operations. Assessing and managing biological risk must therefore be a part of the Group's core expertise.

Changes in fishing patterns and quota adjustments mean fluctuations in catch volumes from quarter to quarter and year to year, and hence varying utilisation of the Group's production facilities. The seasonal fluctuations in catch volumes cause similar fluctuations in the quarterly key figures.

After LSG's acquisition of Havfisk and LNWS, the Group has substantial exposure in relation to catches of various species of whitefish according to Norwegian quotas. The Group faces political risk linked to decisions by the authorities, including framework conditions for fish farming and licence terms related to fisheries legislation.

Industrial developments and employment in capital-intensive activities exposed to global competition such as fish farming, fisheries and industry represent challenges and require a long-term perspective by businesses and

politicians at national level. The Group's strategy centres on a long-term perspective, irrespective of framework conditions, to ensure a globally competitive organisation, which can continue to ensure industrial development in the numerous local communities where the Group has operations.

In the approval granted by the Norwegian Ministry of Trade, Industry and Fisheries, LSG's ownership of Lerøy Havfisk and LNWS is linked to the ownership structure approved when the application was submitted, thereby requiring approval of any changes in ownership not covered by the exemption granted by the Ministry. The nationality requirement in section 5 of the Act relating to the right to participate in fishing must also be met.

The majority of the Group's debt is at floating interest rates, but fixed-rate contracts have been entered into for approx. 26 % of the Group's interest-bearing debt.

The Group is exposed to fluctuations in foreign exchange rates, particularly the EUR, GBP, USD, Chilean peso and Peruvian sol. Measures to reduce this risk in the short term include forward contracts and multi-currency overdraft facilities. Furthermore, parts of the long-term debt are adjusted in relation to earnings in the same currency.

SHAREHOLDER INFORMATION

The company had 5,718 shareholders at the end of Q1 2020, compared with 5,517 at the start of the period.

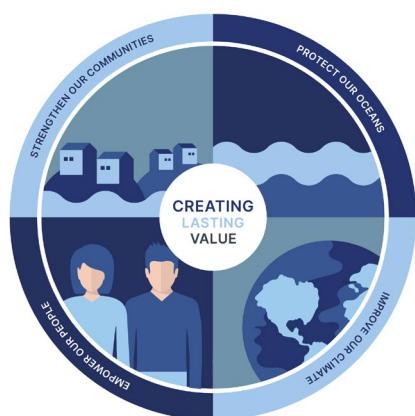
The share price was NOK 90.05 at the start of Q1 2020 and NOK 73.90 at the end of the quarter.

The spread of COVID-19 has increased uncertainty and reduced predictability in the global economy. On this basis, the Board of Directors has adjusted its proposal for allocation of the profit for 2019 announced on 24 February 2020. The Board of Directors now proposes that the Annual General Meeting on 28 May 2020 adopts a dividend payment of NOK 2.50 per share. The Board of Directors will also request authorisation from the Annual General Meeting to pay up to NOK 2.00 per share as a dividend before the end of the present year. The dividend payment for financial year 2018 was NOK 3.50 per share.

A list of the 20 largest shareholders can be found in Note 6 in this report.

AUSTEVOLL SEAFOOD ASA'S FOCUS AREAS FOR SUSTAINABILITY

Since it was established in 1981, Austevoll Seafood ASA (AUSS) has remained loyal to its strategic foundations of “creating lasting values through healthy oceans and thriving communities”. Operations, or the value chain, in the Group’s portfolio companies have their “origin” in the use of fresh water and the sea, and the Group’s growth has been and shall continue to be sustainable. Sustainable growth places stringent requirements on the Group within finance, the climate and environment and social issues. Sustainability is essential for gaining access to capital, and is of decisive importance for the Group’s survival and continued development. We are therefore proud to confirm that the Group’s food production is globally competitive, according to the UN’s sustainability criteria. Social sustainability is important for sustaining viable local communities and access to the Group’s most important resource, people. In its sustainability reports, the company has therefore focused on four main areas; Protect our Oceans, Improve our Climate, Strengthen our Communities and, not least, Empower our People. For more detailed information, please read the company’s sustainability report for 2019 on the company’s website <https://ar2019.auss.no/>



MARKET AND OUTLOOK

Production, sale and distribution of salmon, trout and whitefish

Price developments for Atlantic salmon have been highly volatile at the start of 2020, with the ripple

effects of the COVID-19 pandemic gradually having a significantly negative impact on demand. While the hospitality/catering market has practically closed, demand on the retail market is good. Prices realised for products, measured according to Norwegian standards, are also affected by increased logistics costs.

The Group’s production of red fish takes place mainly in Norway. Norwegian and global salmon and trout production are experiencing a relatively limited growth. This factor, combined with a weaker Norwegian krone, has resulted in very high prices. This represents incentives to start production of salmon in new areas using new, alternative technologies. These incentives have existed for several years now, but with long lead times in the industry, Norwegian production in marine fish farms has maintained its predominant position. However, it must be noted that the market share for Norwegian Atlantic salmon will be affected by the introduction of salmon and trout production in new regions. We are confident that the Group’s value chain will fare relatively well against competition from alternative production methods in the years to come.

Capacity for flexibility and change is also important for global salmon production. LSG is developing its existing business by investing in knowledge and facilities to ensure competitive strengths. Irrespective of the above, the Group constantly seeks new knowledge and expertise within both onshore and offshore salmon production.

The Group has invested heavily in production facilities for larger smolt in recent years. With time, the new facilities will increase the average smolt size for the Group. For Lerøy Aurora and Lerøy Sjøtroll, the average size of released salmon smolt will be around 300 grams in 2020. Both the corporate management and the Board of Directors expect the completed investments in new smolt plants, and the ongoing investments, to provide considerable growth in production in the sea in 2020 and the years to come. From 2020 onwards, this increase in production will gradually result in higher harvest volumes every year over the next four to five years. The estimated harvest volume for 2020, including the share from associates, is currently 183,000-188,000 tonnes salmon and trout. The Group’s target is for the corresponding figures in 2021 to be between 200,000

and 210,000 tonnes.

The Group has made substantial investments in whitefish in recent years. One new vessel was added to the fleet in 2018 – Nordtind – and another in early 2020 – Kongsfjord. Further improvements to fish quality were established as important design criteria for Kongsfjord. Consumers' expectations and quality requirements continue to increase. High quality and competitiveness are key factors for success when competing to attract consumers.

Things have remained challenging for the onshore industry at the start of 2020, although with some signs of improvements since 2019. The industry is subject to extremely strong seasonal fluctuations, and LSG is of the opinion that profitability for the industry will depend on innovation and opportunities for specialisation. In recent years, LSG has made substantial investments to start facilitating this. A new processed fish factory opened in Stamsund in 2019, and a major conversion of the filleting plant in Melbu is expected to be completed in early 2020. Considerable investments have also been made in other facilities.

Through organic growth and a series of acquisitions the Group is now one of the world's largest producers of Atlantic salmon and trout. The acquisitions of Havfisk ASA and Norway Seafood Group AS have made the Group the largest supplier of whitefish in Norway and a major supplier worldwide. In recent years, the Group has also developed and consolidated its position as a central actor in the distribution of seafood in Norway and other major international markets. The Group plays an active role in developing the value chain for seafood, with an increasingly large global reach.

LSG's many years of investing in vertical integration, building alliances, developing high-quality products, entering new markets, quality-assuring its value chain and building its brand will enable it to continue to create value going forward. The Group will continue its work to deliver sustainable value creation by focusing on strategic business development and operational improvements. This work will generate growth and, based on customer requirements, ensure continuity of supply, quality and cost efficiency, paving the way for increased profitability. Improving operational efficiency

at all stages is an ongoing process aimed at further strengthening the Group's competitiveness nationally and internationally.

Fishmeal and fish oil

According to the IFFO*, fishmeal production is down 33.7% in Q1 2020 when compared with the same period in 2019. This decrease is most notable in Peru, after the weak fishing season was closed on 15 January 2020. Production in the North Atlantic has been slightly affected by the later start-up for blue whiting fishing. The quota recommended by the ICES for blue whiting in 2020 is up 2% on the quota for 2019.

IMARPE has carried out its customary survey prior to the first fishing season in Peru in 2020. The surveys estimated the biomass at a full 10.1 million tonnes, and the Peruvian authorities have used this information to set a total quota of 2.4 million tonnes for the first season. The season starts on 13 May. The main market for fishmeal produced in Peru is Asia, with China firmly at the top in terms of consumption.

* Source: IFFO, week 16, 2020 (Regions Chile, Peru, Denmark/Norway, Iceland/North Atlantic)

Consumer products (pelagic)

The Group's production of consumer products takes place in Europe and South America. In Europe, the fishing season for spring-spawning herring is usually from January to April and the season for North Sea herring from May onwards. The main season for mackerel fishing normally starts in September and continues throughout the autumn. The remaining quotas for Norwegian spring-spawning herring are also caught during the same period. The first half of the year is the season for horse mackerel in South America. The ban on imports to Russia has significantly complicated marketing work for a number of the Group's products in recent years. The recent significant fall in crude oil prices also impacts the economy and access to currency in another important market – Nigeria. We find, nonetheless, that the Group's products are faring well in competition with alternative sources of protein. The quotas recommended by ICES for catches in the North Atlantic in 2020 are up 20% for mackerel and 12% for North Sea herring, while the quota recommended for

2020 for spring-spawning herring is down 11% on 2019. The 2020 quota recommended by SPRFMO for horse mackerel in the South Pacific represents an increase of approx. 15% on the quota for 2019.

The Group

The Group is financially sound, has shown positive development and is currently well positioned in several parts of the global seafood industry. The Group's products are healthy, and production is financially, climate and environmentally sustainable. The Board of Directors therefore expects to see good underlying increase in demand in the years to come. The Group's strategy going forward is to continue to grow and further develop within its current operating segments. The Group has and shall continue to have the financial flexibility to support its strategy of further organic growth, carry out strategic acquisitions and sustain the company's dividend policy.

The COVID-19 outbreak has resulted in greater uncertainty

and reduced predictability. It is, at the time of writing, extremely difficult to form an opinion on how long the outbreak will last, and it is therefore important to underline the difficulties in making sound assessments of the economic consequences of the pandemic. There are grounds to state that the situation is a challenging one and that the outbreak will have a notably negative impact on the world economy and, as a result, the Group's profit/loss this year. Over the years, the Board of Directors and management have focused on building a strong Group of companies, ensuring that the Group has organisations well-prepared to solve challenges in difficult and changing conditions. The Board of Directors is therefore confident that the Group will emerge stronger from this global crisis. The management and all Group employees are doing what they can every day to ensure that the Group fulfils its underlying social responsibility, keeping the value chain and food supplies operational at a difficult time. The Board would like to thank all its subsidiaries and its employees for their great efforts so far through the Covid-19 outbreak.

Storebø, 13 May 2020

The Board of Directors of Austevoll Seafood ASA

Helge Singelstad
Chairman of the Board

Lill Maren Møgster
Board member

Oddvar Skjegstad
Deputy Chairman of the Board

Eirik Drønen Melingen
Board member

Helge Møgster
Board member

Hege Charlotte Bakken
Board member

Siren M. Grønhaug
Board member

Arne Møgster
CEO

FINANCIAL REPORT Q1 2020

INCOME STATEMENT (unaudited)

All figures in NOK 1.000	Note	Q1 2020	Q1 2019	(audited) 2019
Operating revenue	4	5 856 454	5 563 270	23 341 679
Raw material and consumables used		2 884 761	2 797 685	12 564 498
Salaries and personnel expenses		1 021 789	905 697	3 449 343
Other operating expenses		749 509	703 299	3 067 323
EBITDA before fair value adjustments *		1 200 395	1 156 589	4 260 515
Depreciation and amortisation		369 701	319 727	1 338 517
Impairment		-3 125	-397	-1 728
EBIT before fair value adjustment *		833 819	837 259	2 923 726
Fair value adjustment related to biological asset		-613 934	-174 189	-306 323
Operating profit		219 885	663 070	2 617 403
Income from associated companies	5	-49 675	131 262	450 758
Net interest expenses		-73 252	-57 535	-297 879
Net other financial items (incl. agio/disagio)		-80 275	7 879	-14 356
Profit before tax and fair value adj.*		659 473	939 455	3 080 975
Profit before tax		16 683	744 676	2 755 926
Income tax expenses		-20 891	-151 542	-558 490
Net profit		-4 208	593 134	2 197 436
Profit to non-controlling interest		32 406	232 667	941 755
Profit to controlling interests		-36 614	360 467	1 255 681
Earnings per share (EPS) *		1,15	2,20	6,89
Earnings per share (EPS)		-0,18	1,79	6,22
Diluted EPS		-0,18	1,79	6,22

*) related to biological assets (alternative performance measure)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

All figures in NOK 1.000	Q1 2020	Q1 2019	(audited) 2019
Net earnings in the period	-4 208	593 134	2 197 436
Other comprehensive income			
Currency translation differences	703 894	-48 109	78 255
Other comprehensive income from associated companies	-3 936	-3 424	-3 530
Cash flow hedges	-65 935	16 131	25 711
Others incl. tax effect	-22 884	-1 149	-4 313
Total other comprehensive income	611 139	-36 551	96 123
Comprehensive income in the period	606 931	556 583	2 293 559
Allocated to;			
Minority interests	128 323	228 313	964 164
Majority interests	478 608	328 270	1 329 395

STATEMENT OF FINANCIAL POSITION (unaudited)

All figures in NOK 1.000	Note	31.03.2020	31.03.2019	31.12.2019
Assets				
Intangible assets		11 837 477	11 476 996	11 486 974
Vessels		2 235 356	2 070 916	1 737 895
Property, plant and equipment		6 465 690	5 998 260	6 281 630
Right-of-use assets	8	3 074 568	2 382 909	2 934 538
Investments in associated companies	5	2 460 677	2 302 938	2 354 991
Investments in other shares		39 652	44 322	39 632
Other long-term receivables		166 838	151 990	136 080
Total non-current assets		26 280 258	24 428 331	24 971 740
Inventories	3	6 860 449	7 496 285	7 288 976
Accounts receivable		2 578 554	2 454 746	2 468 085
Other current receivables		897 367	867 882	850 932
Cash and cash equivalents		4 258 515	4 165 483	4 251 100
Total current assets		14 594 885	14 984 396	14 859 093
Total assets		40 875 143	39 412 727	39 830 833
Equity and liabilities				
Share capital 6	6	101 359	101 359	101 359
Own shares		-18 312	-18 312	-18 312
Share premium		3 713 549	3 713 549	3 713 549
Retained earnings and other reserves		8 961 042	8 187 202	8 481 884
Non-controlling interests		11 168 922	11 019 131	11 052 555
Total equity		23 926 559	23 002 928	23 331 034
Deferred tax liabilities		3 489 328	3 433 573	3 499 862
Pensions and other obligations		91 194	68 332	38 059
Borrowings		5 993 832	5 993 731	5 568 383
Lease liabilities to credit institutions		896 175	890 970	917 000
Lease liabilities to other than credit institutions		1 143 443	1 202 129	1 070 442
Other long-term liabilities		32 984	27 889	28 261
Total non-current liabilities		11 646 956	11 616 624	11 122 007
Short term borrowings		596 767	482 606	643 888
Lease liabilities to credit institutions		264 204	313 430	328 000
Lease liabilities to other than credit institutions		222 390	234 148	209 057
Overdraft facilities		1 060 819	671 210	839 946
Account payable		1 540 386	1 476 259	1 703 946
Other current liabilities		1 617 062	1 615 522	1 652 955
Total current liabilities		5 301 628	4 793 175	5 377 792
Total liabilities		16 948 584	16 409 799	16 499 799
Total equity and liabilities		40 875 143	39 412 727	39 830 833
Net interest bearing debt (NIBD)		4 586 266	4 297 353	4 074 378
Lease liabilities to other than credit institutions		1 365 833	1 436 277	1 279 499
NIBD incl. right of use assets liabilities		5 952 099	5 733 630	5 353 877
Equity ratio		59%	58%	59%

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

All figures in NOK 1.000	31.03.2020	31.03.2019	31.12.2019
Equity at period start	23 331 034	22 454 007	22 454 007
Comprehensive income in the period	606 931	556 583	2 293 559
Dividends	-4 786	-7 662	-1 416 473
Transactions with non-controlling interest	-6 620	-	-
Other	-	-	-59
Total changes in equity in the period	595 525	548 921	877 027
Equity at period end	23 926 559	23 002 928	23 331 034

CASH FLOW STATEMENT (unaudited)

All figures in NOK 1.000	Q1 2020	Q1 2019	(audited) 2019
Cash flow from operating activities			
Profit before income taxes	16 684	744 676	2 755 927
Fair value adjustment of biological assets	613 934	174 189	306 323
Taxes paid in the period	-236 736	-431 668	-882 491
Depreciation and amortisation	369 701	319 727	1 338 517
Impairments	-3 125	-397	-1 728
Associated companies - net	49 675	-131 262	-450 758
Interest expense	93 551	69 983	321 262
Interest income	-20 299	-12 448	-62 767
Change in inventories	-185 405	95 459	170 634
Change in receivables	-156 904	-262 882	-259 271
Change in payables	-162 886	-152 145	75 230
Other operating cash flow incl currency exchange	43 308	-151 818	-139 238
Net cash flow from operating activities	421 498	261 414	3 171 640
Cash flow from investing activities			
Purchase of intangible and fixed assets	-635 462	-437 819	-1 544 578
Purchase of shares and equity investments	-439	-1 387	-40 186
Proceeds from sale of fixed assets/equity investments	3 941	2 456	50 899
Cash inflow from business combinations	-	-	-
Dividend received	-	6 487	391 452
Interest income	20 299	12 448	62 767
Other investing activities - net	-16 987	3 101	20 568
Net cash flow from investing activities	-628 648	-414 714	-1 059 078
Cash flow from financing activities			
Proceeds from new long term debt	302 082	-	218 410
Repayment of long term debt	-305 904	-228 757	-1 165 719
Change in short term debt	152 865	230 018	399 457
Interest paid	-100 803	-58 758	-303 805
Dividends paid	-4 786	-7 663	-1 416 472
Other finance cash flow - net	144 928	-18 795	12 412
Net cash flow from financing activities	188 382	-83 955	-2 255 717
Net change in cash and cash equivalents	-18 768	-237 255	-143 155
Cash, and cash equivalents at start of period	4 251 100	4 392 863	4 392 863
Exchange gains/losses (-)	26 183	9 875	1 392
Cash and cash equivalents at period end	4 258 515	4 165 483	4 251 100

SELECTED NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the related standard for interim financial reporting (IAS 34). All figures not included in the financial statements for 2019 are unaudited. The interim financial statements, including historical comparative amounts, are based on current IFRS standards and interpretations. Changes in the standards and interpretations may result in changes to the result. This interim report does not include all the information required by the International Financial Reporting Standards (IFRS) for a set of financial statements and should therefore be read in conjunction with the Group's financial statements for 2019.

Please refer to the Group's financial statements for 2019 for information on standards and interpretations applicable as of 1st January 2019.

NOTE 2 RELATED PARTY TRANSACTIONS

There were related party transactions in Q1 2020. Related party transactions take place on market terms, and the relevant types of transactions are described in more detail in the Annual Report 2019.

NOTE 3 BIOLOGICAL ASSETS

The Group recognises and measures biological assets at fair value according to IAS 41 and IFRS 13. For salmon and trout, including parent fish, a present value model is applied to estimate fair value. For roe, fry, smolt and cleaner fish, historical cost is assumed to be the best estimate of fair value. The value of fish in the sea is estimated as a function of the estimated biomass at the time of release from stock, multiplied by the estimated sales price. For fish not ready for harvest, a deduction is made to cover estimated residual costs to grow the fish to harvest weight. The cash flow is discounted monthly by a discount rate. The discount rate comprises three main components: (1) the risk of incidents that have an effect on cash flow, (2) hypothetical licence lease and (3) the time value of money.

Estimated biomass (volume) is based on the actual number of individuals in the sea on the date of the statement of financial position, adjusted to cover projected mortality up to harvest time and multiplied by the estimated harvest weight per individual at harvest time. The measurement unit is the individual fish. However, for practical reasons, these estimates are carried out per locality. The live weight of fish in the sea is translated to gutted weight in order to arrive at the same measurement unit as for pricing.

Pricing is based on the Fish Pool forward prices. The forward price for the month in which the fish is expected to be harvested is applied in order to estimate cash flow. The price stipulated by Fish Pool is adjusted to take into account export costs and clearing costs and represents the reference price. This price is then adjusted to account for estimated harvesting cost (well boat, slaughter and boxing) and transport to Oslo. Adjustments are also made for any projected differences in size and quality. The adjustments to the reference price are made per locality. Joint regional parameters are applied, unless factors specific to an individual locality require otherwise.

Valuation and classification are based on the principle of highest and best use according to IFRS 13. The actual market price per kilo may vary in relation to fish weight. When estimating fair value, the optimal harvest weight, i.e. the weight when the fish is ready for harvest, is defined as the live weight that results in a gutted weight of 4 kg. This corresponds to a live weight of 4.8 kg. The optimal harvest weight may, however, be lowered slightly if required by factors at an individual locality (biological challenges etc.). In terms of valuation, only fish that have achieved a live weight greater than 4.8 kg are classified as ready for harvest.

The Group enters into contracts related to future deliveries of salmon and trout. As biological assets are recognised at fair value, the fair value adjustment of the biological assets will be included in the estimated expenses required to fulfil the contract. This

NOTE 3 BIOLOGICAL ASSETS (cont.)

implies that the Group may experience loss-making (onerous) contracts according to IAS 37 even if the contract price for physical delivery contracts is higher than the actual production cost for the products. In such a scenario, a provision is made for the estimated negative value, and the provision is classified in the financial statements as other current liabilities.

The fair value adjustment related to biological assets recognised in the income statement for the period comprises (1) fair value adjustment related to biological assets, (2) change in fair value (provision) related to onerous contracts and (3) change in unrealised gain/loss related to financial sale and purchase contracts (derivatives) for fish in Fish Pool. Fish Pool contracts are treated as financial instruments on the statement of financial position, where unrealised gain is recognised as other current receivables and unrealised loss as other current liabilities.

Conversion to live weight:

The figures for harvested volume and net growth in the tables below have been estimated on the basis of gutted weight (GWT) and converted to live weight (LWT). The gutting loss ratio for salmon and trout applied in this conversion is 16%. The table for Lerøy Seafood Group ASA includes salmon and trout. The table for Br. Birkeland Farming AS only includes salmon.

LWT = live weight measured in tonnes

GWT = gutted weight measured in tonnes

Lerøy Seafood Group ASA

FAIR VALUE ADJUSTMENTS RELATED TO BIOLOGICAL ASSETS

Fair value adjustments over profit and loss	Q1 2020	Q1 2019	2019
Change FV adj. of biological assets	-555 091	-191 419	-374 799
Change in FV of onerous contracts	26 517	29 532	25 457
Change in FV of fishpool contracts	-	13 963	15 638
FV adj. related to biological assets	-528 574	-147 924	-333 703

Fair value adjustments over OCI

Change in FV of fishpool contracts *	-3 951	-	-757
Total FV adjustments over OCI	-3 951	-	-757

* Included in change in FV financial instruments (hedges) in statement of comprehensive income

BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Carrying amount on biological assets	31/03/2020	31/03/2019	31/12/2019
Cost on stock for fish in sea	3 915 388	3 764 835	4 058 953
Cost on stock for fry, brood, smolt and cleaning fish	367 601	305 483	343 187
Total cost on stock for biological assets *	4 282 989	4 070 318	4 402 140
FV adj. of fish in sea	617 690	1 356 162	1 172 781
FV adj. of fry, brood, smolt and cleaning fish	-	-	-
Total FV adj. of biological assets	617 690	1 356 162	1 172 781
Monthly discount rate applied	5%	6%	5%
FV of fish in sea	4 533 078	5 120 997	5 231 734
FV of fry, brood, smolt and cleaning fish	367 601	305 483	343 187
Carrying amount of biological assets	4 900 679	5 426 480	5 574 921

Carrying amount on onerous contracts (liability)

Carrying amount of onerous contracts	-	-22 442	-26 517
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Carrying amount on fishpool contracts

Carrying amount of fishpool contracts	-4 096	-	757
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* Cost on stock is historic costs after expensed mortality

NOTE 3 BIOLOGICAL ASSETS (cont.)

HARVESTED VOLUME:

Volume in gutted weight (GWT)	Q1 2020	Q1 2019	2019
Salmon	32 971	26 846	128 699
Trout	6 406	5 471	29 479
Total harvested volume	39 377	32 317	158 178

VOLUME

Volume of fish in sea (LWT)	Q1 2020	Q1 2019	2019
Volume at beginning of period	111 263	110 105	110 105
Net growth during the period	35 953	32 987	189 465
Harvested volume during the period	-46 877	-38 473	-188 307
Volume at end of period (LWT)	100 339	104 619	111 263

Specification of fish in sea (LWT)	31/03/2020	31/03/2019	31/12/2019
Salmon	85 451	85 340	94 493
Trout	14 888	19 279	16 770
Total	100 339	104 619	111 263
Fish > 4,8 kg (live weight)	22 361	11 976	16 318

Br. Birkeland Farming AS

FAIR VALUE ADJUSTMENTS RELATED TO BIOLOGICAL ASSETS

Fair value adjustment over profit and loss	Q1 2020	Q1 2019	2019
Change FV adj. biological assets	-85 360	-26 265	27 380
FV adj. related to biological assets	-85 360	-26 265	27 380

BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Carrying amount of biological assets	Q1 2020	Q1 2019	2019
Fish in sea at historic cost	261 355	214 074	220 399
Fair value adjustment fish in sea	29 351	61 066	114 711
Fair value fish in sea	290 706	275 140	335 110
Fry, brood and smolt	-	-	-
Carrying amount of biological assets	290 706	275 140	335 110

HARVESTED VOLUME

Harvested volume in gutted weight (GWT)	Q1 2020	Q1 2019	2019
Total volume	1 441	1 192	7 318
- Salmon	1 441	1 192	7 318

VOLUME

Volume of fish in sea (LWT)	Q1 2020	Q1 2019	2019
Volume at beginning of period	5 033	5 828	5 828
Net growth during the period	2 094	1 041	8 938
Harvested volume during the period	-1 751	-1 416	-9 733
Volume at end of period (LWT)	5 376	5 453	5 033
Fish > 4,8 kg (live weight)		1 041	-

NOTE 4 SEGMENTS

All figures in NOK 1.000	Lerøy Seafood Group ASA	Austral Group S.A.A	Foodcorp Chile S.A	Br. Birkeland AS	Br. Birkeland Farming AS	Other/ elimina- tions	Total Group	Pelagia (50% of figures and volumes)	Total Group incl. Pelagia (50%)
Q1 2020									
Operating revenue	5 305 861	264 141	138 178	48 594	87 463	12 217	5 856 454	1 074 951	6 931 405
EBITDA*	1 096 799	23 000	40 096	10 447	26 945	3 108	1 200 395	39 473	1 239 868
EBITDA%	21%	9%	29%	21%	31%		20%	4%	18%
EBIT*	815 723	-29 471	32 663	-291	17 751	-2 556	833 819	9 321	843 140
Volumes sold:									
Salmon (GWT tonnes)	39 377				1 441		40 818		40 818
Fishmeal/oil/FPC (tonnes)		15 002	3 163				18 165	16 650	34 815
Frozen/fresh fish (tonnes)		11 461	10 312				21 773	54 650	76 423
Q1 2019									
Operating revenue	4 746 846	556 873	146 588	45 785	68 155	-977	5 563 270	821 769	6 385 039
EBITDA*	933 526	140 497	51 364	8 888	18 389	3 925	1 156 589	99 536	1 256 125
EBITDA%	20%	25%	35%	19%	27%		21%	12%	20%
EBIT*	690 935	93 438	42 829	-2 185	13 387	-1 145	837 259	72 601	909 860
Volumes sold:									
Salmon (GWT tonnes)	32 317				1 192		33 509		33 509
Fishmeal/oil/FPC (tonnes)		37 564	4 273				41 837	20 600	62 437
Frozen fish (tonnes)		5 644	9 224				14 868	37 050	51 918
2019									
Operating revenue	20 454 147	1 700 455	555 000	230 027	391 536	10 514	23 341 679	3 493 195	26 834 874
EBITDA*	3 746 276	304 991	46 549	72 609	77 650	12 440	4 260 515	435 581	4 696 096
EBITDA%	18%	18%	8%	32%	20%		18%	12%	17%
EBIT ex. impairment*	2 734 236	107 897	11 553	28 058	49 504	-9 250	2 921 998	325 007	3 247 005
EBIT*	2 734 236	109 444	11 734	28 058	49 504	-9 250	2 923 726	325 007	3 248 733
Volumes sold:									
Salmon (GWT tonnes)	158 178				7 318		165 496		165 496
Fishmeal/oil/FPC (tonnes)		112 636	17 302				129 938	87 500	217 438
Frozen/fresh fish (tonnes)		15 386	36 038				51 424	134 600	186 024

* Before fair value adjustments related to biological assets

NOTE 5 ASSOCIATES

		Q1 2020	Q1 2019	2019
Norskott Havbruk AS* a)	50,0%	-26 604	24 556	106 492
Pelagia Holding AS b)	50,0%	-33 623	59 048	268 575
Others		10 552	47 658	75 691
Income from associates		-49 675	131 262	450 758
* Fair value adjustment biological assets		-28 856	-20 590	-18 726
Income from associates before FV adj.		-20 819	151 852	469 484
Investment in associates:				
Norskott Havbruk AS		700 088	823 289	667 804
Pelagia Holding AS		1 290 154	1 131 348	1 248 663
Others		470 432	348 300	438 524
Total investment		2 460 674	2 302 937	2 354 991
Dividend received				
Norskott Havbruk AS				252 900
Pelagia Holding AS				125 000
Others			6 423	13 552
Total dividend received from associates		-	6 423	391 452

a) Lerøy Seafood Group ASA owns 50% of Norskott Havbruk AS

b) Austevoll Seafood ASA owns 50% of Pelagia Holding AS

NOTE 6 LIST OF THE 20 LARGEST SHAREHOLDERS AT 31/03/2020

Investor	Number of shares	% of top 20	% of total
LACO AS	112 605 876	73.22	55.55
STATE STREET BANK AND TRUST COMP	6 181 433	4.02	3.05
STATE STREET BANK AND TRUST COMP	5 190 821	3.38	2.56
FOLKETRYGDFONDET	5 001 681	3.25	2.47
SIX SIS AG	2 990 811	1.94	1.48
J.P. MORGAN BANK LUXEMBOURG S.A.	2 777 903	1.81	1.37
PARETO AKSJE NORGE VERDIPAPIRFOND	2 039 755	1.33	1.01
THE NORTHERN TRUST COMP, LONDON BR	1 832 565	1.19	0.90
MITSUI AND CO., LTD	1 782 236	1.16	0.88
HSBC TRINKAUS & BURKHARDT AG	1 685 490	1.10	0.83
JPMORGAN CHASE BANK, N.A., LONDON	1 496 849	0.97	0.74
OM HOLDING AS	1 479 517	0.96	0.73
STATE STREET BANK AND TRUST COMP	1 459 509	0.95	0.72
DANSKE INVEST NORSKE INSTIT. II.	1 199 763	0.78	0.59
JPMORGAN CHASE BANK, N.A., LONDON	1 172 718	0.76	0.58
STATE STREET BANK AND TRUST COMP	1 155 885	0.75	0.57
CLEARSTREAM BANKING S.A.	1 051 528	0.68	0.52
VERDIPAPIRFONDET NORDEA KAPITAL	933 649	0.61	0.46
AUSTEVOLL SEAFOOD ASA	893 300	0.58	0.44
PARETO INVEST AS	851 451	0.55	0.42
Total number owned by top 20	153 782 740	100%	75.86%
Total number of shares	202 717 374		

NOTE 7 ALTERNATIVE PERFORMANCE MEASURES

Austevoll Seafood Group's accounts are submitted in accordance with international standards for financial reporting (IFRS) and interpretations established by the International Accounting Standards Board (IASB) and adopted by the EU. In addition, the Board and management have chosen to present certain alternative performance measures to make the Group's developments simpler to understand. The Board and management are of the opinion that these performance measures are in demand and utilised by investors, analysts, credit institutions and other stakeholders. The alternative performance measures are derived from the performance measures defined in IFRS. The figures are defined below. They are consistently calculated and presented in addition to other performance measures, in line with the Guidelines on Alternative Performance Measures from the European Securities and Markets Authority (ESMA).

Operating profit/loss before fair value adjustments

EBIT before fair value adjustments is an alternative performance measure utilised by the Group. Pursuant to IFRS, biological assets (fish in the sea) shall be measured at fair value in the statement of financial position (IAS 41). Estimates of fair value require various assumptions about the future, including price developments. Changes in the market's price expectations may therefore result in major changes in carried value. As this change in value is included in the operating profit or loss (EBIT) as defined in IFRS, this figure alone is not sufficient to illustrate the Group's performance during the period. The same applies to two other items on the statement of financial position related to biological assets, onerous contracts (IFRS 37) and financial fish-pool contracts (IFRS 9). The Group has therefore elected to present operating profit/loss as it would be presented before recognition of the above-mentioned fair value adjustments, as an alternative performance measure. By presenting (1) EBIT before fair value adjustments, (2) fair value adjustments in the period and (3) EBIT after fair value adjustments, the user of the financial statements will easily be able to identify how much of the operating profit comprises changes in fair value (fair value adjustments) and thereby compare performance with other companies in the same industry. The note on biological assets contains a detailed description of how fair value adjustment is calculated and the figures for each component. The following components are included:

	Q1 2020	Q1 2019
Operating project (EBIT)	219 885	663 070
- Fair value adjustments	-613 934	-174 189
= EBIT before fair value adjustments	833 819	837 259

Fair value adjustments consist of:

1. Change in fair value adjustment on fish in sea
2. Change in fair value adjustment on roe, fry and cleaning fish *
3. Change in fair value adjustment on onerous contracts (salmon and trout)
4. Change in fair value adjustment on fish pool contracts (financial contracts on salmon)

* For this group historical cost provides the best estimate of fair value. See note 3 for further details.

Operating profit/loss before depreciation and fair value adjustments

The operating profit/loss before depreciation and fair value adjustments is an alternative performance measure. This is estimated in the same way as for "Operating profit/loss before fair value adjustments" (above).

Profit/loss before tax and fair value adjustments

The profit/loss before tax and fair value adjustments is an alternative performance measure utilised by the Group. Pursuant to IFRS, biological assets shall be measured at fair value in the statement of financial position (IAS 41). The alternative performance measure shows how the profit/loss before tax would be if IAS 41 had not been applied. This requires reversal of fair value adjustments made for fish in the sea. The reversal comprises the Group's own fair value adjustment in addition to fair value adjustments included in the share of profit/loss from associates carried according to the equity method, also in accordance with IAS 41. The following components are included:

	Q1 2020	Q1 2019
Profit before tax	16 683	744 676
- Fair value adjustment	-613 934	-174 189
- Fair value adjustments incl. in income from associates	-28 856	-20 590
= Profit before tax and fair value adjustments	659 473	939 455

NOTE 7 ALTERNATIVE PERFORMANCE MEASURES (cont.)

Net interest-bearing debt (NIBD)

NIBD is an alternative performance measure used by the Group. The figure shows how much capital the Group employs and is an important key figure for stakeholders who are planning to provide financing to the Group and for those who want to value the company. The Group therefore defines NIBD as interest-bearing liabilities, both short-term and long-term, to persons or institutions where the main objective is to provide financing and/or credit, minus interest-bearing cash or cash equivalents. This implies that long-term interest-bearing receivables (asset) and other lease liabilities exceeding lease debt to credit institutions (debt) are not included. The latter component covers the majority of the new lease liabilities capitalised in connection with the implementation of IFRS 16. The following components from the statement of financial position are included:

	31/03/2020	31/03/2019	31/12/2019
Loans from credit institutions *			
+ Lease liabilities to credit institutions *	1 160 379	1 204 400	1 245 000
+ Other long term loans *	6 623 583	6 587 226	6 240 532
+ Overdrafts and other short term credits	1 060 819	671 210	839 946
- Cash and cash equivalents	-4 258 515	-4 165 483	-4 251 100
= Net interest bearing debt (NIBD)	4 586 266	4 297 353	4 074 378

* Both long-term and short-term portion

NOTE 8 RIGHT OF USE ASSETS

The Group implemented IFRS 16 Leases on 1 January 2019. This new standard requires practically all leases to be capitalised, as there is no longer a distinction, for the lessee, between operating and finance leases. According to the new standard, the asset (right of use) and the liability to pay rent are recognised in the financial statements. Exemptions are made for short-term leases and low-value leases.

The lease liabilities (previously operating leases) are recognised at the present value of the future lease payments. The lease payments are discounted by the Group's estimated marginal average interest rate on loans (4%). The interest on the lease liability in each accounting period of the lease period shall be the amount that provides a constant periodic interest rate for the remaining balance of the lease liability (annuity principle). The interest expense related to the liability is presented as a financial expense. Lease costs that were previously included in cost of goods sold and other operating expenses are now presented in the income statement as depreciation and interest expense.

The right-of-use assets are depreciated on a straight-line basis from the date of commissioning until the end of the useful life of the right-of-use asset or the end of the lease period, whichever comes first. In the statement of cash flows, cash payments for the lease liability's principal (instalment part) are presented under financing activities. The same applies to cash payments for the interest part of the lease liability.

The table shows the breakdown of right-of-use assets by asset group.

Right-of-use assets	Land	Buildings	Plant, equipment and other fixtures	Vessels	Total
Carrying value 01.01.2020	45 908	559 739	1 307 059	1 021 831	2 934 537
Foreign currency translation differences	-	1 998	39 663	42 373	84 035
Right-of-use assets acquired	-	-	54 338	132 000	186 338
Disposal	-1 721	-	-394	-	-2 115
Depreciation	-972	-15 160	-75 063	-42 538	-133 733
Impairment loss	-	-	-	-	-
Reclassification	-	-	5 507	-	5 507
Carrying value 31.12.2020	43 215	546 577	1 331 110	1 153 666	3 074 568

