



## Income statement

All figures in NOK 1 000 (period 01.01 - 31.12)

Lerøy Seafood Group ASA	Notes	2018	2017
<b>Operating revenue and costs</b>			
Operating revenue	1	69,120	60,720
Wages and other personnel costs	10	45,998	38,425
Other operating costs	10	99,630	71,827
Depreciation	4	38	0
<b>Total operating costs</b>		<b>145,666</b>	<b>110,252</b>
<b>Operating profit</b>		<b>-76,546</b>	<b>-49,532</b>
<b>Financial revenue and costs</b>			
Income from investments in subsidiaries	3	3,094,925	3,367,560
Income from associates	3	238,896	175,881
Change in fair value of financial instruments at fair value	8	-15,925	7,330
Impairment loss on financial assets	4	-359,810	0
Other financial items, net	11	-29,810	-69,902
<b>Profit before tax</b>		<b>2,851,729</b>	<b>3,431,337</b>
Total tax cost (-)	9	-562,310	-656,438
<b>The year's profit</b>		<b>2,289,419</b>	<b>2,774,899</b>
<b>Information regarding</b>			
Transferred to (+) / from (-) other equity		1,097,872	1,881,238
Allocated to dividend		1,191,547	893,661

## Balance sheet

(All figures in NOK 1,000)

Lerøy Seafood Group ASA	Notes	31.12.18	31.12.17
<b>Non-current assets</b>			
<b>Intangibles</b>			
Licences	4	24,951	6,150
Deferred tax assets	9	8,525	21,987
<b>Total intangibles</b>		<b>33,475</b>	<b>28,137</b>
<b>Fixed assets</b>			
Buildings and real estate	4	1,695	1,695
Other fixtures	4	3,789	148
<b>Total fixed assets</b>		<b>5,484</b>	<b>1,843</b>
<b>Financial assets</b>			
Shares in subsidiaries	5	7,623,562	7,703,672
Shares in associates	6	301,989	316,989
Shares in other companies	6	3,941	2,093
Loans to subsidiaries	3	138,720	46,810
Other long-term receivables		0	3,166
<b>Total non-current financial assets</b>		<b>8,068,211</b>	<b>8,072,730</b>
<b>Total non-current assets</b>		<b>8,107,171</b>	<b>8,102,710</b>
<b>Current assets</b>			
Receivables			
Receivables from Group companies	3	2,746,905	3,005,113
Other receivables		11,150	16,667
<b>Total receivables</b>		<b>2,758,055</b>	<b>3,021,780</b>
<b>Cash and cash equivalents</b>	7	<b>1,553,251</b>	<b>943,580</b>
<b>Total current assets</b>		<b>4,311,306</b>	<b>3,965,360</b>
<b>Total assets</b>		<b>12,418,477</b>	<b>12,068,070</b>

Lerøy Seafood Group ASA	Notes	31.12.18	31.12.17
<b>Equity</b>			
Share capital	2	59,577	59,577
Treasury shares	2	-30	-30
Share premium reserve	2	4,778,346	4,778,346
Other paid in capital	2	104,573	104,573
<b>Total paid in capital</b>		<b>4,942,467</b>	<b>4,942,467</b>
Other equity	2	5,167,086	4,037,315
<b>Total retained earnings</b>		<b>5,167,086</b>	<b>4,037,315</b>
<b>Total equity</b>		<b>10,109,553</b>	<b>8,979,782</b>
<b>Long-term liabilities</b>			
Other long-term liabilities	8	55,460	83,779
<b>Total long-term liabilities</b>		<b>55,460</b>	<b>83,779</b>
<b>Long-term debt</b>			
Mortgage debt	7	320,375	1,288,527
<b>Total long-term debt</b>		<b>320,375</b>	<b>1,288,527</b>
<b>Short-term debt</b>			
Trade payables		16,109	2,888
Taxes payable	9	510,106	621,488
Public duties payable		0	1,655
Allocated to dividend	2	1,191,547	893,661
Short-term group debt	3	201,450	173,677
Other short-term debt		13,876	22,613
<b>Total short-term debt</b>		<b>1,933,089</b>	<b>1,715,982</b>
<b>Total debt</b>		<b>2,308,924</b>	<b>3,088,288</b>
<b>Total equity and debt</b>		<b>12,418,477</b>	<b>12,068,070</b>

Bergen, 12. April 2019

Board of Directors of Lerøy Seafood Group ASA



**Helge Singelstad**  
Chairman



**Didrik Munch**  
Board member



**Karoline Møgster**  
Board member



**Britt Kathrine Drivenes**  
Board member



**Siri Lill Mannes**  
Board member



**Arne Møgster**  
Board member



**Hans Petter Vestre**  
Employees' representative



**Henning Beltestad**  
CEO Lerøy Seafood Group ASA

# Statement of cash flows

All figures in NOK 1,000 (period 01.01 - 31.12)

Lerøy Seafood Group ASA	2018	2017
<b>Cash flow from operating activities</b>		
Pre-tax result	2,851,729	3,431,337
Taxes paid during the period	-630,131	-343,126
Loss/gain on disposal of shares in subsidiaries and associated companies	6,279	-11,866
Depreciation	38	0
Write-down of financial assets	359,810	0
Change in trade receivables	-544	0
Change in trade payables	27,128	-268
Effect from currency rate changes	1,347	21,259
Items classified as investing activities	-3,337,363	-3,531,575
Change in financial instruments recognised at fair value	15,925	-7,330
Other items classified as financing activities	28,463	48,642
Change in other accruals	-12,695	16,006
<b>Net cash flow from operating activities</b>	<b>-690,015</b>	<b>-376,921</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of fixed assets	821	0
Payments for acquisitions of fixed assets and intangibles	-23,301	-6,298
Proceeds from disposal of Group companies and associates	8,749	15,659
Payments for acquisitions of Group companies and associates	-135,687	-78,034
Proceeds from sale of shares in other companies	-1,848	3,169
Proceeds from previous year's accrual of group contributions and dividends from subsidiaries	3,424,151	2,302,074
Payment for previous year's accrual of group contribution to subsidiaries	-158,253	-309,564
Proceeds from dividends received during the year from associates	245,200	164,015
Proceeds/payments for short-term intragroup receivables (loans)	-75,710	-139,982
Proceeds/payments for long-term intragroup receivables (loans)	-91,910	9,952
Proceeds/payments for other long-term receivables (loans)	3,167	666
<b>Net cash flow from investing activities</b>	<b>3,195,379</b>	<b>1,961,658</b>
<b>Cash flow from financing activities</b>		
Instalments paid on long-term liabilities	-969,499	-168,727
Net interest paid and financial expenses	-32,979	-50,280
Payment of dividends	-893,661	-774,506
Proceeds from dividends on treasury shares	447	387
<b>Net cash flow from financing activities</b>	<b>-1,895,692</b>	<b>-993,126</b>
<b>Net cash flow for the accounting period</b>	<b>609,672</b>	<b>591,611</b>
Cash and cash equivalents at the start of the period	943,580	351,969
<b>Cash and cash equivalents at the end of the period</b>	<b>1,553,251</b>	<b>943,580</b>
<i>This consists of:</i>		
Bank deposits etc.	1,553,251	943,580
Of which restricted funds	1,204	1,057
Unutilised overdraft/drawdown facilities	1,150,000	350,000
<b>Additional information</b>		
<b>Net cash flow from operating activities can also be summarised as follows</b>	<b>2018</b>	<b>2017</b>
Operating profit	-76,546	-49,532
Depreciation	38	0
Taxes paid during the period	-630,131	-343,126
Change in capital employed	16,624	15,737
<b>Net cash flow from operating activities</b>	<b>-690,015</b>	<b>-376,921</b>

## Note 1

# Accounting policies

### (A) Comments on accounting policies

The financial statements have been prepared according to the regulations of the Accounting Act of 1998 and good accounting practice. All figures in the notes to the accounts are in NOK 1,000.

### (B) Sales revenue

Revenue is booked when earned. Sales of goods and services are therefore normally booked at the time of delivery. The operating revenues derives from fees from shared services delivered to group companies.

### (C) Classification and assessment of balance sheet items

Current assets and short-term debt comprise normal items due for payment within one year after balance sheet date, and items related to the circulation of goods. Other items are classified as fixed assets/long-term debt.

Current assets are valued at the lowest of acquisition cost and fair value. Short-term debt is carried at nominal amount at the time it is established.

Fixed assets are valued at acquisition cost, but are written down to fair value when the fall in value is not expected to be temporary. Long-term debt is carried at nominal amount at the time it is established.

### (D) Receivables

Trade receivables and other receivables are carried on the balance sheet at nominal amount after deduction of provision for bad debts. Provision for bad debts is made according to individual assessments of the individual receivables.

### (E) Short-term investments

Short-term investments (shares and units classified as current assets) are valued at the lower of average acquisition cost and fair value on the balance sheet date. Dividends and other distributions received from the companies are booked as Other financial revenues.

### (F) Long-term investments

Long-term investments (shares and units classified as fixed assets) are booked in the balance sheet at acquisition cost. The investments are written down to fair value if a decline in value is not considered to be temporary. Dividends and other distributions received from the companies are booked as Other financial revenues.

### (G) Associates

Associates are companies in which the Group holds an interest

of 20-50%, and where the investment is long-term and strategic. In the company financial statements, the associate is valued according to the cost method.

### (H) Fixed assets

Fixed assets are booked in the financial statements at acquisition cost less accumulated depreciation. This depreciation is distributed linearly over assumed economic life. Similar policies apply to intangible assets.

### (I) Tax

Tax payable in the income statement includes both the tax payable during the period and changes in deferred tax. Deferred tax is calculated at a rate of 22% on the basis of the provisional differences that exist between accounting and taxable values, as well as the assessed deficit to be carried forward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences, which reverse or may reverse the figures in the same period, have been offset and booked at net value.

### (J) Interest rate swaps (derivatives)

The company seeks to hedge against fluctuations in interest rate by making use of interest rate swaps. Derivatives are carried at fair value at the time the derivative contract is signed, then subsequently at fair value. The company utilises cash flow hedging when recognising interest rate swaps. The effective share of the change in fair value of derivatives which qualify as hedging instruments for cash flow hedging is recognised in equity. Hedging gains or losses which are recognised in equity are re-classified to the income statement during the period in which the hedging object has an impact on the income statement. Gains or losses related to the effective share of the interest rate swaps which secure loans with a floating rate of interest are recognised under Financial Items. Interest rate swaps are considered to be a derivative. The fair value of a derivative is classified as a fixed asset or long-term debt if the remaining maturity of the hedging object is more than 12 months, and as a current asset or short-term debt if the remaining maturity of the hedging object is less than 12 months. The company uses the market to marked value calculated by the credit institution as basis for the accounting.

### (K) Currency

The financial statements are presented in NOK, the functional currency for the company. Cash items in foreign currency are valued at the respective rates of exchange at the end of the financial year. See also item (V) in the consolidated accounts on derivatives, including currency forward contracts utilised to control currency risk.

## Note 2 Equity

(All figures in NOK 1,000)

2017	Share capital	Treasury shares	Share premium reserve	Other paid in capital	Other equity	Total equity
Equity as of 01.01.2017	59,577	-30	4,778,346	104,572	2,149,112	7,091,577
The year's result to equity					2,774,899	2,774,899
Dividend received on treasury shares					387	387
Change in value of interest swap (cash flow hedge)					6,579	6,579
Group contribution given to subsidiaries					-120,272	-120,272
Change in value of shares in subsidiaries due to Group contribution					120,272	120,272
Provision for dividend					-893,661	-893,661
<b>Equity as of 31.12.17</b>	<b>59,577</b>	<b>-30</b>	<b>4,778,346</b>	<b>104,572</b>	<b>4,037,317</b>	<b>8,979,782</b>

2018	Share capital	Treasury shares	Share premium reserve	Other paid in capital	Other equity	Total equity
Equity as of 01.01.2018	59,577	-30	4,778,346	104,572	4,037,317	8,979,782
The year's result to equity					2,289,419	2,289,419
Dividend received on treasury shares					447	447
Change in value of interest swap (cash flow hedge)					0	0
Reversal of cumulative value change in interest swap when hedging expires					31,452	31,452
Group contribution given to subsidiaries					-144,039	-144,039
Change in value of shares in subsidiaries due to Group contribution					144,039	144,039
Provision for dividend					-1,191,547	-1,191,547
<b>Equity as of 31.12.18</b>	<b>59,577</b>	<b>-30</b>	<b>4,778,346</b>	<b>104,572</b>	<b>5,167,087</b>	<b>10,109,553</b>

Share capital	Total number of shares	Nominal value per share	Book value
Ordinary shares	595,773,680	0.10	59,577,368
<b>Total</b>	<b>595,773,680</b>		<b>59,577,368</b>

### Number of shareholders

Lerøy Seafood Group ASA had 7,027 shareholders as per 31.12.18. All shares confer the same rights in the company. An overview of share capital and the 20 largest shareholders are shown in the note on shareholders for the Group.

### Treasury shares

Lerøy Seafood Group ASA owns 297,760 treasury shares of a

total number of 595,773,680 shares. The ratio of treasury shares is 0.05%. The purchase price paid for treasury shares is split into two different categories, where nominal value of treasury shares is included in "paid in capital" (- NOK 30,000), and the purchase price exceeding nominal value of treasury shares (- NOK 2,389,000) is included in "other equity". The average purchase price of own shares is NOK 8.12 per share.

## Note 3

### Transactions and balances with subsidiaries and associates

(All figures in NOK 1,000)

<b>Income from investments in subsidiaries</b>	<b>2018</b>	<b>2017</b>
Intragroup contributions received from subsidiaries	2,528,865	2,863,314
Dividend received from subsidiaries	566,034	504,246
Gain from disposal of subsidiaries	26	0
<b>Total income from investments in subsidiaries</b>	<b>3,094,925</b>	<b>3,367,560</b>

<b>Intragroup contributions received from subsidiaries</b>	<b>2018</b>	<b>2017</b>
Lerøy Midt AS	1,093,923	1,218,482
Lerøy Aurora AS	899,106	1,040,246
Lerøy Vest AS	286,312	349,270
Lerøy Seafood AS	232,800	250,000
Laks- & Vildtcentralen AS	15,584	0
Lerøy Trondheim AS	1,140	1,429
Lerøy Delico AS	0	2,742
Lerøy Alfheim AS	0	1,146
<b>Total intragroup contributions received from subsidiaries</b>	<b>2,528,865</b>	<b>2,863,314</b>

<b>Dividend received from subsidiaries</b>	<b>2018</b>	<b>2017</b>
Dividend received from Havfisk AS	500,000	408,245
Dividend received from Sjøtroll Havbruk AS	50,912	58,549
Dividend received from Rode Beheer BV	9,925	35,834
Dividend accrued from Norsk Oppdrettsservice AS	5,197	1,618
<b>Total dividend received from subsidiaries</b>	<b>566,034</b>	<b>504,246</b>

<b>Gain on disposal of subsidiaries</b>	<b>2018</b>	<b>2017</b>
Proceeds from sale of 0.1 % of shares in Preline Fishfarming System AS	52	0
Net book value of disposed shares in subsidiaries (-)	-27	0
<b>Total gain on disposal of subsidiaries</b>	<b>26</b>	<b>0</b>

<b>Income from investments in associates</b>	<b>2018</b>	<b>2017</b>
Dividend received from Norskott Havbruk AS	242,200	161,015
Dividend received from Seistar Holding AS	3,000	3,000
Gain (+) from disposal of shares in associated company (Lerøy Schlie A/S)	0	11,866
Loss (-) from disposal of shares in associated company (Lerøy Sommarøy AS)	-6,304	0
<b>Total income from investments in associates</b>	<b>238,896</b>	<b>175,881</b>



## Note 3

# Transactions and balances with subsidiaries and associates cont.

(All figures in NOK 1,000)

<b>Long-term loans to subsidiaries</b>	<b>2018</b>	<b>2017</b>
Lerøy Processing Spain SL	100,186	5,368
Sjømathuset AS	25,386	27,047
Lerøy Alfheim AS	13,148	14,395
<b>Total long-term loans to subsidiaries</b>	<b>138,720</b>	<b>46,810</b>

<b>Short-term receivables from subsidiaries</b>	<b>2018</b>	<b>2017</b>
Intragroup contributions received from subsidiaries	2,528,865	2,863,314
Other short-term receivables from subsidiaries	218,040	141,799
<b>Total short-term receivables from subsidiaries</b>	<b>2,746,905</b>	<b>3,005,113</b>

### **Intragroup contributions received from subsidiaries**

For specification see table above in this note under headline Income from investments in subsidiaries

<b>Other short-term receivables from subsidiaries</b>	<b>2018</b>	<b>2017</b>
Lerøy Seafood AS	101,414	0
Lerøy Norway Seafoods AS	85,601	75,315
Lerøy Sommarøy AS	16,961	0
Lerøy Fossen AS	9,663	25,000
Lerøy Midt AS	2,275	0
Lerøy Turkey	2,056	3,335
Lerøy Nord AS	70	3,500
Lerøy Processing Spain SL	0	31,644
Sjømathuset AS	0	2,985
<b>Total other short-term receivables from subsidiaries</b>	<b>218,040</b>	<b>141,779</b>

<b>Short-term receivables from associates</b>	<b>2018</b>	<b>2017</b>
Lerøy Sommerøy AS	0	4,014
<b>Total short-term receivables from associates</b>	<b>0</b>	<b>4,014</b>

<b>Short-term debt to Group companies</b>	<b>2018</b>	<b>2017</b>
Intragroup contributions distributed	187,064	158,253
Other short-term debt to Group companies	14,386	15,424
<b>Total short-term debt to Group companies</b>	<b>201,450</b>	<b>173,677</b>

<b>Intragroup contributions distributed</b>	<b>2018</b>	<b>2017</b>
Lerøy Norway Seafoods AS	132,728	142,000
Lerøy Sommarøy AS	29,158	0
Lerøy Fossen AS	19,411	16,122
Lerøy Ocean Harvest AS	2,889	0
Lerøy Alfheim AS	2,815	0
Lerøy Quality Group AS	32	56
Lerøy & Strudshavn AS	31	75
<b>Total</b>	<b>187,064</b>	<b>158,253</b>

<b>Other short-term debt to Group companies</b>	<b>2018</b>	<b>2017</b>
Lerøy Seafood AS	13,916	15,332
Lerøy Vest AS	470	89
Lerøy Alfheim AS	0	3
<b>Total other short-term debt to Group companies</b>	<b>14,386</b>	<b>15,424</b>

## Note 4

# Intangible assets and fixed assets

(All figures in NOK 1,000)

### Intangible assets

2018	Development licences
Capitalised expenses 2017	6,150
Capitalised expenses 2018	18,801
<b>Carrying value at 31.12.18</b>	<b>24,951</b>

The increase in intangible assets consists of capitalized expenses related to development-licences based on the concept "Pipefarm". The Group has initially been awarded with a volume of 900 MTB. However, the the Group has filed a complaint, arguing for higher volume in order to develop the project in desired direction. The complaint is still under consideration with the authorities. The development-licences has a definite life time, but on expiry date it will be subjected to renewal and tranformation to an ordinary grow-out licence on request, for a fee amounting to NOK 10 million per licence (780 MTB).

### Fixed assets

2017	Real estate	Buildings	Other fixtures	Total fixed assets
Acquisition cost per 01.01.17	0	1,695	0	1,695
Addition of fixed assets	0	0	148	148
Disposal of fixed assets	0	0	0	0
Acquisition cost per 31.12.17	0	1,695	148	1,843
Accumulated depreciation per 31.12.17	0	0	0	0
<b>Carrying value at 31.12.17</b>	<b>0</b>	<b>1,695</b>	<b>148</b>	<b>1,843</b>
The year's depreciation	0	0	0	0

2018	Real estate	Buildings	Other fixtures	Total fixed assets
Acquisition cost per 01.01.18	0	1,695	148	1,843
Addition of fixed assets	0	0	4,500	4,500
Disposal of fixed assets	0	0	-821	-821
Acquisition cost per 31.12.18	0	1,695	3,827	5,522
Accumulated depreciation per 31.12.18	0	0	-38	0
<b>Carrying value at 31.12.18</b>	<b>0</b>	<b>1,695</b>	<b>3,789</b>	<b>5,522</b>
The year's depreciation	0	0	38	38

The company owns an apartment in Bergen city centre. The economic life is considered to be indefinite, with no depreciations. Other fixtures is depreciated on a linear basis with 20% to 33,33% p.a. Fixtures are mainly acquired in December 2018.

## Note 5

### Shares in subsidiaries

(All figures in NOK 1,000)

#### Changes in subsidiaries and ownership during the period

Subsidiary	Country	Place of business	Acquisition year	Ownership/ voting share	Additions (+)	Disposals (-)	Ownership/ voting share
				01.01			31.12
Lerøy Ocean Harvest AS	Norway	Bergen	2018	0.0 %	100.0 %		100.0 %
Laks- & Vildtcentralen AS	Norway	Oslo	2018	0.0 %	100.0 %		100.0 %
Havfisk AS	Norway	Ålesund	2016	100.0 %			100.0 %
Lerøy Norway Seafoods AS	Norway	Oslo	2016	100.0 %			100.0 %
Lerøy Turkey	Turkey	Istanbul	2015	100.0 %			100.0 %
Preline Fishfarming Sys. AS	Norway	Skien	2015	96.0 %		-0.1 %	95.9 %
Lerøy Nord AS	Norway	Tromsø	2015	51.0 %			51.0 %
Norsk Oppdrettsservice AS	Norway	Flekkefjord	2015	51.0 %			51.0 %
Lerøy Processing Spain SL	Spain	Madrid	2012	100.0 %			100.0 %
Rode Beheer BV	Netherlands	Urk	2012	100.0 %			100.0 %
Lerøy Finland OY	Finland	Turku	2011	100.0 %			100.0 %
Sjøtroll Havbruk AS	Norway	Austevoll	2010	50.7 %			50.7 %
Lerøy Vest AS	Norway	Bergen	2007	100.0 %			100.0 %
Lerøy Fossen AS	Norway	Bergen	2006	100.0 %			100.0 %
Sjømathuset AS	Norway	Oslo	2006	100.0 %			100.0 %
Lerøy Delico AS	Norway	Stavanger	2006	100.0 %			100.0 %
Lerøy Trondheim AS	Norway	Trondheim	2006	100.0 %			100.0 %
Lerøy Alfheim AS	Norway	Bergen	2005	100.0 %			100.0 %
Lerøy Portugal Lda	Portugal	Lisboa	2005	100.0 %			100.0 %
Lerøy Aurora AS	Norway	Tromsø	2005	100.0 %			100.0 %
Lerøy Midt AS	Norway	Hitra	2003	100.0 %			100.0 %
Lerøy Sverige AB	Sweden	Gothenburg	2001	100.0 %			100.0 %
Lerøy Seafood AS	Norway	Bergen	1939 *	100.0 %			100.0 %
Lerøy & Strudshavn AS	Norway	Bergen	1927 *	100.0 %			100.0 %

\* The date for establishment. The companies were a part of the "old Lerøy-group" before LSG ASA was established in 1995

## Note 5

### Shares in subsidiaries cont.

(All figures in NOK 1,000)

#### Change in book value of shares in subsidiaries

Subsidiary	Net book value in LSG ASA 01.01	Business combination	Redemption of non-controlling interests	Capital increase	Increase in value from Group contributions	Impairment loss	Net book value in LSG ASA 31.12
Havfisk AS	3,090,920						3,090,920
Lerøy Vest AS	1,357,385						1,357,385
Lerøy Midt AS	1,135,230						1,135,230
Sjøtroll Havbruk AS	540,000						540,000
Lerøy Aurora AS	391,303						391,303
Rode Beheer B.V.	319,707						319,707
Lerøy Norway Seafoods AS	380,460				124,652	-272,275	232,837
Laks- & Vildtcentralen AS	0	115,000					115,000
Lerøy Sverige AB	80,349						80,349
Lerøy Fossen AS	85,371				14,946	-25,299	75,018
Lerøy Seafood AS	57,961				25		57,986
Lerøy Turkey	62,636			8,595		-14,505	56,726
Norsk Oppdrettsservice AS	25,000						25,000
Lerøy Delico AS	22,070						22,070
Lerøy Finland OY	44,262			4,795		-28,476	20,581
Lerøy Processing Spain SL	20,151						20,151
Lerøy Trondheim AS	23,772					-4,675	19,097
Preline Fishfarming Sys, AS	29,121		-26			-10,223	18,872
Sjømathuset AS	13,925						13,925
Lerøy Alfheim AS	13,611				2,168	-2,683	13,096
Lerøy Portugal Lda	8,937						8,937
Lerøy Ocean Harvest AS	0			5,000	2,225	-1,674	5,551
Lerøy Nord AS	1,012			2,297			3,309
Lerøy & Strudshavn AS	491				24		515
<b>Total</b>	<b>7,703,672</b>	<b>115,000</b>	<b>-26</b>	<b>20,687</b>	<b>144,039</b>	<b>-359,810</b>	<b>7,623,562</b>

Shares in subsidiaries are valued based on the cost method. As a consequence subsidiaries with weak performance, receiving group contributions or increased equity, will obtain a higher net book value. Over time this has resulted in net book values (before impairments) higher than it would have

been by adapting the equity method. Due to this, all shares in subsidiaries that had a higher value (based on the cost method) compared with the equity method, have been impaired. The impairment will be reversed in a later period when the reason for the impairment is no longer present.

## Note 6

### Shares in associates and other shares

(All figures in NOK 1,000)

Associates	Place of business	Ownership/ voting share 01.01	Ownership/ voting share 31.12	Net book value 01.01	Additions (+)	Disposals (-)	Net book value 31.12
Norskott Havbruk AS	Bergen	50 %	50 %	163,273			163,273
Seistar Holding AS	Austevoll	50 %	50 %	61,500			61,500
Seafood Danmark A/S	Danmark	33.33 %	33.33 %	77,170			77,170
Lerøy Sommarøy AS	Tromsø	50 %	0 %	15,000		-15,000	0
Ocean Forest AS	Bergen	50 %	50 %	30			30
The Seafood Innovation Cluster AS	Bergen	20 %	20 %	16			16
<b>Total</b>				<b>316,989</b>	<b>0</b>	<b>-15,000</b>	<b>301,989</b>

For further information about associates and value according to equity method, see note on associates in the consolidated financial statements.

Other shares and investments	Net book value 01.01	Additions (+)	Disposals (-)	Net book value 31.12
Various minor shareholdings	2,093	5,000	-3,152	3,941
<b>Total</b>	<b>2,093</b>	<b>5,000</b>	<b>-3,152</b>	<b>3,941</b>

Lerøy Seafood Group ASA has committed a total of NOK10 million related to the investment in DnB Private Equity.

## Note 7

# Loans, mortgages and guarantees

(All figures in NOK 1,000)

	2018	2017
<b>Long-term interest-bearing debt</b>		
Debt to credit institutions	320,375	1,288,527
<b>Total interest-bearing debt at 31.12</b>	<b>320,375</b>	<b>1,288,527</b>
<b>Bank deposits</b>	<b>1,553,251</b>	<b>943,580</b>
<b>Net interest-bearing debt at 31.12</b>	<b>-1,232,876</b>	<b>344,947</b>
<b>Repayment profile interest-bearing debt</b>		
2018		170,403
2019	70,684	170,403
2020	70,684	170,403
2021	179,007	277,318
2022		500,000
<b>Total</b>	<b>320,375</b>	<b>1,288,527</b>

### Financial covenants

Loan terms ("covenants") are: The equity ratio must be minimum 30%, and net interest-bearing debt shall not exceed 5.0 in relation

to EBITDA for the Group (consolidated financial statements). When calculating the equity ratio, the balance sheet is adjusted for bank deposits and deferred tax in respect of licences.

### Debt secured by mortgages

Long-term debt to credit institutions	320,375	1,288,527
<b>Total mortgage-secured debt at 31.12</b>	<b>320,375</b>	<b>1,288,527</b>

### Mortgaged assets

Shares in subsidiaries	859,707	859,707
Shares in associates	163,273	163,273
<b>Total book value of mortgaged assets 31.12</b>	<b>1,022,980</b>	<b>1,022,980</b>

### Guarantees and sureties

	<b>32,100</b>	<b>32,100</b>
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### Guarantee and surety liability

Lerøy Seafood Group ASA has posted a guarantee of NOK 30,000 for Lerøy Aurora AS in favour of Innovasjon Norge. Lerøy Seafood Group ASA has also posted a guarantee of NOK 2,100 in favour of VPS/Nordea.

Lerøy Seafood Group ASA also has joint and several liability for outstanding VAT together with Lerøy Seafood AS, which is included in the joint VAT registration.

### Other commitments

Lerøy Seafood Group ASA has entered into a 10 year rental agreement for the office facilities, which started to run from November 2018. Annual minimum rent is approximately NOK 10,000.

### Restricted funds

Restricted funds included in bank deposits equals to NOK 1,149.

## Note 8

### Interest rate swaps

(All figures in NOK 1,000)

Lerøy Seafood Group ASA has two interest rate swaps, each with a fixed amount of NOK 500 million and a duration of 10 years. The agreements are from 2011 and 2012.

When the interest rate swaps were entered into in 2011 and 2012, it was expected that the long-term bank debt (the hedged item) would be greater or equal to the signed interest rate swap (the hedging instrument) during the complete period of 10 years. Hedge accounting was therefore chosen as the accounting policy. The fair value of the interest rate swaps (gross commitment) is carried under the item for "Other

long-term liabilities". The effective share of the change in value of the interest rate swaps is recognised directly in equity (cash flow hedging). The tax effect is also recognised directly in equity, and is therefore not included in the tax cost for the year in the income statement.

The effect of the changes in nominal tax rate is regarded as a change in estimate, and recognised in the income statement for both agreements. The accounting policies are described in more detail in the note on accounting policies (J).

Interest rate swaps	Agreement 1 17.11.11	Agreement 2 17.01.12	Total, all agreements
Nominal amount	500,000	500,000	1,000,000
Duration	10 år	10 år	10 år
Agreed fixed/average interest rate	3.55 %	3.29 %	3.42 %
<b>Book value 01.01.2017</b>			
Fair value of interest rate swaps as of 01.01.2017	-52,455	-47,310	-99,765
Deferred tax asset related to the interest rate swaps, 24%	12,589	11,354	23,944
<b>Net (negative) value after tax, as of 01.01.2017</b>	<b>-39,866</b>	<b>-35,955</b>	<b>-75,821</b>
<b>Changes in 2017</b>			
Changes booked against equity			
Change in fair value of interest rate swaps in 2017	8,656		8,656
Change in deferred tax related to the value change in the period, 24%	-2,077		-2,077
<b>Changes booked against equity (cash flow hedge)</b>	<b>6,579</b>	<b>0</b>	<b>6,579</b>
<b>Changes booked through profit and loss</b>			
Change in fair value of interest rate swaps in 2017		7,330	7,330
Change in deferred tax related to the value change in the period, 24%		-1,759	-1,759
Effect of change in nominal tax rate, from 24% til 23%, through profit or loss (change in estimate)	-438	-400	-838
<b>Changes booked through profit and loss</b>	<b>-438</b>	<b>5,171</b>	<b>4,733</b>
<b>Book value 31.12.2017</b>			
Fair value of interest rate swaps as of 31.12.2017	-43,799	-39,980	-83,779
Deferred tax related to the interest rate swaps, 23%	10,074	9,195	19,269
<b>Net (negative) value after tax, as of 31.12.2017</b>	<b>-33,725</b>	<b>-30,784</b>	<b>-64,510</b>

Expensed interests in 2017 relating to the interest rate swaps amounted to NOK 25,070.



## Note 8

### Interest rate swaps cont.

(All figures in NOK 1,000)

Table cont.

Interest rate swaps	Agreement 1 17.11.11	Agreement 2 17.01.12	Total, all agreements
<b>Changes in 2018</b>			
Changes booked against equity			
Change in fair value of interest rate swaps in 2018	0	0	0
Change in deferred tax related to the value change in the period, 23%	0	0	0
<b>Changes booked against equity (cash flow hedge)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Changes booked through profit and loss</b>			
Change in fair value of interest rate swaps in 2018	14,820	13,499	28,319
Change in deferred tax related to the value change in the period, 23%	-3,409	-3,105	-6,513
Effect of change in nominal tax rate, from 23% til 23%, through profit or loss (change in estimate)	-290	-265	-555
Changes booked through profit and loss	11,121	10,129	21,251
<b>Book value 31.12.2018</b>			
Fair value of interest rate swaps as of 31.12.2018	-28,979	-26,481	-55,460
Deferred tax related to the interest rate swaps, 22%	6,375	5,826	12,201
<b>Net (negative) value after tax, as of 31.12.2018</b>	<b>-22,604</b>	<b>-20,655</b>	<b>-43,259</b>
Expensed interests in 2018 relating to the interest rate swaps amounted to NOK 24,550.			
<b>Reclassification of cumulative change in fair value on interest swap agreements booked against equity, where the hedge is no longer effective</b>			
Accumulated change in fair value on interest swap agreements (gross), reclassified to profit and loss	44,244	0	44,244
Accumulated change in deferred tax that has been booked through equity	-12,792	0	-12,792
<b>Net amount reclassified from equity to profit and loss</b>	<b>31,452</b>	<b>0</b>	<b>31,452</b>
<b>Change in fair value of financial instruments at fair value</b>			
Changes in fair value in 2018 booked through profit and loss	14,820	13,499	28,319
Net amount reclassified from equity to profit and loss	-44,244	0	-44,244
<b>Total</b>	<b>-29,424</b>	<b>13,499</b>	<b>-15,925</b>

Due to a repayment of a bank loan in first half of 2018, the remaining total bank debt (hedging object) became significant lower than the hedging instrument, resulting in the fact that the hedging relationship was no longer effective. Thus the hedging relationship ceased also for the most recent interest rate swap agreement that was booked as a cash flow hedge. The cumulative change in fair value for the entire period, from

when the agreement was entered into and until it ceased, was therefore reversed via equity and recognised in income as a change in fair value of financial instruments, under financial items in the income statement. From 01.01.2018 the change in fair value on both interest rate swap agreements are booked through profit and loss, as an financial item.

## Note 9

### Taxation

(All figures in NOK 1,000)

<b>Permanent differences</b>	<b>2018</b>	<b>2017</b>
Dividends received (including the 3% added on the tax base)	-802,195	-661,536
Gain on disposal of shares	6,279	-11,866
Other permanent differences	362,154	100
<b>Total permanent differences</b>	<b>-433,762</b>	<b>-673,302</b>

<b>Calculation of tax payable</b>	<b>2018</b>	<b>2017</b>
Profit before tax	2,851,729	3,431,337
Permanent differences	-433,762	-673,302
Change in temporary differences (through profit and loss)	-13,050	-10,252
<b>The year's taxation base</b>	<b>2,404,917</b>	<b>2,747,783</b>
Tax rate, nominal	23 %	24 %
<b>Tax payable in the tax cost before intragroup contributions paid</b>	<b>553,131</b>	<b>659,468</b>

<b>Tax payable booked in the balance sheet</b>	<b>2018</b>	<b>2017</b>
Tax payable	553,131	659,468
Tax payable on intragroup contributions paid	-43,025	-37,981
<b>Tax payable booked in the balance sheet</b>	<b>510,106</b>	<b>621,488</b>

#### Deferred tax related to the interest rate swaps

The change in deferred tax related to the change in fair value of interest rate swaps (financial instruments) is booked as a change in equity as long as the hedging instrument is determined

to be an effective hedge, and through profit or loss if this is not the case. See note on interest rate swaps for further information regarding accounting of this.

<b>Overview of temporary differences</b>	<b>2018</b>	<b>2017</b>
<b>Temporary differences where changes are recognised in profit and loss</b>		
Intangibles	24,951	0
Buildings and other fixed assets	1,252	44
Financial instruments, total	-55,460	-83,779
Financial instruments (cash flow hedges) where changes are booked against equity	0	43,799
Gain/loss account	-9,490	-11,863
Temporary differences 31.12 where changes are recognised in profit and loss	-38,748	-51,798
<b>Change in temporary differences where changes are recognised in profit and loss</b>	<b>13,050</b>	<b>10,252</b>
<b>Temporary differences where changes are booked against equity</b>		
Financial instruments (cash flow hedges) where changes are booked against equity	0	-43,799
Temporary differences 31.12 where changes are booked against equity	0	-43,799
<b>Change in temporary differences where changes are booked against equity</b>	<b>43,799</b>	<b>8,745</b>

## Note 9

### Taxation cont.

(All figures in NOK 1,000)

Deferred tax	2018	2017
<b>Deferred tax where changes are recognised in profit and loss</b>		
Total temporary differences through profit and loss	-38,748	-51,798
Tax rate, nominal	23 %	24 %
Deferred tax liability (+) / asset (-)	-8,912	-12,432
<b>Deferred tax where changes are booked against equity</b>		
Total temporary differences 31.12, where change is booked against equity	0	-43,799
Tax rate, nominal	23 %	24 %
Deferred tax liability (+) / asset (-)	0	-10,512
<b>Total change in temporary differences and deferred tax</b>		
Total temporary differences	-38,748	-95,597
Tax rate, nominal	22 %	23 %
<b>Deferred tax liability (+) / asset (-)</b>	<b>-8,525</b>	<b>-21,987</b>
<b>The year's tax cost consists of</b>		
Tax payable in the tax cost before intragroup contributions paid	553,131	659,468
Change in deferred tax where changes are recognised in profit and loss	3,002	2,460
Effect of change in the nominal tax rate	387	956
Too much (-) or too little (+) allocated to tax previous year	5,790	-6,446
<b>Total tax cost</b>	<b>562,310</b>	<b>656,438</b>
Effective tax rate	19.7 %	19.1 %

## Note 10

### Payroll costs, number of employees, remuneration, loans to staff, etc.

(All figures in NOK 1,000)

Payroll expenses	2018	2017
Salaries, holiday pay and bonuses	32,464	28,891
Employer's contribution	4,425	3,493
Hired personnel	5,668	3,375
Remuneration to the Board of Directors	1,200	1,200
Pension costs*	1,452	1,040
Other remunerations / nomination committee	529	309
Other personnel costs	261	117
<b>Total</b>	<b>45,998</b>	<b>38,425</b>

\* *Defined contribution pension scheme*

Average number of full-time equivalents:	14	12
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For a specification of remuneration of senior executives in Lerøy Seafood Group ASA, see note on payroll expenses in the consolidated financial statements. The Chairman of the Board is hired in from Laco. The cost related to the Chairman of the Board is included in the accounting item for hired personnel.

#### Auditor

Fees from the Group auditor PricewaterhouseCoopers AS, the law firm PricewaterhouseCoopers AS and other foreign PriceWaterhouseCoopers firms, were as follows:

	2018	2017
Auditing fees Group auditor	1,500	1,401
Other services Group auditor	2,922	1,327
<b>Total</b>	<b>4,422</b>	<b>2,728</b>

Other services Group auditor are mainly related to support in the process of updating the transfer pricing documentation, implementation of GDPR procedures and the process of moving the headquarter to another physical building, in December 2018.

## Note 11

### Items that are combined in the financial statements

Alle tall i NOK 1.000 (periode 1.1–31.12)

<b>Financial revenue</b>	<b>2018</b>	<b>2017</b>
Interest income from Group companies	4,457	2,688
Other interest income	11,685	8,159
Currency exchange gain	4,249	1,407
<b>Total financial revenue</b>	<b>20,391</b>	<b>12,254</b>
<b>Financial costs</b>	<b>2018</b>	<b>2017</b>
Interest cost	42,795	56,227
Currency exchange loss	1,348	21,259
Other financial costs	6,058	4,670
<b>Total financial costs</b>	<b>50,201</b>	<b>82,156</b>
<b>Other financial items , net</b>	<b>-29,810</b>	<b>-69,902</b>
Unrealised currency gain(+)/loss(-) included above *	-922	-21,606

\* Relates to a long term foreign exchange loan in euro