

**Integrated
Annual Report
2019**

19

**Leading
the Blue
Revolution**

MOWI[®]

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Leading the Blue Revolution

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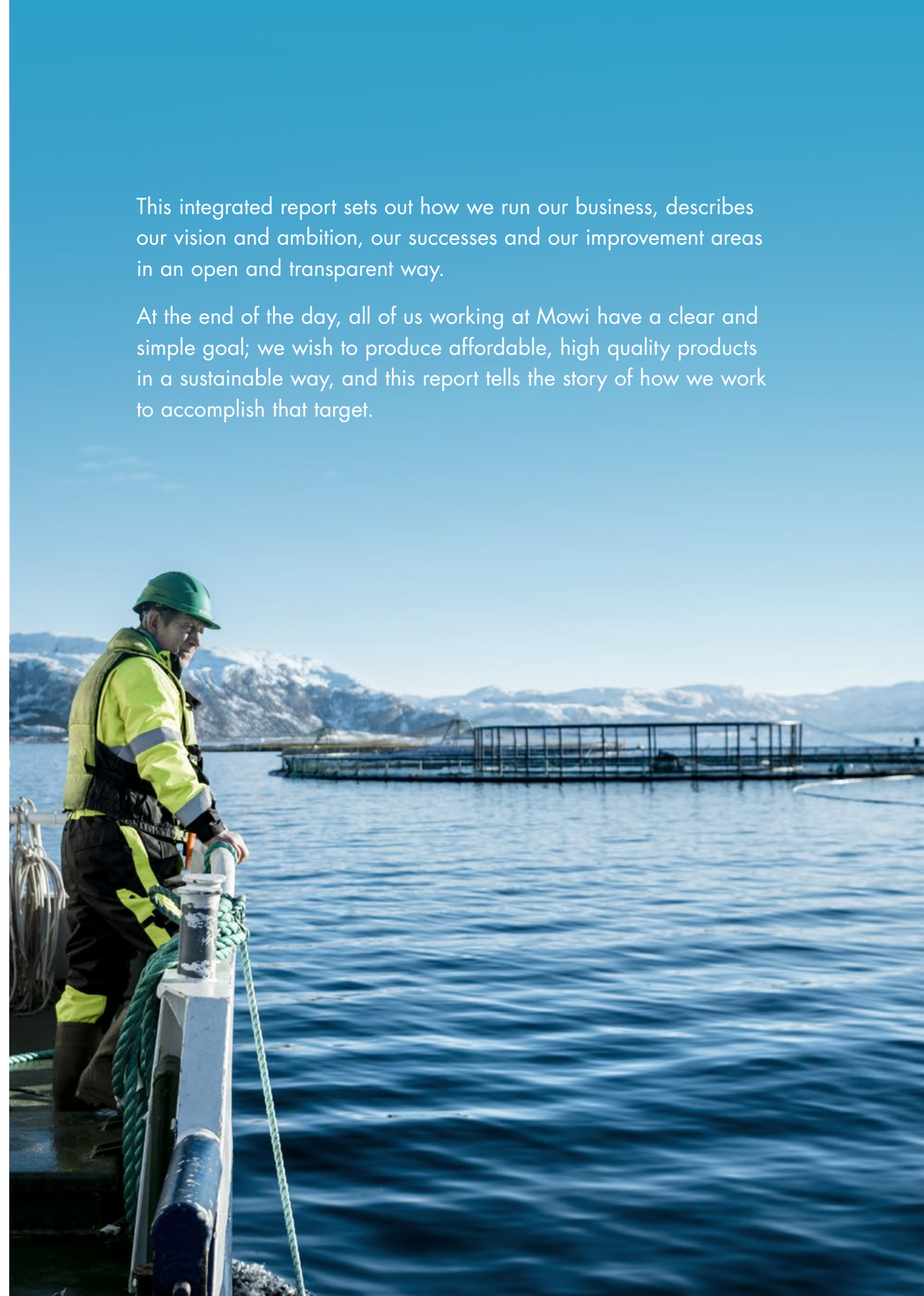
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This integrated report sets out how we run our business, describes our vision and ambition, our successes and our improvement areas in an open and transparent way.

At the end of the day, all of us working at Mowi have a clear and simple goal; we wish to produce affordable, high quality products in a sustainable way, and this report tells the story of how we work to accomplish that target.



Deep history of value chain investment

Since our pioneering days in 1964, we have continued to invest in our value chain and today enjoy full control of our product: From the parental broodstock to sales. It's a remarkable story. Just a few decades ago our founders were growing salmon in netted bays and mixing fish feed by hand.

Over 50 years later, our investment's in areas such as genetics, feed nutrition, value-added processing and transportation have transformed our business and now place us in a leading position that few food producing companies can boast.

2020
Technology projects such as the collaboration with X, Alphabet's innovation engine.

Brand launch in France retail and USA e-commerce.

The salmon came from the rivers Vosso and Årøy.



1964
The adventure of Mowi begins.



1969
First stocking of salmon smolt in seawater. Hydro buys 50% of Mowi.



1975
Mowi becomes a recognised local brand.



1980-2005
Several M&As and Norsk Hydro takes 100% ownership of Mowi and finally changes name to Marine Harvest.



2006-07
Marine Harvest Group is established from three independent companies; Pan Fish, Marine Harvest and Fjord Seafood.



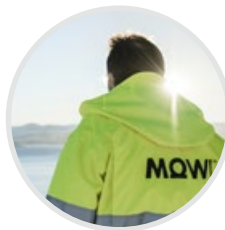
2012
Marine Harvest establishes its own feed division with factory, strengthening a fully integrated value chain.



2013
Morpol becomes a part of the group.



2017-18
Acquisition of Gray Aqua Group and Northern Harvest in Canada East.



2018
Marine Harvest once again becomes Mowi.



2019 MOWI brand was successfully launched in Poland and in France foodservice.

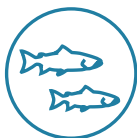
2019
New feed factory in Scotland.

Acquisition of K. Strømmen Lakseoppdrett AS in Norway.

BUSINESS AREAS



Feed



Farming



Sales & Marketing

INTEGRATED VALUE CHAIN

BREED FEED SMOLT AT SEA HARVESTING PROCESSING NEW PRODUCT DEVELOPMENT FOOD

Scan the QR code with your Smart phone to view our 360 film about the Mowi integrated value chain.



Business areas

We are the world’s largest producer of farm-raised salmon, both by volume and revenue, offering seafood products to approximately 70 countries.

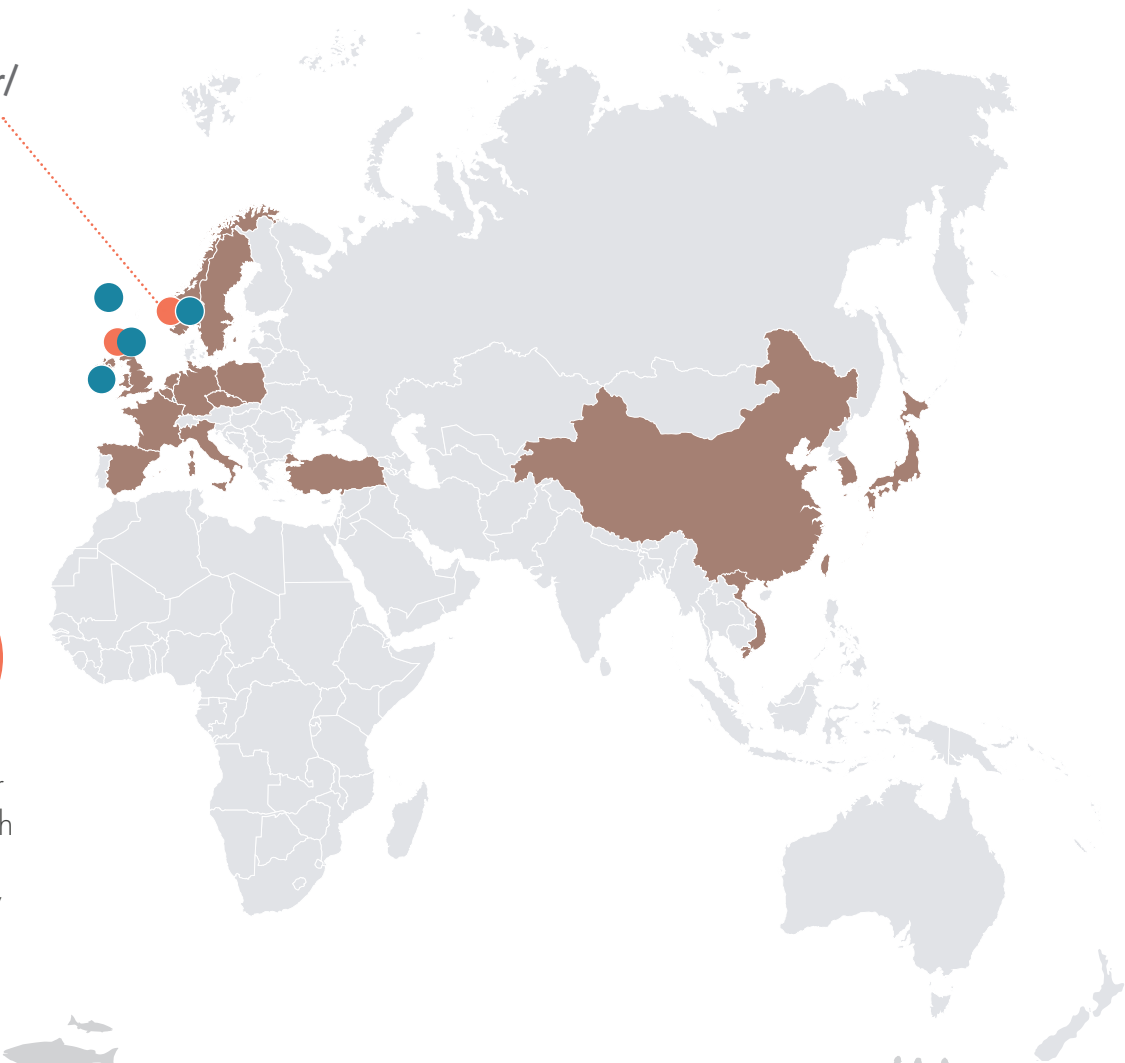
We are represented in 25 countries, employing 14 866 people.

Headquarter/
Corporate

Location; Bergen
72 FTE



Providing our customers with **7.4 million** meals a day



	Guidance 2020	2019	2018	GWT			FTE
				2017	2016	2015	
Norway	260 000	236 880	230 427	210 152	235 962	254 751	1 734
Chile	64 000	65 688	53 165	44 894	45 046	50 144	1 283
Canada	44 000	54 408	39 267	39 389	36 931	62 482	987
Scotland	67 000	65 365	38 444	60 186	43 349	40 112	812
Ireland	6 000	6 650	6 238	9 745	8 441	9 736	264
Faroes	9 000	6 913	7 697	5 980	10 893	2 923	77
Total	450 000	435 904	375 237	370 346	380 622	420 148	5 156

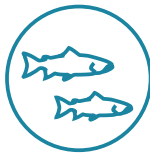
FTE = Full time equivalent GWT = Gutted weight equivalent tonnes

WE ARE ORGANISED INTO THREE BUSINESS AREAS



Feed

Comprises our feed plant in Norway and the new feed plant opened in Kyleakin on the Isle of Skye, Scotland, in 2019.



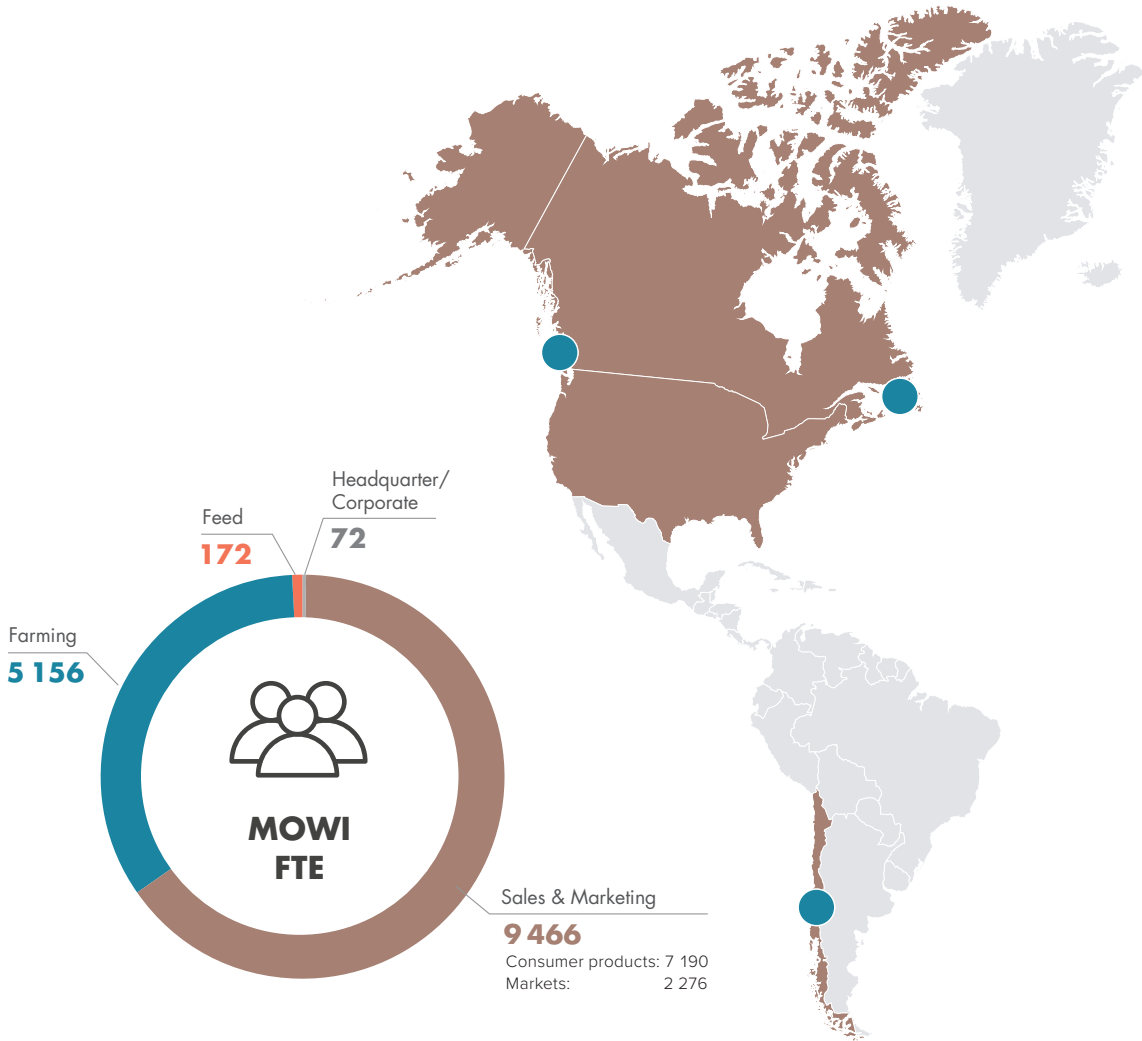
Farming

Incorporates our farming operations, and some primary processing and filleting activities in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands.



Sales & Marketing

Includes our secondary processing and value added operations in Europe, the US and Asia, and the sales and delivery of our products obtained from our farming operations.



Sales & Marketing

	FTE
Europe	7 358
Asia	1 260
Americas	848
Total	9 466

Feed

	Production Capacity	Production					FTE
		2019	2018	2017	2016	2015	
Norway	360 000	353 310	348 402	305 174	310 242	281 655	92
Scotland	240 000	51 883					80
Total	600 000	405 193					172

Dear stakeholder



CEO Ivan Vindheim

2019 was another good year for Mowi with record high volumes in all business areas. We also made new important transformative steps in Feed, Farming and Sales & Marketing fortifying Mowi's position as the world-leading seafood company.

Mowi's success in 2019 was made possible by the hard work and competence of our nearly 15,000 employees. At Mowi we believe that the talent and commitment of our employees, supported by new technology and all the positive mega trends, are essential to our business case and will continue to be key to our future success.

After the successful brand launch in Poland we are ready for the big markets in France and the USA. The timing is right. We are ready to capitalise on our unique value chain and our outstanding product. With the transformation of the business to a global corporate brand we will be better positioned to improve our margins from our unique value chain. Our ambition is to produce more food from the ocean in a sustainable manner, and to see products such as MOWI on the plates of an increasing number of consumers.

Technology projects such as the collaboration with X, Alphabet's innovation engine, to track and model fish behaviours, environmental conditions, and fish health using new camera technology and machine learning will be important tools going forward enabling a sustainable growth of sea farming.

At the time of the release of the annual report, the world is facing a severe global Coronavirus pandemic. At this time we cannot know how this will play out, however Mowi's mission to provide sustainable and healthy food to the population is more important now than ever. We are confident that the world will recover from the crisis, meanwhile we must all contribute in whatever way we can to keep Mowi's operations running while keeping our employees safe.

Key achievements in 2019

- All-time high harvest volumes of 436,000 tonnes
- Record-high volumes in Feed, Farming and Consumer Products
- Operational EBIT of EUR 720.9 million, which is the third-best ever
- Acquisition of K. Strømmen Lakseoppdrett AS in Norway
- Mowi Feed UK started production
- MOWI brand successfully launched in Poland and new web site Mowisalmon.com launched. Announced plan to launch the MOWI brand in France retail and US e-commerce in the first quarter of 2020.
- Completed 2019 cost savings program with annual savings of EUR 41 million
- Initiated new global EUR 25 million cost savings program
- Organisational structure in Farming and the Group Management Team changed in order to increase focus on the farming entities going forward
- Announced the establishment of a Global Processing Excellence Team
- Chief Sustainability Officer appointed
- Mowi ranked the most sustainable protein producer in the world (FAIRR)
- Mowi Sustainability Strategy, Leading the Blue Revolution Plan, successfully launched
- Successful collaboration project between Mowi and Tidal at Alphabet's X to develop new farming technologies related to advanced underwater sensing. Milestone reached by entering into commercial validation phase
- Improved safety record with all-time low rolling LTIs per million hours worked at 4.3, down from 5.2 in 2018
- 7-year EUR 150 million Schuldschein loan with coupon of EURIBOR + 170 bps
- 5-year EUR 200 million green bond issuance in January 2020 with coupon of EURIBOR + 160 bps

Priorities going forward

- Sustainability
- Brand
- License utilisation in Farming
- Digitalisation and automation
- Develop our people and leaders

With control of our value chain, Mowi is divided into three business areas: Feed, Farming, and Sales & Marketing. We employ 14 866 people, operate in 25 countries, and sell products to more than 70 countries. Our people are our future so it is imperative that we continue to develop our staff's skill and expertise. To enable this learning culture, we offer opportunities for our employees to work overseas, and gain experience of different countries and cultures, while furthering their development as managers and leaders.

We are also working to further strengthen our company culture. A new Diversity and Inclusion policy was released in 2019, along with a supporting Global Ambassador Group. Safety at work and at home continues to be a top priority, and in 2019 this focus resulted in the lowest number of LTIs (lost time due to injuries) so far in the company's history. Nevertheless, there is still room for further improvement in this area, as well as for the development of our company culture. With a clear vision of Leading the Blue Revolution, and strong global values and leadership principles, we have an excellent platform on which to build an even better organisation.

Feed

Mowi established a separate fish feed division in 2012 and now operates two modern feed mills in Norway and Scotland.

Our requirements for feed have increased in recent years as our farming division has grown, and we are pleased that the majority of the feed used in our farming operations today is sourced internally. We decided to expand into the Scottish feed market some years ago, and I am pleased that the factory has now been completed and produced 51,883 tonnes in 2019. The factory is in the final stages of commissioning, hence 2020 shall be a very interesting year as we will be self-sufficient with feed in Europe. The Scottish feed factory is advanced and can deliver different types of freshwater, seawater and organic feed for our farming operations in Scotland, Faroes and Ireland.

In 2019 the Norwegian feed mill at Valsneset produced 353,310 tonnes of feed - an all-time-high.

The feed market has changed since Mowi expanded into this segment as new supply has been brought on-stream. Mowi has internalised profits that we previously paid to the feed suppliers and the feed market has returned to normalised profit levels. Our combined feed production capacity is 600,000 tonnes and this should position us for further profitable growth ahead.

We will continue to develop new feed ingredients, with a focus on sustainability and producing quality salmon for our consumers and branded product.

Farming

Mowi reached a new harvest record of 436,000 tonnes GWT in 2019, up from 375,000 tonnes in 2018. The growth of 61,000 tonnes GWT, equivalent to 16%, is truly impressive. Our dedicated farmers in the various farming countries have done a great job and this increase shows that the company is on the right track. Increased smolt stockings in recent years, good farming husbandry, purchases of farming capacity and selected acquisitions have brought about the record high volumes.

In 2019 Mowi purchased K. Strømmen Lakseoppdrett AS for EUR 79 million (NOK 790 million). K. Strømmen Lakseoppdrett AS is a Norwegian salmon farming company with four licenses. The acquisition is important to Mowi as it strengthens our position in an area already core to Mowi Region Mid. As there are operational synergies with our neighbouring farming sites, our biological performance in the area should improve over time.

We continue to invest into our farming operations both on the freshwater and seawater side. Freshwater investments in Norway, Scotland, Canada and Chile were undertaken in 2019 and this will support increased smolt stockings in the future. Smolt investments are the foundation of a vertically integrated farming company, and with our own MOWI salmon strain, supreme quality eggs will

Sustainability

We remain committed to the principles of the United Nation's Global Compact and to maximise our contribution to its Sustainable Development Goals. At Mowi, we pursue an integrated sustainability strategy where long-term targets have been established for all our guiding principles: Planet, People, Product and Profit. Transparency reporting according to global standards such as the Global Reporting Initiative (GRI) is, and will continue to be, an important piece of our sustainability work. In 2019, we launched our sustainability strategy which we call the Leading the Blue Revolution Plan, describing our commitments and actions that allow us to unlock the potential of the ocean as a food source for present and future generations. The Leading the Blue Revolution Plan aims at inspiring, leveraging and guiding our day-to-day actions and decision-making so that together we can realise our vision of Leading the Blue Revolution.

To support further organic growth Mowi increased its financial flexibility in January 2020 by issuing a EUR 200 million green bond. The 5-year senior unsecured bond carries a coupon of three months EURIBOR + 160 bps p.a. I am pleased that Mowi issued the first green bond by a seafood company and achieved an attractive low financing cost. It is positive to see that our commitment to sustainable and environmentally-friendly salmon production is shared by the financial market.

'Leading a Blue Revolution' is not easy but we believe Mowi's unique strengths - our global presence, being fully integrated and being a front runner on innovation and R&D - will make a positive impact in the world notwithstanding the current Corona crisis.

continue to be the backbone of sustainable salmon farming going forward. We also continue to upgrade existing seawater infrastructure, invest in the best equipment and ensure that we farm in a responsible manner.

Mowi's Most Automated Farm (MAF) initiative is being piloted in Norway and follows a global trend that is happening across aquaculture. At its core, MAF is exploring the potential of technology to transform seawater farming, making it a safer working environment as well as increasing the efficiency of feeding salmon. By summer 2020, it is anticipated that up to 15 farms will be connected to the new operations centre with up to 40 added to it by 2021.

In general, biological issues and production costs have increased in recent years. Mowi is addressing these challenges through new farming strategies and production processes, including amongst other things investments in smolt facilities, improved treatment capacity and new sea pen technologies. In order to further increase the focus on the farming entities going forward, Mowi's organisational structure and Group Management Team will be strengthened further with a separate Chief Operating Officer (COO) for each of the largest farming areas; Farming Norway, Farming Scotland & Ireland and Farming Americas & the Faroes.

Sales & Marketing

This division consists of all our sales and marketing activities, along with our steadily growing production of consumer-ready products. Operational results were somewhat reduced in 2019 compared with 2018, on higher competition within the European value-added segment. We sell salmon and other seafood products to more than 70 countries and we experienced a substantial and growing appetite for our products in 2019. We sold a record high 196,000 tonnes of finished products, equivalent to an increase of 15% compared with 2018.

The launch of the MOWI brand is progressing as planned but is still in an early phase. In 2019, the MOWI salmon brand was launched in Poland and also in the food service segment in France. With more than 500 stores featuring the brand in Poland, we are set to expand to other countries as well. In the first quarter of 2020, the MOWI brand was launched in the retail segment in France and in e-commerce channels in the US. We will continue the roll-out of our branded strategy in additional markets in the years to come. The ultimate target is to de-commoditise the salmon market over time.

To address the competitive processing market, Mowi will establish a Global Processing Excellence Team with the task of realising improvements related to Mowi's processing plants. Mowi has 41 primary and secondary processing facilities in 19 countries. Being the largest global processor of salmon affords Mowi significant scale advantages. Improvements within automation and digitalisation can be realised with strong leadership and execution.



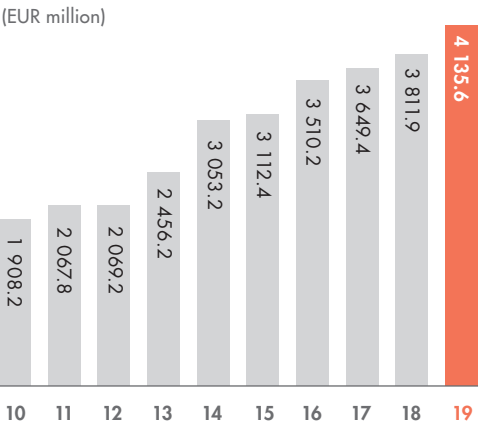
Ivan Vindheim, Chief Executive Officer

Key figures

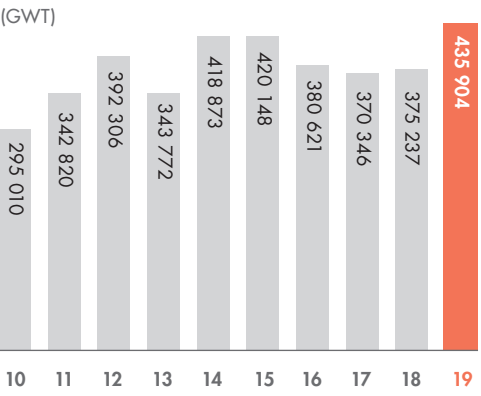
(EUR MILLION) YEAR	2019	2018	2017	2016	2015
REVENUES & COST					
Revenue and other income	4 135.6	3 811.9	3 649.4	3 510.2	3 112.4
Harvest volume of salmonids (GWT)	435 904	375 237	370 346	380 621	420 148
Value-added share of sales (salmon)	51.4%	50.9%	48.3%	46.3%	45.4%
Cost in box (EUR/kg)	4.26	4.13	4.16	4.00	3.68
Market price of salmon (EUR/kg)	5.79	6.19	6.31	6.72	4.60
PROFITABILITY					
Operational EBITDA	874.5	906.2	942.5	842.7	486.6
Operational EBIT	720.9	752.8	792.1	700.2	346.8
EBIT *	617.0	925.4	484.9	991.2	345.3
Operational EBIT (EUR per kg harvested salmonid)	1.65	2.01	2.14	1.84	0.83
Profit or loss for the year	476.3	567.2	462.7	539.3	158.3
Cash flow from operations	759.0	620.9	632.4	693.2	233.3
Net cash flow per share (EUR)	0.59	0.51	0.74	1.23	-0.02
ROCE %	19.9%	24.9%	26.7%	28.1%	13.1%
BALANCE SHEET					
Gross investments	292.7	346.2	254.9	211.6	215.8
Total assets	5 840.1	5 145.1	4 330.3	4 810.4	4 196.1
Net interest-bearing debt	1 337.2	1 037.2	831.9	890.0	999.7
Equity %	49.5%	56.0%	53.5%	43.0%	45.2%
Equity (owners of Mowi)	2 892.6	2 879.0	2 314.2	2 068.4	1 894.6
THE SHARE					
Total market value OSE (NOK million)	118 005	94 280	68 133	70 078	53 830
Number of shares (million)	517.1	516.0	490.2	450.1	450.1
Earnings per share (EUR) - basic	0.92	1.15	0.97	1.20	0.36
Underlying earnings per share (EUR)	0.99	1.11	1.23	1.13	0.84
Dividend declared and paid per share (NOK)	10.40	10.40	12.40	8.60	8.30
PEOPLE					
Number of employees (FTE)	14 866	14 537	13 233	12 717	12 454
LTI per million Hours worked	4.3	4.8	6.6	9.9	11.4
Absenteeism	4.7%	5.0%	5.2%	5.7%	4.8%
PLANET					
Aquaculture Stewardship Council (ASC) certification	99 (37%)	78 (34%)	72 (31%)	59 (26%)	39 (24%)
Fish-in-Fish-out (FIFO)	0.66	0.75	0.73	0.77	0.74
Greenhouse Gas emission (tons CO2e; scope 1 and 2)	249 477	236 007	217 141	200 483	159 757
Greenhouse Gas emission (tons CO2e; scope 3)	1 764 384	1 497 002	NA	NA	NA
R&D and Innovation expenditure	46.5	43.9	43.6	51.3	26.3

* including income from associated companies.
See also achievement on ambitions for more detailed figures on our four guiding principled Profit, Planet, Product and People.
For definitions of key figures, see the description of Alternative Performance targets.

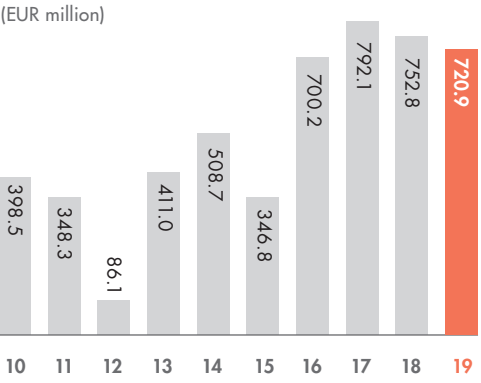
Revenue and other income



Harvest volume salmonids



Operational EBIT



	2014	2013	2012	2011	2010
	3 053.2	2 456.2	2 069.2	2 067.8	1 908.2
	418 873	343 772	392 306	342 820	295 010
	43.2%	35.8%	34.6%	NA	NA
	3.27	3.41	3.24	3.11	—
	4.80	5.07	3.60	3.97	4.78
	624.3	508.5	176.7	433.7	480.0
	508.7	411.0	86.1	348.3	398.5
	434.5	596.4	129.6	155.0	557.1
	1.21	1.20	0.22	1.02	1.35
	112.4	321.8	54.7	143.0	384.3
	471.5	258.8	207.8	358.6	320.8
	0.80	-0.05	0.34	0.57	0.52
	20.9%	18.5%	3.9%	16.7%	20.4%
	210.6	251.7	98.1	135.2	123.2
	4 119.7	4 023.2	3 170.7	2 932.9	3 013.3
	1 032.6	929.3	731.7	832.3	668.3
	39.8%	48.5%	50.1%	47.6%	53.4%
	1 638.1	1 946.5	1 580.1	1 385.6	1 600.9
	42 228	30 306	19 192	9 261	22 057
	410.4	410.4	374.8	358.1	357.5
	0.27	0.85	0.15	0.40	1.08
	0.68	0.68	0.08	0.63	0.73
	2.25	2.25	—	8.00	6.00
	11 715	10 676	6 389	6 324	6 148
	11.40	13.80	13.70	NA	NA
	5.0%	4.8%	3.4%	3.8%	3.8%
	8 (4%)	NA	NA	NA	NA
	0.80	0.80	NA	NA	NA
	105 509	83 912	81 018	NA	NA
	NA	NA	NA	NA	NA
	15.6	12.6	7.8	4.7	4.0

Leading the Blue Revolution




Unlocking the potential of the sea

Our big goal is to unlock the potential of the ocean to produce more food for a growing world population in a way that respects our planet, allows local communities to flourish while offering consumers products that are tasty, healthy and of the highest quality. In combination, this is Leading the Blue Revolution.

Sustainable growth of seafood production and consumption will play a significant role in reducing global GHG emissions while at the same time improving people's health. It's a win-win: for people and for the planet.

Mowi's most material value drivers

019

Mowi's contribution to UN Sustainable Development Goals

021

Achievements on ambitions

022

Our corporate foundation

We believe that by farming the ocean, we can sustainably produce healthy, nutritious and affordable food for society at large. 70% of our planet is covered by water, yet the United Nations Food and Agriculture organisation (FAO) estimates that only around 2% of the world's food supply comes from the ocean. This includes both

farm-raised and wild-caught fish. We know that global consumption of farm-raised seafood will increase in the future, both in terms of overall volumes and as a percentage of the global food supply, for the following reasons:

Global Trends



POPULATION GROWTH

The world's population is expected to grow to almost 10 billion by 2050. (UN, 2019)



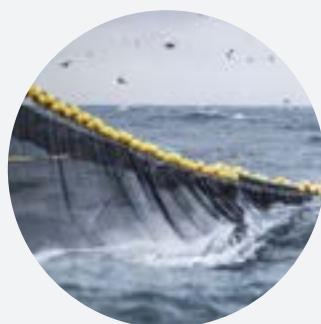
GROWING MIDDLE CLASS

Middle class is rising as a result of fast income growth in emerging countries. (UN, 2019)



CLIMATE CHANGE

Concerns about climate change are influencing dietary choices. Increased consumption of fish can reduce global GHG emissions and improve human health. (Ocean panel, 2019)



FISHERIES FULLY- OR OVER EXPLOITED

Supply of wild fish has limited growth potential as fish stocks fished within biologically sustainable levels are decreasing. (FAO; 2018)



SEAFOOD IS HEALTHY

The health benefits of seafood are increasingly being promoted by global health authorities. Farm-raised salmon is rich in omega-3 fatty acids, vitamins and minerals.

Ocean Panel; Hoegh-Guldberg, O., et al. 2019. "The Ocean as a Solution to Climate Change: Five Opportunities for Action." Report. Washington, DC: World Resources Institute. Available online at <http://www.oceanpanel.org/climate>
UN. 2019. World Population Prospects: the 2019 Revision. https://population.un.org/wpp/Publications/Files/WPP2019_10KeyFindings.pdf
FAO, 2018. The state of the world fisheries and aquaculture. <http://www.fao.org/3/i9540en/i9540en.pdf>

The Mowi way

Our financial results are created through interaction between people, the natural environment and technology. Our goal is to find an optimal combination of these elements to create long-term success, whilst understanding that our growth must be environmentally, socially and financially sustainable. To manage the risks that may prevent us from reaching our goals and delivering on our strategy, we have developed the "Mowi Way". The Mowi Way combines our vision, values, strategy, leadership, and our guiding principles.

Our vision and values

Our vision, "Leading the Blue Revolution", gives direction and outlines possibilities. The possibilities lie in the increased need for protein to supply a growing and increasingly prosperous world population with healthy, sustainable food products. We believe the most efficient way to produce more protein is by farming the ocean.

Our global values - Passion, Change, Trust and Share - inspire us to act in the right way and are key enablers for reaching our goals. **Passion** for the company and the product: Passion is the key to our success and how we make a difference.

Change is the new "normal": We are ready for change and work continuously to improve our operations.

Trust is essential in everything we do: Our operations provide safe, delicious and healthy food, and we deliver on our promises.

Share underpins the performance of our employees: We share knowledge and experience, we are open and transparent, and we cooperate with key stakeholders globally.

Our leadership principles

Taking the lead is about setting a course and taking responsibility, and our leadership principles provide an important guide for managers' behaviour:

Inspire people: We recruit the very best and build talent for the future. We strive to create winning teams and challenge people to succeed.

Make it happen: We challenge existing thinking and promote change and innovation. We encourage people to propose solutions and learn from mistakes.

Live the values: We want our leaders to be role models and build our culture; leaders should show direction and engage with stakeholders.

Think and act: We want our leaders to think and act as if the company was their own. Leaders should do what is best for the company, bearing in mind both our short- and long-term goals.

Our strategy

We aim to be an integrated provider of proteins from the ocean, taking the lead in all key areas, from the production of fish feed to meeting the needs of the market. By integrating the entire value chain, we can control our products from feed to fork, and be more

proactive in addressing challenges related to sustainable feed, breeding and genetics, farming and secondary processing. We see research and development as an integral part across our value chain, which differentiates Mowi within the industry.

VERTICAL INTEGRATION

We believe there are benefits to vertical integration, due to the greater capacity it gives us to control the production process. We refer to activities which occur after farming (i.e. secondary processing) as downstream operations, and activities occurring prior to farming (i.e. feed production) as upstream operations. Our integrated production helps us stabilise costs, control the quality of our products and improve efficiency. Over time, vertical integration is expected to result in more stable earnings and unlock future growth. We expect to be less exposed to the cyclical nature of salmon prices, and to be better able to control the quality of our products. An important prerequisite for building the MOWI brand and gaining brand awareness is to gain consumer trust, and through Mowi's integrated value chain, we believe that the company can differentiate the way our products are perceived, positioned and sold.

Upstream

Growing our fish feed activities remains our goal and our new feed plant in Scotland is now open. The plant is expected to have a capacity of around 240,000 tonnes of feed, with the potential for further expansion. In 2019 the Norwegian fish feed factory produced 353,310 tonnes of feed, a new all-time-high record. 2020 shall be very interesting as we will be self-sufficient with feed in Europe.

Further to our integrated marine protein provider strategy, we have invested in the associated company DESS Aquaculture Shipping (DESS Aqua) and have a 50% share in the company. DESS Aqua builds, owns and operates aquaculture vessels. We believe there is significant room for efficiency improvements across the value chain in aquaculture shipping, ranging from a reduction in new building costs to more cost-efficient operations. To date, the operating fleet consists of nine vessels; one harvest vessel, five well boats and three landing craft vessels. In addition, three well boats are under construction with expected delivery during 2020 and the beginning of 2021, which brings the total fleet to twelve aquaculture vessels.

Farming

We continue to screen for strategic initiatives that we believe will benefit our global operations.

In 2019 Mowi purchased K. Strømmen Lakseoppdrett AS for EUR 79 million (NOK 790 million). K. Strømmen Lakseoppdrett AS is a Norwegian salmon farming company with four licenses. The acquisition is important to Mowi as it strengthens our position in an area already core to Mowi Region Mid. As there are operational synergies with our neighbouring farming sites, our biological performance in the area should improve over time.

Mowi reached a new harvest record of 436,000 tonnes GWT in 2019, up from 375,000 tonnes in 2018. Increased smolt stockings in recent years, good farming husbandry, purchases of farming capacity and selected acquisitions have brought about the record-high volumes.

We continue to invest into our farming operations both on the freshwater and seawater side, and look into new technologies. Freshwater investments in Norway, Scotland, Canada and Chile were undertaken in 2019 and this will support increased smolt stockings in the future. Smolt investments are the foundation of a vertically integrated farming company, and with our own MOWI strain, the supreme quality eggs will continue to be the backbone of sustainable salmon farming going forward.

Downstream

Mowi has 41 primary and secondary processing facilities in 19 countries. Being the largest global processor of salmon yields Mowi significant scale advantages. Improvements within automation and digitalisation can be realised with strong leadership and execution. To address the competitive processing market, Mowi will establish a Global Processing Excellence Team with the task of realising improvements related to Mowi's processing plants.

Mowi saw a substantial and growing appetite for our products in 2019. We sold a record high 196,000 tonnes of finished products, equivalent to an increase of 15% compared with 2018.

In 2020 we will continue the roll-out of our branded strategy in additional markets. Over time, we expect our marketing efforts and unique product attributes to distinguish our products in what has been a traditionally commodity-driven food category

Guiding Principles

The way we operate our business is centred around our four guiding principles that underpin our vision and behaviour: Planet, Product, People and Profit. Balancing the four principles is a prerequisite for Leading the Blue Revolution and creating long-term value. This ensures that we continue to deliver a premium product with minimal negative impact to the environment that also generates value for the local communities in which we operate, as well as focusing upon delivering healthy shareholder returns and ensuring access to capital.

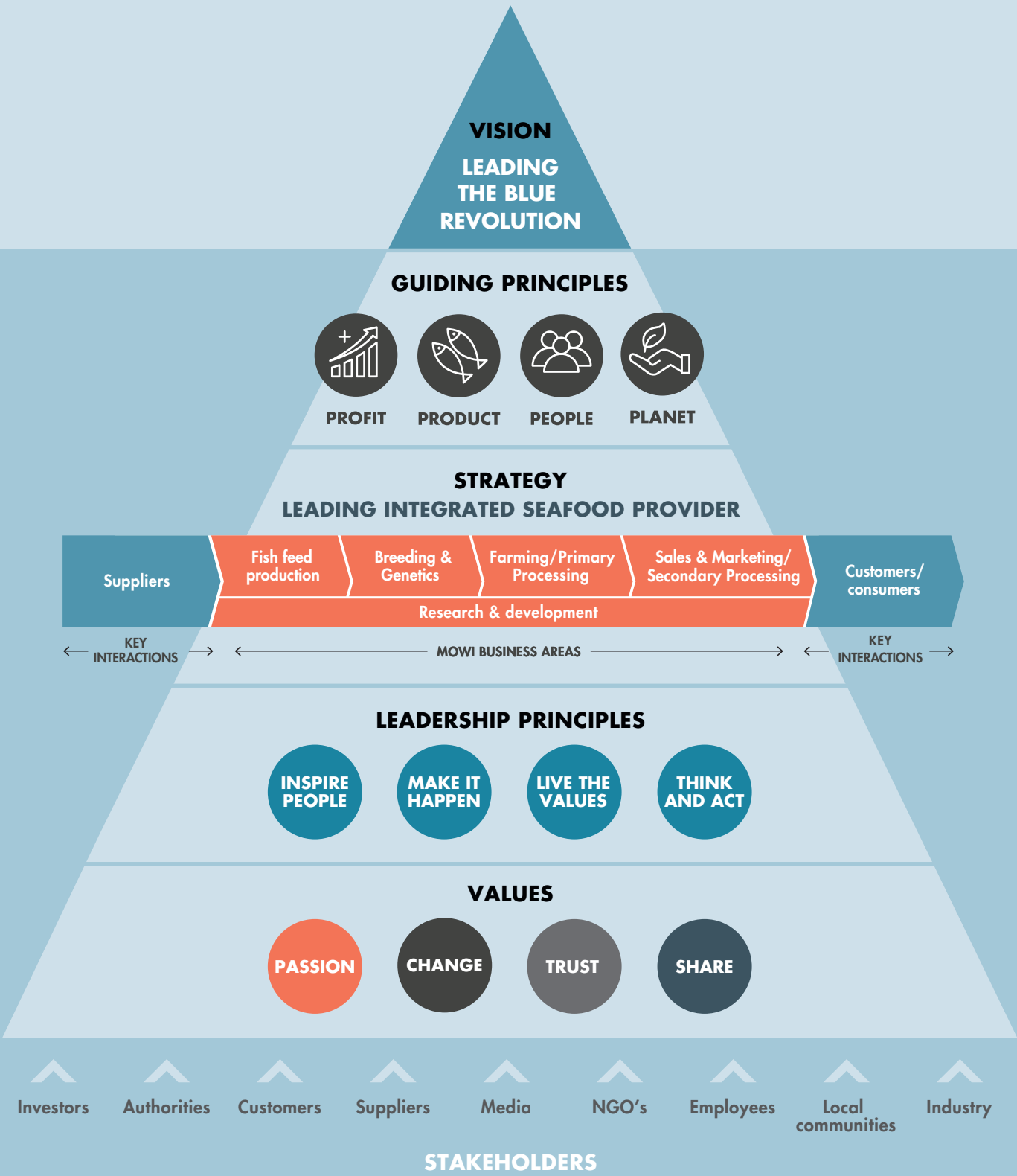
STAKEHOLDER ENGAGEMENT

As a global seafood company, our activities influence a diverse group of stakeholders. At the same time, our stakeholders' viewpoints and decisions also have an impact of the success of our business. Therefore an ongoing engagement with our key stakeholders is inherent to our way of working. Dialogue helps build trust, and as trust is one of Mowi's core values, we value every opportunity to listen to our stakeholders, to identify trends, to address critical issues and build partnerships. Understanding our stakeholders' needs and interests will help us shape our strategy and better meet their expectations.



Health checks at Quatsino Sound, Canada

From Vision to Action



In addition, engagement with sustainability benchmark developers (e.g. Collier FAIRR's Index, Seafood Stewardship Index) help us understanding key sustainability and innovation trends.

Our Code of Conduct underpins how we interact with stakeholders and our internal standard on Community Engagement defines minimum requirements on community engagement plans including those related to the Aquaculture Stewardship Council certification.

Continuous identification and prioritisation of relevant stakeholders and their topics of interest is done through Mowi's communication and sustainability global networks. The added insight from such networks contribute to our materiality assessment (see important and material topics of concern identified by stakeholders in our materiality assessment).

Mowi has identified the following stakeholder groups as key to help us identify the key economic, environmental and social impacts, both positive and negative:

Investors and creditors, through road shows, capital markets days and other presentations to share ambitions and concerns.

Authorities, to facilitate the development and implementation of smart, fair and enforced industry regulations.

Consumers and customers, including key retailers for product and process development and greater understanding of consumer expectations in general.

Suppliers, to ensure that we have a shared approach to the delivery of goods and services, sustainability, human rights and ethics in general.

Media, including social media, to understand the public perception of seafood in general and our business in particular.

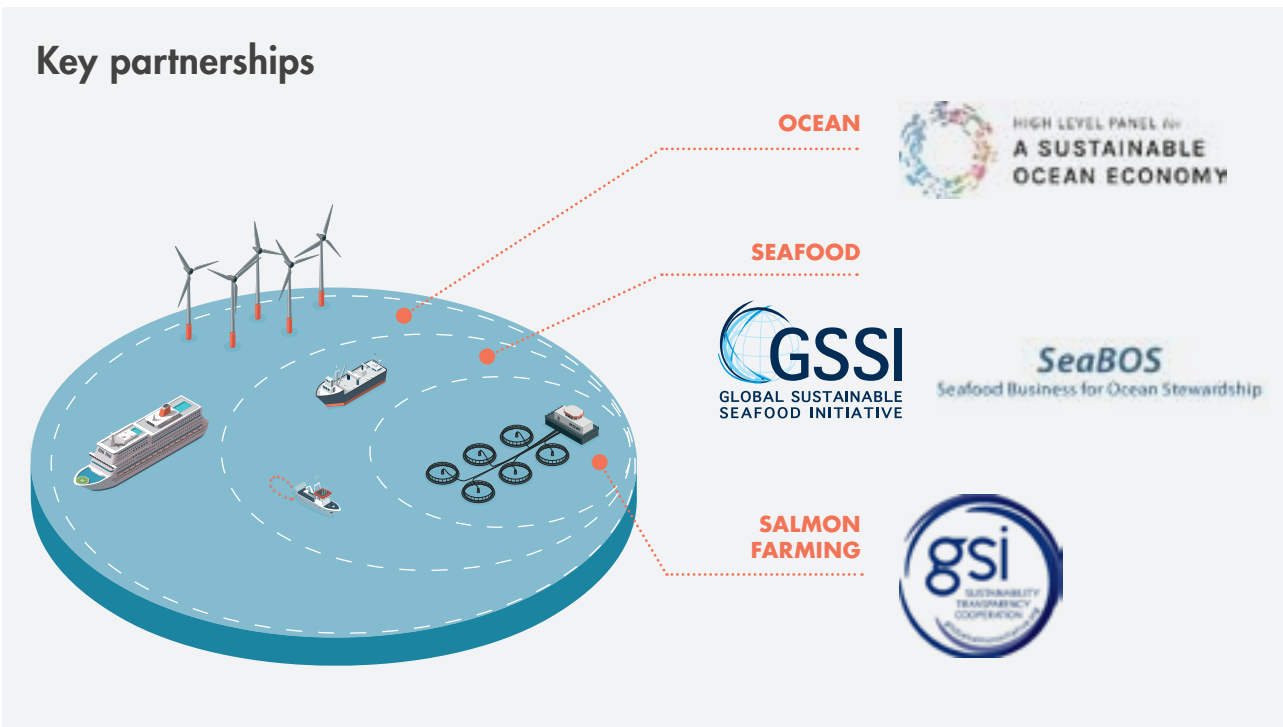
NGOs, for the mutual exchange of ideas and information.

Employees, utilising their potential for personal and company growth and progress.

Local communities and Indigenous Peoples where we operate, to promote healthy cooperation and create win-win solutions.

The industry, for a unified approach to common challenges e.g. GSI for greater industry cooperation and continuous progress on industry sustainability challenges.

How we interact with our stakeholders is described below.



KEY PARTNERSHIPS

Working in collaboration is key to Mowi's vision of Leading the Blue Revolution. We believe that we can accelerate progress by working together with peers in the seafood sector and other players that share our common interest of using the ocean to add value to humankind.

We worked closely with the Global Salmon Initiative (GSI, <https://globalsalmoninitiative.org>) on transparency and sustainability reporting and several initiatives linked with the Aquaculture Stewardship Council (ASC) certification, non-medicinal approaches to sea lice management and sustainable feed sources.

Our collaboration with other seafood players is key to Mowi as part of the Seafood Business for Ocean Stewardship (SeaBOS). Our contribution to this initiative ranges from increasing transparency and traceability at our own operations, working with governments to improve regulations and working towards eliminating IUU fishing, reducing the use of plastic pollution and antibiotics while ensuring good animal welfare. Engagement with public policy officials also take place to discuss the topic of climate resilience in the seafood sector.

We continue to support the Global Sustainable Seafood Initiative (GSSI, <http://www.ourgssi.org>), which plays an important role in providing clarity on seafood certification.

Mowi is part of the advisory network of the High Level Panel for a sustainable ocean economy. As a member of the advisory network we aim to share knowledge on existing initiatives and actions

within ocean-farming that can contribute to the High Level Panel's aim of advancing a new relationship between humanity and the sea that protects the ocean and optimises its value to humankind. <https://www.oceanpanel.org/>. In addition, this network allows a discussion with public policy officials on topics such as climate change and ocean pollution.

MANAGING A SUSTAINABLE SUPPLY CHAIN

Every year Mowi's inbound supply chain channels significant volumes of materials and services from thousands of businesses globally. Through these connections we impact a variety of environments around the world. This is a responsibility that commits.

Behind every healthy product there must be a viable supply chain. We are committed to high ethical standards in our business conduct in order to create and uphold necessary trust between our stakeholders and us. This obligates, not only Mowi, but everyone in our supply chain to comply with the standards we set.

Our Global Procurement Policy lays the ground rules for how we conduct ourselves toward our vendors and our expectations toward the supply chain. An integral part of this is our Code of Conduct, a mandatory part of our relationship with suppliers. Every business unit has their own procurement professionals whose responsibility it is to monitor and follow up internal and third-party compliance with our Global Procurement Policy and Code of Conduct. To further secure a consistent enforcement of Mowi's standards, we are implementing a standardised, global onboarding system for suppliers. This will strengthen our ability to assess supply chain risk proactively and more accurate.

Given the variety and size of Mowi’s supplier portfolio and spend, in a wide range of industries and sectors, one of the steps we have taken the last year is to coordinate procurement globally. The building blocks of this work is a strong and unified procurement organisation, a standardised digital infrastructure and a common structured approach to strategic sourcing and management of supplier spend. Thus far this work has proved fruitful and will continue to strengthen our supply chain, reduce cost, increase sustainability focus and add value to our business in the years to come.

MATERIAL LONG-TERM VALUE DRIVERS

Our materiality assessment helps to identify and prioritise sustainability issues in a world of constant change. Last year we repeated our internal workshop for 60 people, including senior management and representatives of our Feed, Farming, Sales & Marketing, Breeding & Genetics and Global R&D teams where Mowi’s materiality assessment was discussed. In addition, the board ran a strategic discussion on risks and opportunities related to sustainability and long term-planning. In 2019, the board visited Mowi’s own operations (region Mid in Norway) to strengthen the understanding on the ground of the most materials value drivers for the group. As a result, we reviewed our materiality assessment in alignment with what impacts our business and what is important to our stakeholders. Our materiality assessment remains very similar to 2018. We have moved “Overcome the plastic waste challenge” as a material topic both internally and for our stakeholders. We have chosen to use an integrated materiality analysis* which identifies the value drivers that have the most material impact on long-term value creation. The materiality assessment is approved by the board.

Along its entire value chain, Mowi is affected by social issues, such as worker’s rights and public acceptance of fish farming. Climate change, environmental regulations and certification requirements may have an impact on the supply chain, by affecting the availability of raw feed ingredients as well as farming areas. Trade barriers may have a significant impact on our products’ availability in different markets.

In turn, Mowi also has an impact on people and the environment along its value chain. Our Feed, Farming and Sales & Marketing operations create jobs and contribute to the economic development of local communities. In addition, the health benefits of our products clearly have a positive impact on people and society in general. Health and safety issues and labour rights are also key components of the social impact we have at both our own operations and our suppliers. Our impact also extends to social and environmental standards setting. In terms of environmental impacts we contribute to greenhouse gas emissions along the supply chain, and affect local ecosystems in the vicinity of our farming operations. However, the new technology and infrastructure we continue to invest in will lead to more sustainable farming methods that could also be relevant to other fish species.

Mowi supports the UN Sustainable Development Goals (SDGs). The alignment of our strategy, guiding principles, material long-term value drivers and the SDGs is provided on the following pages.

TRANSPARENCY

Transparency builds trust. Being transparent about our environmental, social and product performance is key for building trust with our stakeholders and correcting misinformation. Our sustainability data is audited by third parties and reported according to global standards such as the Global Reporting Initiative (GRI).

These are example of our global sustainability reports:

- a. **Annual Report**, an integrated report combining our group financial results with environmental, product and social performance.
- b. **Mowi’s Industry Handbook**, provides financial analysts, investors and other stakeholders with insight into the salmon industry.
- c. **GSI Sustainability Report**, publishes key environmental and social data across 14 indicators per company, per region, annually for all GSI members, including ASC roll out.
- d. **Aquaculture Stewardship Council (ASC) audit reports**, available at <http://asc.force.com/Certificates/> make publicly available the audit reports of all ASC certified farms.
- e. **CDP (formerly the Carbon Disclosure Project) report**, provides Mowi’s annual carbon accounting covering scope 1, 2 and 3 emissions as well as risks and opportunities linked with climate change.
- f. **Quarterly Reports**, are available at mowi.com and provide quarterly financial updates as well as highlights of our Planet, People and Product principles.
- g. **Global Compact Report**, provides an assessment of how Mowi is adopting the UN Ten Principles in the areas of human rights, labour, environment and anti-corruption, whilst taking action to deliver on the Sustainable Development Goals.
- h. **At mowi.com** we share our group policies on sourcing feed raw materials, fish welfare, climate change and responsible plastic use. We also disclose key metrics related with our ASC certification in Mowi’s ASC Dashboard.

Mowi’s most material value drivers



*Mowi’s original materiality analysis from 2013 was based upon the guidelines of the GRI (Global Reporting Initiative) and GRI was also used to guide the new integrated materiality analysis along with the integrated reporting council’s integrated reporting framework. The integrated reporting framework involves identifying the key inputs, or capitals, that a company relies upon to carry out its business activities, how these inputs are processed by the business and what are the resultant outputs. These key inputs and outputs and processes were identified by considering Mowi’s value chain from supply of fish feed ingredients through to delivery of products to customers. The GRI materiality process requires identifying the key economic, environmental and social impacts, both positive and negative, that a company has upon its stakeholders throughout its value chain. Our key impacts were identified using a stakeholder dialogue process and desktop review of relevant academic literature, media reports, reporting standards, regulations and competitors. To identify the value drivers that have the most material impact on long-term value creation, each value driver has been assessed with regards to current and future stakeholder expectations as well as operational and strategic impact on Mowi. The prioritisation was performed in conjunction with executive management, and material value drivers will be addressed on a regular basis at senior management level to ensure adequate focus.



Mowi's contribution to UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) have been agreed by all 193 UN member states in 2015 and guide governments, civil society and the private sector in a collaborative effort for change towards a sustainable development. The SDGs described below are those considered the most material for Mowi, i.e. those where we can have the greatest impact, but we also contribute to others.



SDG 3 Good Health and Wellbeing

Farm-raised salmon is a rich source of omega-3 fatty acids, minerals and vitamins. Its benefits to human health are well-documented (see Product section). Our KPIs that contribute to SDG 3: harvested volumes; nutritional values of our salmon, quality of harvested salmon, contaminant levels, decreasing LTI and absenteeism, global health and safety program, and employee work place programs. We have a positive trend in our LTI rate, and the rate in absenteeism is slowly decreasing and moving towards our 4% goal (see People section).

SDG 5 Gender Equality

Our business depends on diversity and gender balance among our employees. We focus on building a diverse work force throughout the value chain, as well as fair employment, and development and equal opportunities for employees (see People section). Our KPIs that contribute to SDG 5: training on diversity and equal rights, gender balance, and parental leave opportunity for both genders.

SDG 8 Decent Work and Economic Growth, SDG 10 Reduced Inequalities & SDG 11 Sustainable Cities and Communities

Our operations contribute to the development of local communities providing safe and meaningful jobs (see People section). Our KPIs that contribute to SDG 8, 10 and 11: Global Health and Safety Program, LTI and absence rate, code of conduct training, number of cases raised in the whistle blower channel, training on diversity and equal rights, non-compliance incidents, community engagement and our indigenous workforce.

SDG 9 Industry Innovation and Infrastructure

We invest significantly in research, development and innovation to solve our challenges and create new growth opportunities (see R&D and People section). Our KPIs that contribute to SDG 9: R&D spending.

SDG 12 Responsible Consumption and Production & SDG 13 Climate Change

Salmon farming is one of the most efficient ways of using natural resources to produce a healthy protein: it has a low carbon footprint, high energy and protein retention efficiency and low water footprint (see Planet and People section). Our KPIs that contribute to SDG 12: energy use and GHG emissions, % of sites with minimum benthic impact, number of biodiversity projects, number of escape incidents and escaped fish, ASC certification, compliance with sustainable feed policy, FFDRm and FFDR0 limits, antibiotic use, sea lice counts and medicine use, Global Health and Safety Program.

SDG 14 Life Below Water

Our business depends on a healthy ocean. We minimise our environmental impact by monitoring, applying best practices and following the strictest environmental standards available for aquaculture (see Planet section). Our KPIs that contribute to SDG 14: % of sites with minimum benthic Impact, number of biodiversity projects, number of escape incidents and escaped fish, ASC certification, compliance with sustainable feed policy, FFDRm and FFDR0 limits, antibiotic use, sea lice counts and medicine use.

SDG 17 Key Partnerships for the Goals

Achieving a sustainable future will require concerted action and new forms of partnership. Examples of our key partnerships are the Global Salmon Initiative, the Keystone Dialogues (including the SeaBOS initiative), Global Sustainable Seafood Initiative and our partnerships (see Planet section). We are also committed to support the UN Global Compact Principles.

Achievements on ambitions

	Material value driver	Ambition	Effort	Status vs ambition	2019	2018	2017	2016	2015	2014	2013	2012	2011
PROFIT	Reliable shareholder return - profitability	ROCE% > 12% p.a.	Through achieving our ambitions in the below indicators, we believe that our profitability will remain above target	●	19.9%	24.9%	26.7%	28.1%	13.1%	20.9%	18.5%	3.9%	16.7%
	Reliable shareholder return - solidity	NIBD EUR 1 400 million	Continuous monitoring of access to borrowed capital and dialogue with lenders	●	1 337.2	1 037.2	831.9	890.0	999.7	1 032.6	929.3	731.7	832.3
PLANET	Climate friendly food production	100% ASC certification by 2025	Ongoing ASC implementation strategy	●	99 (37%)	78 (34%)	72 (31%)	59 (26%)	39 (24%)	8 (4%)	0	0	0
		Set up Science Based Targets (SBT) for GHG emissions by the end of 2020	Compliance with our policy on climate change; focus on reporting, reduction targets and energy saving initiatives;	●	Targets approved by SBTi* in 2019								
		Reduce absolute scope 1 and 2 GHG emissions 35% by 2030 (2016 base year)		○	249 477	236 007	217 141	200 483	159 757	105 509	83 912	81 018	na
		Reduce absolute scope 3 GHG emissions 35% by 2030 (2018 base year)		○	1 764 384	1 497 002	na	na	na	na	na	na	na
	Prevent fish escapes	Positive trend towards zero escapes (#escaped fish; # escape incidents)	Compliance with industry and internal standards, focus on preventing human error (training) and reduced net cleaning	●	68 145 (16)	783 323 (10)	23 223 (15)	12 790 (11)	94 450 (16)	2 052 (6)	73 744 (10)	3 150 (6)	71 515 (7)
	Fish welfare, health and robustness	99.5% survival in sea (monthly average) by 2022	Compliance with our policy on salmon welfare, Focus on more gentle non-medicinal tools for delousing and R&D	●	98.0%	98.7%	98.3%	98.2%	98.6%	99.0%	99.2%	99.2%	99.3%
	Sea lice management	0% of sites above limit (monthly average)	Optimisation of non-medicinal tools, cleaner fish performance and welfare and breeding tools	●	11.0%	9.0%	9.0%	10.0%	12.0%	8.0%	4.0%	10.0%	7.0%
		Reduction in sea lice medicine use (% y-o-y)	Application of the sea lice strategy and increased use of non-medicinal methods	●	4%	17%	73%	50%	na	na	na	na	na
	Responsible use of medicines and chemicals	Reduction in antibiotic use (g per tonne prod) from 2015	New vaccine in Chile against SRS	●	44	40	62	53	82	40	26	12	40
	Efficient and sustainable fish feed	100% compliance with our sustainable sourcing policy	Continuous focus on novel, sustainable and affordable feed ingredients; sharing best practices on optimal feeding	●	84.3%	83%	100%	100%	100%	na	na	na	na
PRODUCT	Branding and product innovation	Increased value-added share of sales	Focus on strengthening relationship with key customers and improving our market and consumer insight to facilitate innovation and product development	●	51.4%	50.9%	48.3%	46.3%	45.4%	43.2%	35.8%	34.6%	na
	Ensure food quality	Superior share > 92%	Ongoing projects to gain a better understanding of the main causes of downgrading (kudoa and melanization)	●	91%	91%	93%	92%	92%	93%	89%	91%	92%
	Ensure food safety	Compliant with laws and regulations	Comprehensive monitoring program to document that level of environmental contaminants is far below the safe limits set by the food safety authorities	●	yes	yes	yes	yes	yes	yes	yes	yes	yes
	3rd party quality certifications	Compliant with 3rd party verified certification schemes	Conducting external and internal audits and reviews to ensure our activities are in accordance with stakeholder expectations	●	yes	yes	yes	yes	yes	yes	yes	yes	yes
	Healthy seafood	Omega 3 content >1g per 100 g product	Monitoring the level of important nutrients in our farm-raised salmon to ensure that it is both safe and healthy	●	yes	yes	yes	yes	yes	yes	yes	yes	yes
PEOPLE	Mowi Way	Live our values and vision, and work cost effectively	Continuous integration of our vision, values and leadership principles	●	yes	yes	yes	yes	yes	yes	yes	na	na
	Ethical business conduct	Compliance with our Code of Conduct	Mandatory testing on our Code of Conduct	●	yes	yes	yes	yes	yes	yes	yes	yes	na
	Excellence driven organisation	Implement ONE Mowi, operational excellence program	Re-launch of Mowi's operational excellence program, new database and global internal audit	●	yes	na	na	na	na	na	na	na	na
	Safe and meaningful work	Absence rate < 4%	Systematic approach to safety to obtain a safer workplace and reduce absenteeism	●	4.7%	5.0%	5.2%	5.7%	4.8%	5.0%	4.8%	3.4%	3.8%
		Reduction in LTI per million hrs worked	Focus on a strong health and safety culture, with BrainSafe as an integral part of the way we operate	●	4.3	4.8	6.6	9.9	11.4	11.4	13.8	13.7	na
	Community Engagement	Develop and support the local communities in which we operate	Maintain good relations with local communities and support local initiatives	●	yes	yes	yes	yes	yes	yes	yes	yes	yes

*SBTi = Science Based Targets Initiative

Strategy and operational approach

2

We aim to be an integrated provider of proteins from the ocean, taking the lead in all key areas, from the production of fish feed to meeting the needs of the market. By integrating the entire value chain, we can control our products from feed to fork, and be more proactive in addressing challenges related to sustainable feed, farming and value-added processing.

Guiding principles



PROFIT

Our financial success hinges on our ability to provide customer value from healthy, tasty and nutritious seafood.

HIGHLIGHT

All-time high revenue and strong performance all cross the value chain gives us a strong financial position that sets up a solid foundation for the future.

026



PRODUCT

Continually supply healthy, tasty and responsibly-produced seafood to our customers.

HIGHLIGHT

Successful launch of our Global Brand MOWI in Poland. Announced plan to launch the MOWI brand in France retail and US e-commerce in the first quarter of 2020.

072



PLANET

Sustainable and environmentally responsible interactions with the natural environment.

HIGHLIGHT

Launch of Mowi's sustainability strategy, *Leading the Blue Revolution Plan*. Continuous roll out of ASC certification. Implementation of a responsible plastic use policy. Further reduction in sea lice medicine use as a result of implementation of non-medicinal tools. Reduced dependency on wild fish for salmon feed.

042



PEOPLE

The safety, self-respect and personal pride of our employees cannot be compromised if Mowi is to succeed as a company and maintain good relationships with local communities. Driving a revolution requires passionate people who share our vision and values.

HIGHLIGHT

Significant efforts within Health and Safety brought positive results on LTI and absenteeism rates. Launch of a Human Rights Policy. New global targets on Diversity & Inclusion. Positive efforts within local coastal communities.

090

Innovation in the value chain

RESEARCH & DEVELOPMENT

Accelerate innovation to unlock the potential of the ocean, through innovations in biology and technology and taking advantage of artificial intelligence and automation.

HIGHLIGHT

Robust R&D and Innovation teams are now well established across the entire Mowi value chain. During 2019 we have further been stepping up our initiatives within automation and digitalization, including technology projects such as the collaboration with X, Alphabet's innovation engine.

112

Another solid year, record high volumes in all business areas

Our financial success hinges on our ability to provide customer value from healthy, tasty and nutritious seafood that is raised both cost effectively and in an environmentally sustainable way.

Operational EBIT

Operational EBIT of EUR 720.9 million, which is the third best year ever for Mowi. The figure is down from EUR 752.8 million in 2018 mainly as a result of somewhat lower achieved prices, though positively affected by record high volumes. Financial EBIT is down from 2018 mainly due to the net fair value adjustment of biomass.

Dividend and returns

Dividend of NOK 10.40 per share paid out to the shareholders in 2019, stable from NOK 10.40 per share in 2018. Underlying earnings per share was EUR 0.99, a decrease from EUR 1.11 in 2018.

Financing

Issuance of EUR 150 million seven-year Schuldschein loan with coupon of EURIBOR + 170 bps. Issuance of EUR 200 million five-year green bond with coupon of EURIBOR + 160 bps in January 2020.

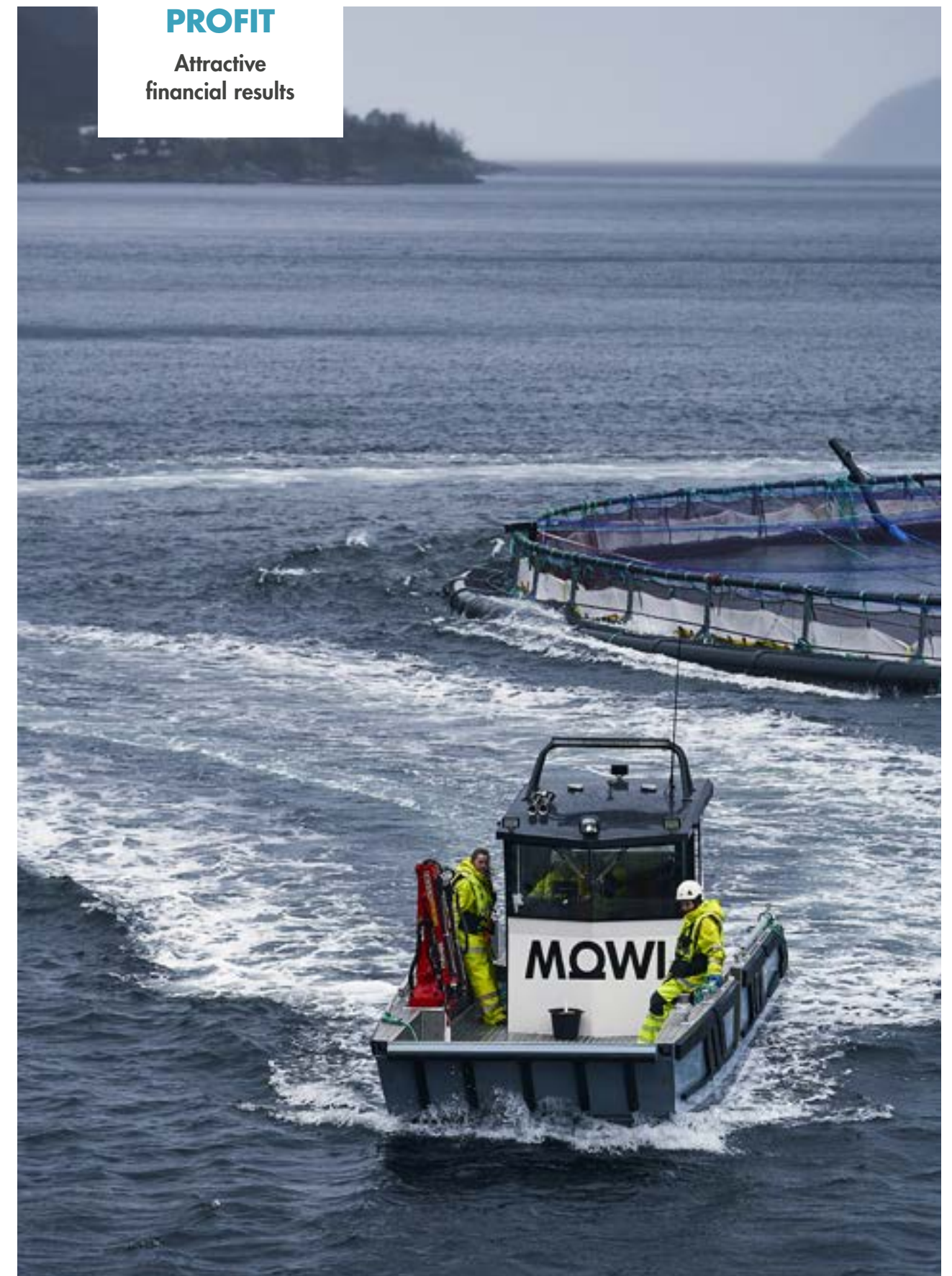
NIBD and ROCE

NIBD of EUR 1 337.2 million (1 037.2 million). ROCE was above the long-term target of 12.0% at 19.9% (24.9%).



PROFIT

Attractive
financial results



PROFIT

Material value driver	Ambition
Reliable shareholder return - profitability	ROCE% > 12% (per annum)
Reliable shareholder return - solidity	Long-term NIBD of EUR 1 400 million

Overall Group Performance in 2019

Total revenues in 2019 amounted to EUR 4 135.6 million, an increase of 8.5% from 2018 on higher sales volume. We harvested 435 904 tonnes gutted weight of salmon in 2019, compared with 375 237 tonnes for the year ended December 31, 2018. Our Operational EBIT came to EUR 720.9 million in 2019, compared with EUR 752.8 million for the year ended December 31, 2018. The reduction is mainly due to lower achieved prices. Our earnings before financial items (EBIT), totalled EUR 617.0 million in 2019, compared with EUR 925.4 million in 2018. The change is due to lower net fair value adjustment of biomass. We achieved a return on capital employed (ROCE) of 19.9% in 2019, well above our long-term target of 12.0%. The comparable figure for 2018 was 24.9%. At year-end, the Group had a net interest-bearing debt (NIBD) of EUR 1 337 million, which is below our long-term target of EUR 1 400 million. The comparable figure at year-end 2018 was EUR 1 037 million.

The Market in General

SUPPLY

The global harvest volume of Atlantic salmon was approximately 2 325 400 tonnes gutted weight in 2019. This was 160 600 tonnes (7.4%) more than in 2018. Supply from Norway increased by 72 000 tonnes in 2019 as a result of higher smolt stockings. The supply from Scotland increased by 27 900 tonnes due to improved production. Supply from America increased by 25 800 tonnes. The supply from other regions increased by 20 200 tonnes compared with 2018.

GLOBAL SUPPLY OF SALMON

(GWT)	2019	2018	CHANGE %
Norway	1 200 100	1 128 100	6.4%
Scotland	166 100	138 200	20.2%
Faroe Islands	78 200	64 500	21.2%
Other Europe	36 400	25 000	45.6%
Total Europe	1 480 800	1 355 800	9.2%
Chile	621 200	594 100	4.6%
North America	147 600	148 900	-0.9%
Total Americas	768 800	743 000	3.5%
Australia	56 300	56 300	—%
Other	19 500	9 700	101%
Total	2 325 400	2 164 800	7.4%

REFERENCE PRICES

Prices in 2019 decreased slightly compared with 2018 in the various markets. The reference price for salmon of Norwegian origin decreased by 6.4% in the market currency compared with 2018.

The average price in Miami decreased by 5.6% for the year, whilst prices in Seattle and Boston/New York decreased by 9.2% and 10.8% respectively.

REFERENCE PRICES FOR SALMON

	2019	2018	CHANGE	2019	2018	CHANGE
	MARKET ⁵⁾	MARKET ⁵⁾	%	NOK	NOK	%
Norway ¹⁾	5.79	6.19	-6.4%	57.04	59.44	-4.0%
Chile ²⁾	5.01	5.31	-5.6%	44.09	43.23	2.0%
North America ³⁾	3.23	3.55	-9.2%	28.41	28.94	-1.8%
North America ⁴⁾	3.48	3.90	-10.8%	30.66	31.79	-3.6%

1) Average superior per kg gutted weight (NASDAQ Oslo)
2) Average D trim per pound (Urner Barry Miami 3-4 pound)
3) Average superior per pound gutted weight (Urner Barry Seattle 10-12 pound)
4) Average superior per pound gutted weight (Urner Barry Boston/New York 10-12 pound)
5) Market price in EUR for Norway, and USD for Chile and Canada

MARKET DISTRIBUTION AND DEMAND

(GWT)	2019	2018	CHANGE %
EU	1 012 300	951 700	6.4%
Russia	81 700	89 400	-8.6%
Other Europe	93 200	84 800	9.9%
Total Europe	1 187 200	1 125 900	5.4%
USA	469 700	434 300	8.2%
Brazil	97 400	89 400	8.9%
Other Americas	129 300	123 400	4.8%
Total Americas	696 400	647 100	7.6%
China/Hong Kong	111 600	101 700	9.7%
Japan	53 000	54 000	-1.9%
South Korea/ Taiwan	55 700	56 100	-0.7%
Other Asia	74 400	73 100	1.8%
Total Asia	294 700	284 900	3.4%
All other markets	126 200	112 000	12.7%
Total all markets	2 304 500	2 169 900	6.2%

Consumption in the EU increased by 6.4% compared to 2019 as consumption in the key markets of UK, Germany, Spain and Italy grew.

US consumption increased by 8.2% compared with 2018 and reached an impressive 469 700 tonnes. The convenient and consumer friendly pre-packed products continued to drive the category growth. Incremental retail chains and stores sourced and sold salmon and seafood in a manner not experienced before. Enhanced distribution capabilities with increased sales into the US interior states also supported the strong growth. The strong growth in Brazil of 8.9% for 2019 remained positive driven by the foodservice segment, particularly sushi restaurants, and increased sourcing from Chile.

Consumption in the Asian market increased by 3.4% compared with 2018. The Chinese/Hong Kong market grew by 9.7% compared with 2018 due to increased exports of particularly Norwegian salmon. Availability of large sized salmon also drove increased consumption. In the other Asian markets consumption was relatively stable.

Our Markets

GEOGRAPHIC MARKET PRESENCE

Our main source of revenues is the sale of Atlantic salmon. Europe is by far the largest market for our salmon, representing approximately 70% of our total revenues in both 2019 and 2018. We experienced good sales growth in the UK, Benelux and the eastern and southern European markets. France and Germany continue to be very important regions.

Compared with 2018, the relative share of sales to the American market increased somewhat, mainly due to strong US demand and higher sold volumes from Chile. For the Asian market, the relative

share of sales compared with the previous year was stable, as shortages of large-sized fish offset the effect of higher prices.

SALES BY PRODUCT

The share of sales related to salmon products was stable compared to the previous year, at 91.7% and 91.0% of our revenues for the years ended December 31, 2019 and 2018 respectively. Fresh whole salmon (i.e. primary processed salmon) represented 39.1% of our total revenues in 2019, compared to 37.6% in 2018. In the same periods, fresh smoked salmon and fresh and frozen elaborated salmon (i.e. secondary processed salmon) accounted for 51.4% and 50.9% of our revenues respectively. We are actively pursuing strategies to reduce our dependence on spot market prices for salmon. This includes increasing our capacity to produce elaborated and value-added products, which generally command more stable consumer prices. In line with this strategy, we have opened new value-added plants in several countries in recent years, including USA, Spain, Sweden and China. We have also expanded several of our existing value-added plants.

PRICE ACHIEVEMENT

The development in market reference prices was described in the previous section. Mowi achieved a combined global price that was 3% above the weighted reference price in 2019, and 1% below the reference price in 2018. Relative to the reference price, contract sales made a positive contribution in both years.

In 2019, the contract share varied between the different business units. The Group's overall contract share was 33% in 2019, compared with 36% in 2018.

The overall share of the volumes sold as superior quality was 91% in both 2019 and 2018. This level is within the normal range, but below the Group's target of at least 92%.

CONTRACTS, QUALITY AND PRICE

2019	NORWEGIAN ORIGIN	SCOTTISH ORIGIN	CANADIAN ORIGIN	CHILEAN ORIGIN	IRISH ORIGIN	FAROESE ORIGIN	TOTAL
Contract share	37%	50%	—	27%	96%	—%	33%
Quality - superior share	92%	95%	85%	90%	87%	83%	91%
Price achievement	102%	114%	95%	101%	N/A	113%	103%

Segment Reporting

The following is a presentation of our operating performance by business segment, using Operational EBIT per kg of fish harvested as a key measure of performance. The table below shows

Operational EBIT for each of our operating segments for the years ended December 31, 2019 and 2018:

SEGMENT RESULTS

(EUR MILLION)	2019	2018
Operational EBIT - Feed	22.4	9.6
Operational EBIT - Farming	602.2	625.2
Operational EBIT - Markets	75.2	50.5
Operational EBIT - Consumer Products	38.6	88.6
Operational EBIT - Other	-17.5	-21.0
Group Operational EBIT ¹⁾	720.9	752.8
Group EBIT	617.0	925.4

1) Group Operational EBIT is a non-IFRS financial measure. See Note 4 Business segments and part 4 of this report for an explanation of how we define and calculate Operational EBIT, and for a reconciliation of Group Operational EBIT to Financial EBIT according to IFRS.

FEED

Operational EBIT for our Feed segment in 2019 ended at EUR 22.4 million, which was higher than the previous year (EUR 9.6 million). The main driver for the increase is higher volume as well as higher feed prices during the year. The positive development in feed prices were somewhat offset by increased production costs on higher raw material costs and start-up and commissioning costs for the new feed factory in Kyleakin, Scotland. Operational EBIT margin was 4.3% in 2019, which is up from 2.3% in 2018.

Our Norwegian plant produced 353 310 tonnes of feed in 2019 (348 402 in 2018), which was record-high, ensuring that our Norwegian farming operations were 88% supplied by our own feed (97% in 2018). The reduction from 2018 was due to an agreement with an external feed supplier in Norway related to the peak season in the third quarter. The new plant in Kyleakin, Scotland, opened in the first half of 2019 and produced 51 883 tonnes of feed in the second half of 2019. This ensured a 91% self-sufficiency rate in Scotland in the fourth quarter of 2019. Estimated production capacity is 240 000 tonnes for the new feed factory.

Following our self-sufficiency strategy on feed, Mowi Feed continues to develop its range of products, including fresh water, organic and cleaner fish diets.

FARMING

Farming's Operational EBIT totalled EUR 602.2 million in the year ended December 31, 2019, compared with EUR 625.2 million in the year ended December 31, 2018. The decrease is mainly due to lower achieved prices. In addition, costs increased slightly. These effects were partly offset by higher volumes. The volume harvested increased by 16.1% from 2018 to 2019. The cost in box decreased for our Scottish and Chilean operations, while it increased for Norway and Canada. For details of our farming entities' operational performance, please see the comments under Operational performance by country of origin.

SALES AND MARKETING

Our Sales & Marketing operations consist of the reporting segments Markets (trading) and Consumer Products (value-added operations).

Markets

Markets' Operational EBIT for the year ended December 31, 2019 came to EUR 75.2 million, compared with EUR 50.5 million in 2018. The 2019 Operational EBIT comprised EUR 50.3 million from Markets Europe, EUR 5.7 million from Markets Asia and EUR 19.2 million from Markets Americas, compared with EUR 37.9 million, EUR 1.5 million and EUR 11.2 million, respectively, in 2018. The improvements were driven by volume growth in all origins.

Consumer Products

From the first quarter of 2019 Consumer Products reporting segment includes additional value-added operations in Americas which were previously included in the Markets reporting segment. Mowi Consumer Products is geographically organised, but constitutes one reporting segment. Consumer Products' Operational EBIT for the year ended December 31, 2019 came to EUR 38.6 million, compared with EUR 88.5 million in 2018 on the back of fierce market conditions in 2019. After a record breaking 2018, Consumer Products faced tougher market conditions in 2019 with margin pressure, especially in Europe. Decrease in prices and a small increase in raw material costs were partly offset by a record high sales volume The volume sold increased by 10.1% compared with 2018, ending at 196 272 tonnes end-product weight.

Europe

We experienced good growth particularly in the UK, German and the Southern and Eastern European markets in 2019.

For our Chilled operations (mainly smoked products) in Europe, volumes increased from 2018. However, earnings were impacted by margin pressure following fierce competition, and challenges in the supply chain in France after the fire in Kritsen. In our Fresh operations in Europe, volumes increased significantly from 2018 on strong demand. Operational EBIT decreased from the previous year on margin pressure.

Americas

Fresh in the Americas developed favourably in 2019 driven by strong demand for our value-added products. Skin pack volumes were at all-time high. For Chilled in the Americas, we achieved a slight increase in volumes, stabilizing the production after the expansion at Ducktrap, Maine.

Although salmon consumption in the US increased in 2019, it is still low by European standards. One of the main barriers to consumption has been availability of fresh salmon in retail stores. The opening of our new value-added plants in recent years has improved our market access. In the spring of 2019, Mowi moved its operations in Miami to a new plant twice the size of the previous site.

Asia

Our Asian operations experienced a slowdown in volumes and earnings in 2019. Main effects comes from operational inefficiencies in our operations in Japan, and startup costs related to the new factory in China. During periods of the year, earnings have been negatively affected by the lack of availability of the right sized fish for the different Asian markets.



Operational Performance By Country of Origin

The table below shows a selection of operating metrics by country of origin for our harvested salmon for the years ending December 31, 2019 and 2018:

OPERATIONAL PERFORMANCE BY COUNTRY OF ORIGIN

	NORWEGIAN ORIGIN	SCOTTISH ORIGIN	CANADIAN ORIGIN	CHILEAN ORIGIN	IRISH ORIGIN	FAROESE ORIGIN	OTHER	TOTAL
2019								
Operational EBIT	485 875	125 961	15 448	89 354	17 799	12 340	-25 883	720 894
Harvest volume of salmon ¹⁾	236 880	65 365	54 408	65 688	6 650	6 913		435 904
Average price achievement ²⁾	102%	114%	95%	101%	—	113%		103%
Contract coverage ³⁾	37%	50%	—	27%	96%	—		33%
Quality - superior share ⁴⁾	92%	95%	85%	90%	87%	83%		91%
Feed cost (EUR per kg) ⁵⁾	—	—	—	—	—	—	—	1.70
Total cost (EUR per kg) ⁶⁾	—	—	—	—	—	—	—	4.26
Operational EBIT (EUR per kg)	2.05	1.93	0.28	1.36	2.68	1.79	—	1.65
EBIT (EUR per kg)	2.04	1.66	-0.47	0.90	3.27	1.99	—	1.42
2018								
Operational EBIT	545 554	77 020	45 456	74 223	19 723	15 755	-24 884	752 847
Harvest volume of salmon ¹⁾	230 427	38 444	39 267	53 165	6 238	7 697		375 237
Average price achievement ²⁾	97%	113%	98%	100%	—	106%		99%
Contract coverage ³⁾	39%	67%	—	22%	91%	—%		36%
Quality - superior share ⁴⁾	91%	96%	89%	88%	88%	87%		91%
Feed cost (EUR per kg) ⁵⁾	—	—	—	—	—	—	—	1.63
Total cost (EUR per kg) ⁶⁾	—	—	—	—	—	—	—	4.13
Operational EBIT (EUR per kg)	2.37	2.00	1.16	1.40	3.16	2.05	—	2.01
EBIT (EUR per kg)	2.95	2.89	1.15	1.68	2.62	1.98	—	2.47

1) We measure our harvest volume in terms of tonnes of gutted weight of salmon. Harvest volume of salmon is a key measure of our success as, in the absence of trading, it corresponds to the volume of salmon available for sale. As trading volume generally achieves limited margin, harvested volume is the volume-related driver of our profit.

2) The average price achievement measures the prices that we are able to achieve on our products compared with a salmon price index. Price achievement is measured against NASDAQ for salmon of Norwegian, Scottish and Faroese origin and Urner Barry for salmon of North American and Chilean origin. The market reference prices are spot prices for superior quality salmon, while our achieved price is a blend of spot and contract price for all qualities. Average price achievement measures our ability to sell our products at above market rates and is thus important for understanding our performance. In situations where contract prices deviate from spot prices, or the quality of our sold fish is low, our achieved price will deviate from the reference price.

3) The contract coverage measure represents the percentage of our products that was sold pursuant to contracts. A contract is for this purpose defined as a commitment to sell our salmon at a fixed price for a period of three months or longer. We have a sales contract policy aimed at limiting our exposure to short and medium-term fluctuations in salmon prices.

4) The superior share of salmon is the percentage graded as being of superior quality, divided by the total volume of harvested salmon. If salmon for some reason, e.g., pale colour or scale loss, cannot be classified as a superior product, it is downgraded and sold as production or ordinary grade product at a lower price.

5) Feed cost per kg harvested is calculated by dividing our total cost of fish feed for harvested fish by tonnes of gutted weight of salmon harvested.

6) Total cost per kg harvested is calculated by dividing our total cost for harvested fish by tonnes of gutted weight of salmon harvested.

SALMON OF NORWEGIAN ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Norwegian origin was EUR 485.9 million for the year ended December 31, 2019 compared with EUR 545.6 million in 2018. The decrease was mainly due to lower achieved prices and marginally higher costs, partly offset by higher volumes. Sales prices saw higher fluctuations in 2019 compared with 2018. Cost increased slightly, mainly related to increase in feed prices. Operational EBIT per kg was EUR 2.05 compared with EUR 2.37 in 2018. Our EBIT for salmon of Norwegian origin was EUR 483.0 million for the year ended December 31, 2019 compared with EUR 679.8 million in the same period in 2018. EBIT per kg was EUR 2.04 in 2019 compared with EUR 2.95 in 2018.

Price and volume developments

Compared with 2018, the reference price for Atlantic salmon of Norwegian origin decreased by 6.4% from the high levels in 2018 on increased supply. Our price achievement for the year ended December 31, 2019 was 2% above the reference price, which is an improvement from 2018 when the price achievement was 3% below the reference price. Contrary to 2017 and 2018, contracts impacted price achievement positively in 2019. The contract share was 37% in 2019, compared with 39% in 2018. The superior share of salmon harvested in 2019 was 92% in 2019, slightly up from 91% in 2018.

The harvest volume for the year ending December 31, 2019 was 236 880 tonnes gutted weight, an increase of 6 453 tonnes from 2018. The increase in harvest volume is due to increase in both Region North and Region South on higher smolt stocking and improved biological performance, with an increase of 11 055 and 11 062 tonnes respectively, while Region Mid had a decrease in harvest volume of 15 664 tonnes from 2018 due to biological incidents. Region South recovered after a challenging 2018, while Region North continues the positive development with a record high harvest volume of 86 273 tonnes.

Costs and operations

The total cost per kg for salmon of Norwegian origin harvested in 2019 increased by 2.0% compared with 2018. The primary driver for the cost increase was feed costs.

The feed cost for fish harvested in 2019 was 4% higher than in 2018. Other seawater costs per kg of fish harvested were 2% lower in 2019 than in 2018, mainly as a result of lower direct farming related costs. Sea lice mitigation costs are still at a high level, and slightly up from 2018, but still below 2017. We are working continuously to reduce the sea lice pressure and are engaged in several ongoing projects related to sea lice mitigation.

Incident-based mortality in the amount of EUR 16.1 million was recognised in 2019 compared with EUR 16.7 million in 2018.

SALMON OF NORWEGIAN ORIGIN BY REGION

The table below shows an overview of operating performance by region in 2019 compared with 2018.

Region South

Operational EBIT in Region South amounted to EUR 101.7 million in 2019 compared with EUR 54.2 million in 2018. The increase was due to higher volumes and prices, and decreased costs. The volume harvested was 47 674 tonnes gutted weight compared with 36 619 tonnes in 2018. Operational EBIT per kg harvested was EUR 2.13 compared with EUR 1.48 in 2018. The increase in volumes is mainly explained by increased smolt stocking and a better-performing generation of fish. However, the biological situation is still somewhat challenging, especially with regards to ISA, PD and lice pressure. The positive cost development is a consequence of scale effects and less mortality and health related cost. While feed costs per kg harvested increased by 4% from 2018 to 2019, other seawater related costs decreased by as much as 19% in the same period. Incident-based mortality in the amount of EUR 4.9 million was recognised in 2019. In 2018, incident-based mortality amounted to EUR 1.7 million.

KEY FIGURES BY REGION IN NORWAY

	SOUTH		MID		NORTH	
	2019	2018	2019	2018	2019	2018
Operational EBIT (EUR million)	101.7	54.2	164.6	282.3	219.6	209.1
Harvest volume (GWT)	47 674	36 619	102 933	118 597	86 273	75 211
Operational EBIT per kg (EUR)	2.13	1.48	1.60	2.38	2.55	2.78
Incident based mortality (EUR million) ¹⁾	4.9	1.7	8.2	13.9	3.0	0.8
Superior share	92%	92%	91%	91%	94%	91%

1) Total incident based mortality of EUR 16.7 million in 2018 includes EUR 0.3 million related to our Cleanerfish activities. In 2019 there's no incident based mortality related to our Cleanerfish activities.

Region Mid

Operational EBIT in Region Mid amounted to EUR 164.6 million in 2019 compared with EUR 282.3 million in 2018. Decrease in prices and harvest volume, as well as an increased costs lead to the decrease in Operational EBIT. The main cost increases are feed costs as a result of increase in feed prices, as well as negative scale effects and health related costs on the back of a challenging biological status through 2019. The volume harvested was 102 933 tonnes gutted weight compared with 118 597 tonnes in 2018. The decrease is mainly due to the challenging biology leading to early harvest and lower average harvest weight in 2019 compared with 2018. Operational EBIT per kg harvested was EUR 1.60, compared with EUR 2.38 in 2018. Incident-based mortality in the amount of EUR 8.2 million was recognised in 2019, mainly related to PD, CMS and treatment losses. In 2018, incident-based mortality amounted to EUR 13.9 million.

Region North

Operational EBIT in Region North amounted to EUR 219.6 million in 2019 compared with EUR 209.1 million in 2018. The increase is mainly due to increased volumes, partly offset by lower prices and slightly higher cost. Measured by Operational EBIT per kg harvested, Region North continues to be the best performing region in Mowi Norway as it was in both 2018 and 2017. The figure reduced to EUR 2.55 from EUR 2.78 in 2018 due to lower prices. The volume harvested was 86 273 tonnes gutted weight, which was record-high for the region, compared with 75 211 tonnes in 2018. The increased volume is mainly due to increased stocking numbers and generally good fish health. The increase in costs is due to higher feed prices, while health related costs and other direct farming costs have improved in 2019 compared with 2018. Incident-based mortality in the amount of EUR 3.0 million was recognised in 2019, compared with EUR 0.8 million in 2018, mainly related to wounds and treatment losses.

SALMON OF SCOTTISH ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Scottish origin was EUR 126.0 million for the year ended December 31, 2019 compared with EUR 77.0 million in 2018. The increase is mainly due to higher volumes and decreased costs, partly offset by lower prices. Operational EBIT per kg was EUR 1.93 in 2019 compared with EUR 2.00 in 2018. Our EBIT for salmon of Scottish origin was EUR 108.8 million for the year ended December 31, 2019 compared with EUR 111.0 million in 2018. EBIT per kg was EUR 1.66 in 2019 compared with EUR 2.89 in 2018.

Price and volume developments

The reference price in EUR decreased compared with 2018. Our price achievement for salmon of Scottish origin for the year ended December 31, 2019 was 14% above the reference price, compared with 13% above in 2018. Price achievement in 2019 was positively affected by contracts in both years. The contract share was 50% in 2019 compared with 67% in 2018. Both harvest volumes and contracted volumes increased from 2018 to 2019. The superior share was 95% in 2019 and 96% in 2018.

At 65 365 tonnes gutted weight, the harvest volume in the year ended December 31, 2019 was record-high on higher smolt stocking, and significantly higher compared with 2018 when the harvest volume was 38 444 tonnes.

Costs and operations

The total cost per kg for salmon of Scottish origin harvested in 2018 decreased by 10.6% compared with 2018. This is a consequence of positive scale effects compared with the low volumes in 2018. Feed costs, health costs and other seawater costs decreased from 2018 to 2019. The biological situation in Scotland in 2019 became more challenging in the second half. EUR 20.2 million was recognised as incident-based mortality in 2019, compared with EUR 2.5 million in 2018. The 2019 incidents were related to different issues, including Pasteurella Skyensis, PD, treatment losses and algal bloom.

SALMON OF CANADIAN ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Canadian origin was EUR 15.4 million for the year ended December 31, 2019 compared with EUR 45.5 million in 2018. Despite increase in harvest volumes, a challenging biological situation with mass mortality in Canada East as well as decrease in prices lead to the lower profitability. Operational EBIT per kg was EUR 0.28 in 2019 compared with EUR 1.16 in 2018. Our EBIT for salmon of Canadian origin was EUR (25.5) million in the year ended December 31, 2019 compared with EUR 45.2 million in 2018. EBIT per kg was EUR (0.47) in 2019 compared with EUR 1.15 in 2018.

Price and volume developments

Market prices in 2019 for salmon of Canadian origin decreased on both the West and East coast by 9.2% and 10.8% respectively compared with 2018. Our price achievement in 2019 was 5% below the combined reference price, compared with 3% below in 2018. Price achievement was negatively impacted by the biological challenges in Canada East and maturity issues in Canada West, especially in the second half of the year. There were no contracts for salmon of Canadian origin in 2019 or 2018. The superior share was 85% in 2019, compared with 89% in 2018.

The harvest volume in the year ended December 31, 2019 was 54 408 tonnes gutted weight compared with 39 267 tonnes in 2018. The 2019 figure includes 13 834 from Canada East, compared with 6 868 tonnes in 2019.

Costs and operations

The total cost per kg for salmon of Canadian origin harvested in the year ended December 31, 2019 increased by 4.8% compared with 2018. In Canada West the cost was reduced with 1% from 2018, but is still high on challenging environmental conditions. In Canada East the costs were largely affected by a mortality incident in the third quarter. Total cost per kg increased with 18% in Canada East from 2018 to 2019 mainly as a result of the biological issues. Incident-based mortality of EUR 12.0 million was recognised in 2019 (EUR 7.1 million in 2018), mainly due to challenging environmental conditions and gill issues.

SALMON OF CHILEAN ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Chilean origin was EUR 89.4 million for the year ended December 31, 2019 compared with EUR 74.2 million in 2018. 2019 was another year with positive development for our Chilean operations, and Operational EBIT increased on higher volume, lower costs and improved contribution from Consumer Products, partly offset by lower prices. Operational EBIT per kg was EUR 1.36 in 2018 compared with EUR 1.40 in 2018. Our EBIT for salmon of Chilean origin was EUR 59.0 million in the year ended December 31, 2019 compared with EUR 89.3 million in 2018. EBIT per kg was EUR 0.90 in 2019 compared with EUR 1.68 in 2018.

Price and volume developments

Market prices for salmon of Chilean origin decreased by 5.6% in 2019 compared with 2018. Prices achieved were 1% above the reference price in 2019, compared with 2018 when the price achieved were at the same level as the reference price. Contracts impacted price achievement positively in both 2019 and 2018. The contract share increased to 27% in 2019 from 22% in 2018. The superior share for salmon of Chilean origin was 90% in 2019 compared with 88% in 2018.

Our Chilean operations continued the good growth from 2018, and a harvest volume of 65 688 tonnes gutted weight in 2019 was higher than in 2018, when it totalled 53 165 tonnes gutted weight. The increase is mainly due to the return to a more normal harvest volume following biological issues in previous years and increased smolt stocking.

Costs and operations

Biology in Chile improved compared with 2018 and less SRS outbreaks have resulted in reduced usage of antibiotics. The total cost per kg for Chilean salmon harvested in the year ended December 31, 2019 was reduced by 3.3% compared with 2018 on improved biology and reduction in non-seawater costs. Incident-based mortality in the amount of EUR 2.9 million was recognised in 2019, mainly related to SRS and mortality at a freshwater site. Incident-based mortality in 2018 amounted to EUR 1.4 million.

SALMON OF IRISH ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Irish origin was EUR 17.8 million for the year ended December 31, 2019 compared with EUR 19.7 million in the same period in 2018. The decrease is due to higher costs, partly offset by improved prices for organic salmon. Operational EBIT per kg amounted to EUR 2.68 in 2019 compared with EUR 3.16 in 2018. Our EBIT for salmon of Irish origin was EUR 21.8 million in the year ended December 31, 2019 compared with EUR 16.3 million in the same period in 2018. EBIT per kg was EUR 3.27 in 2019 compared with EUR 2.62 in 2018.

Price and volume developments

Our Irish operation mainly produces organic salmon and there is no reference price available for benchmarking. Compared with 2018, prices achieved were up by 7% for the year ended

December 31, 2019. Earnings were also positively impacted by sale of eggs. Our contract share was 96% compared with 91% in 2018. The superior share of salmon harvested was 87% in 2019 and 88% in 2018. The harvest volume in the year ended December 31, 2019 was 6 650 tonnes gutted weight compared with 6 238 tonnes in 2018.

Costs and operations

The total cost per kg for salmon of Irish origin harvested in the year ended December 31, 2019 increased by 14.7% compared with 2018.

SALMON OF FAROESE ORIGIN

Operational EBIT

Our Operational EBIT for salmon of Faroese origin was EUR 12.3 million for the year ended December 31, 2019 compared with EUR 15.8 million in 2018. The effect of lower volume, achieved prices and higher costs all contributed to the lower profitability. Operational EBIT per kg was EUR 1.79 in 2019 compared with EUR 2.05 in 2018. Our EBIT for salmon of Faroese origin was EUR 13.8 million in the year ended December 31, 2019 compared with EUR 15.3 million in 2018. EBIT per kg was EUR 1.99 in 2019 compared with EUR 1.98 in 2018.

Price and volume developments

The bulk of the salmon harvested was sold at favourable prices to Eastern Europe, and achieved prices in 2019 were 13% above (6% above) the reference price. The contract share was 0%, the same as in 2018.

The harvest volume in the year ended December 31, 2019 was 6 913 tonnes gutted weight compared with 7 697 tonnes in 2018. The lower volume in 2019 was due to the uneven smolt stocking pattern resulting from the limited number of sites in operations.

Costs and operations

In 2019, the cost level for salmon of Faroese origin was higher than in 2018 due to higher seawater related costs and scale effects. There was no incident-based mortality in 2019 or 2018.

Liquidity, Cash Flow and Borrowings

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash on hand, revenues generated from our operations, loans and other financings. Our principal needs for liquidity have been, and will likely continue to be, costs of raw materials, including fish feed, other working capital items and capital expenditures, to service our debt, and to fund dividend payments and acquisitions. We believe that our liquidity is sufficient to cover our working capital needs in the ordinary course of business.

Our cash and cash equivalents as of December 31, 2019 was EUR 128.6 million compared with EUR 105.3 million as of December 31, 2018. Cash and cash equivalents comprise cash and bank deposits, including restricted funds. Restricted funds comprise employees’ income tax withholdings as well as deposits to fulfil collateral requirements for financial instruments.

Our NIBD (excluding effects of IFRS 16) was EUR 1 337.2 million as of December 31, 2019, up from EUR 1 037.2 million as of December 31, 2018. Our NIBD target is based on a Farming NIBD/kg of EUR 2.2 and the long-term net interest bearing debt target is set at EUR 1 400 million.

CAPITAL EXPENDITURES

Our capital expenditures primarily relate to investments in our operating facilities and equipment used in our operations. Net capital expenditures were approximately EUR 286 million for the year ended December 31, 2019, compared with approximately EUR 340 million for the year ended December 31, 2018. For 2019 and 2018 respectively, EUR 92.6 million and EUR 145.1 million of the total net capital expenditure was attributable to our farming operations in Norway. The bulk of the capital expenditure in Norway was related to expansions in our freshwater operations, investments related to mitigation of sea lice and general maintenance investments at our seawater facilities. The main purpose of the expansions in our freshwater operations is to enable the production of larger and higher quality smolt.

CASH FLOWS

Cash flow from operations

Cash flow from operations for the year ended December 31, 2019 came to EUR 759.0 million, compared with EUR 620.9 million for 2018. The increase is mainly due to the implementation of IFRS 16 resulting in less leasing payments being classified as cash flow from operations, but instead presented as cash flow from financing related to down-payment of leasing debt and interests paid. Other effects in cash flow from operations from 2018 to 2019 is due to a decreased tie-up of working capital and cash inflow of insurance payments partly offset by lower operational earnings and increased taxes paid.

Cash flow from investments

Cash flow from investments for the year ended December 31, 2019 came to EUR -308.3 million, compared with cash flow from investments of EUR -563.7 million in 2018. The difference of EUR 255.0 million is mainly related to higher payments in 2018 related to acquisitions (EUR 210 million related to the acquisition of Northern Harvest in 2018) and the purchase of increased MAB in Norway for approximately EUR 70 million in 2018. This was partly offset by the cash settlement of EUR 51 million related to the acquisition of the Norwegian farming company K. Strømmen Lakseoppdrett AS in 2019.

Cash flow from financing

Cash flow from financing for the year ended December 31, 2019 came to EUR -428.2 million, compared with EUR -22.0 million for 2018. The impact on cash flow from financing by the implementation of IFRS 16 is EUR -122.2 million. The other main change from 2018 is lower proceeds from new interest-bearing debt. In line with our dividend policy, dividends amounted to EUR 544.9 million in 2019 (EUR 532.4 million in 2018).

BORROWINGS

In 2019 we issued a seven-year EUR 150 million Schuldschein loan with coupon EURIBOR + 170 bps.

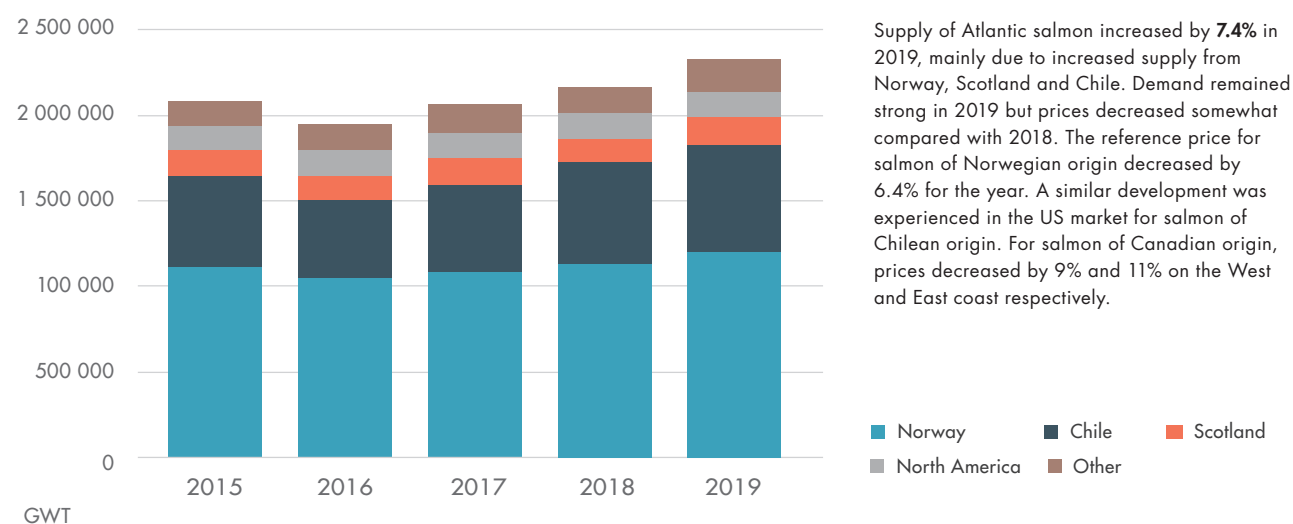
As of December 31, 2019 our main outstanding borrowings consisted of the EUR 1 406 million syndicated facility, a unsecured bond of EUR 200 million and an unsecured Schuldschein loan of EUR 150 million.

In January 2020, Mowi issued a EUR 200 million five-year green bond with coupon of EURIBOR + 160 bps.

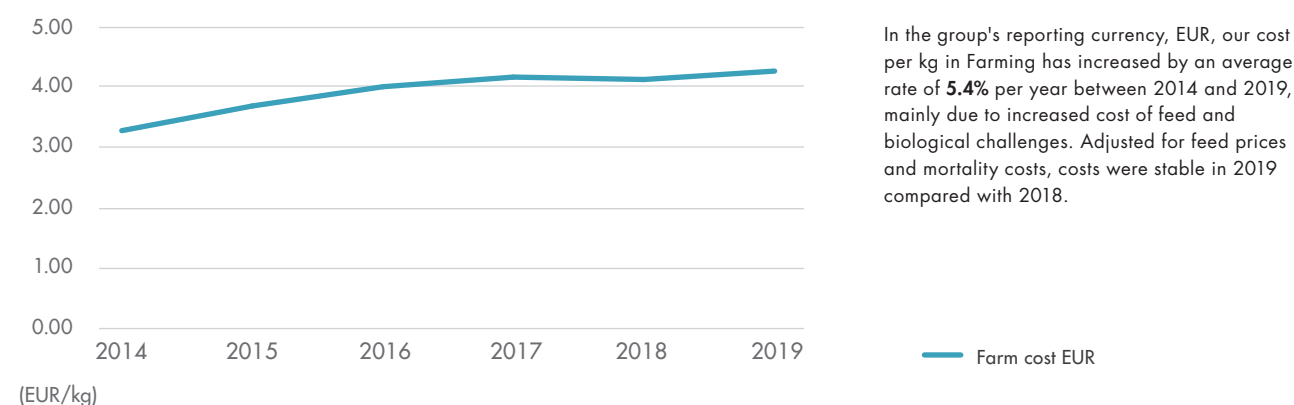
For further details of our borrowing facilities and bonds, please see Note 11 to the Group financial statement. For further details of how to analyse our performance, please see Part IV - Analytical Information.

Financial performance

Global supply increase



Cost in Farming



Another record year for Mowi Group

Record high turnover and third best year ever on profit.

All time high production in Feed

405

thousand tonnes produced
(348)

All time high harvest
volume in Farming

436

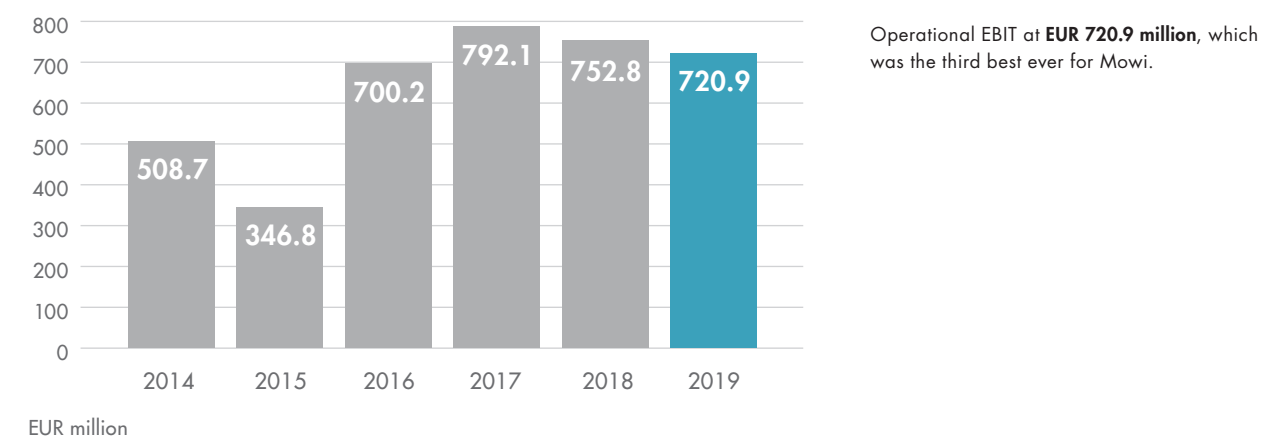
thousand tonnes
(375)

All time high Sales volume
in Consumer Products

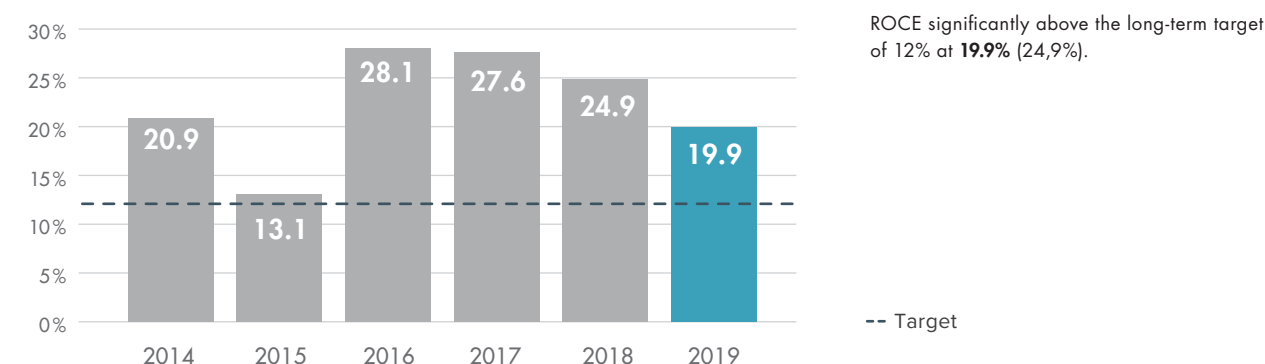
196

thousand tonnes of product weight

Strong Operational EBIT



Return on Capital Employed significantly above target



Strong dividend and NIBD below target

Dividend of NOK

10.4

per share paid out to the shareholders
as ordinary dividend (NOK 10.4)

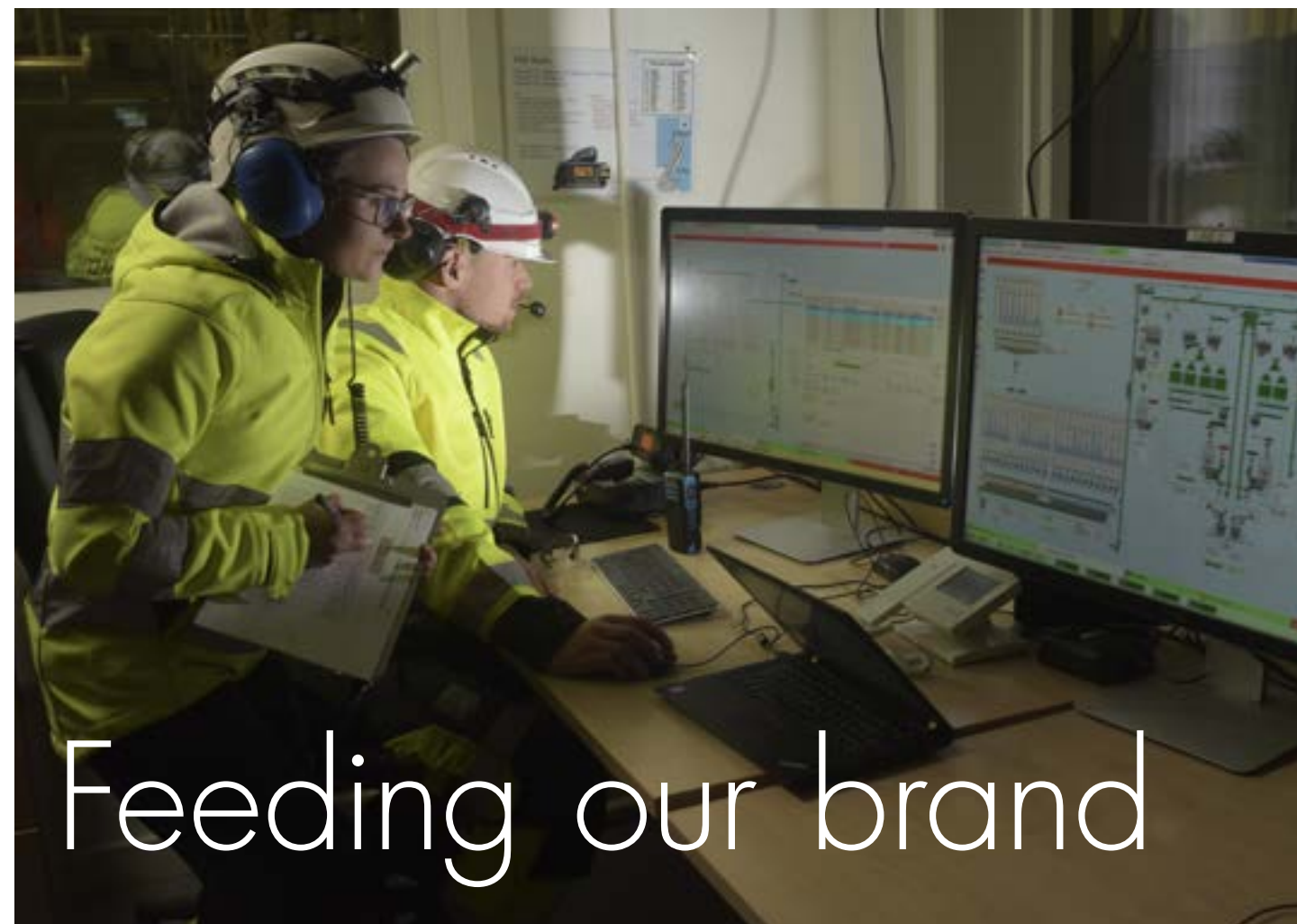
NIBD of EUR

1 337.2

million at year end, (1 037.2 million)
below the target level of EUR 1 400 million

New factory in Scotland

Kyleakin, Scotland Photo: Fish Farmer Magazine



As Mowi's newest feed mill enters its first full year of production at Kyleakin on the Isle of Skye, Scotland, the Feed Division can reflect on a remarkable six years that have transformed the business.

Back in 2014 before the company's first foray into feed production at the Valsneset factory in Norway, there were three principle feed companies supplying the global salmon farming industry. Chief Operating Officer for Feed, Atle Kvist, sees Mowi's decision to enter the feed business in 2014 as a final key component in securing the company's full value chain and thus better controlling costs and recipe creation.

Raw Material Sourcing

Feed accounts for about 45% of the costs of running a salmon farm and the Feed Division is focused on driving efficiency through the supply and production chains.

The process starts with intensive research and development work on raw materials.

"Mowi is constantly carrying out research and development to widen the raw materials basket. Sustainable sourcing of raw materials is important. We look for new raw materials to substitute or add better nutritional values to the feed. There is a lot of work on the raw material before we start purchasing."

And, according to Mowi's European Operations Director, Claes Jonermark, purchasing decisions also have to be adapted for different seasons.

"Nutritional demand from the salmon differs through the year. So, nutritional demand in January is different to nutritional demand in June. The recipes have to be adapted to what the salmon need at different times of year but also at different stages of their development."



"Feed is the key ingredient to success in aquaculture, so it makes sense that the world's largest salmon farming company maintains full control of this vital part of the process. This tight control also enables us to create niche feed required for our new premium brands now launching around the world."

Atle Kvist,
Chief Operating Officer for Feed

Once sourcing decisions have been made the raw materials are purchased from across the globe with an emphasis on securing sustainable, local ingredients.

Kyleakin Feed Mill

The Kyleakin Feed Mill spent 2019 commissioning the new build, but is already set to produce 240,000 tonnes of feed a year, adding to the 360,000 tonne annual supply from its Norwegian counterpart. Mowi will then be self sufficient with feed in Europe with a total production capacity of 600,000 tonnes of feed.

At the Mill's huge pier in the shadow of the iconic Skye Bridge there are signs of how the Feed Division is revolutionising the business. Two bulk vessels are tied up. One delivering raw materials straight into the mill, the other receiving feed to be shipped out to farms.

Prior to Mowi entering the feed business, salmon farms across Norway, Scotland, the Faroe Islands and Ireland would receive their feed in 750kg bags, with much delivered by road. Since the Kyleakin Feed Mill entered production 10,000 annual cross-country truck journeys, have been taken off Scotland's roads. The switch to bulk marine transport is reducing costs and the company's environmental footprint.



The new feed mill at Kyleakin

Attention to Detail

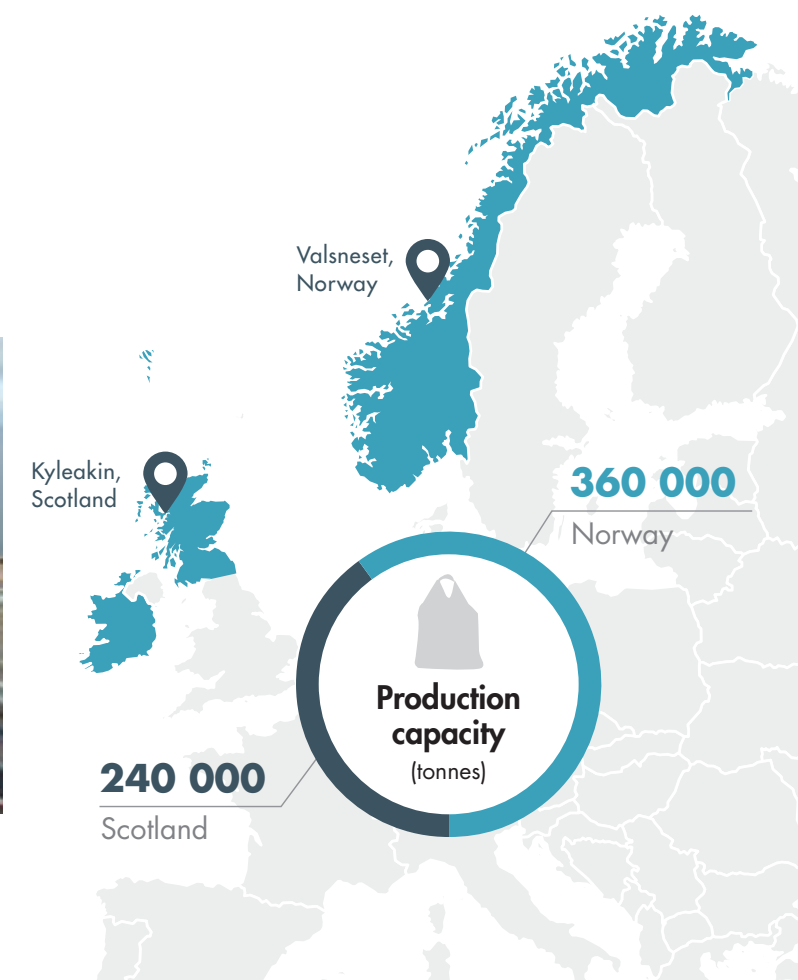
Atle Kvist says that despite the production volumes, there is a huge attention to detail to further enhance the efficiency and profitability of the business.

"In an operation producing millions of pellets every day it is essential that each one is exactly the same. Every pellet should be the same size, have the correct amount of nutrition and the right amount of oil. To repeat everything 24/7 is one of the challenges of the operation. It's like dominoes. If just a small part of a batch fails then it can create challenges downstream - either at the plant or in the feed vessels or in the feeding at the farms."

The expertise and flexibility of the Feed Division is allowing Mowi to react much more quickly to customer trends and create branded products to meet specific market demands. Atle says this flexibility was not possible when the company had to deal with external feed suppliers.

"When we create a branded product we have an idea what we would like to accomplish. Then we formulate the feed recipe accordingly. The speed to market is far quicker with everything integrated than with us calling one of the big three feed suppliers and entering a negotiation about the costs and processes."

It has been a steep learning curve for the 80 new staff at the Kyleakin Mill. As the factory reaches full production Atle says his team will look to "stabilise, optimise and continue to improve efficiency", ensuring that the Feed Division is at the heart of Mowi's profitability.



The Blue Revolution has begun

There is untapped potential for our oceans to produce more sustainable food - Salmon is part of the solution to climate challenges while also being a huge benefit to human health.

ASC certifications

Total of 99 ASC certified sites in 2019 (78 in 2018), representing 33% (34% in 2018) of all ASC certified sites producing Atlantic salmon globally.

Escapes

16 escape incidents with 68 145 escaped fish in 2019 (10 incidents with 783 313 escaped fish in 2018).

Sustainable feed

It takes only 0.66 kg of wild fish to produce 1 kg of Atlantic salmon (0.75 kg in 2018).

Medicine use

In 2019, 68% of the sea lice treatments were non-medicinal.



PLANET

Sustainable and environmentally responsible development



PLANET

Material value drivers	Ambitions
Climate friendly food production	100% ASC certification by 2025
	Achieve our Science Based Targets for GHG emissions in our scopes 1, 2 and 3
Responsible use of plastics	– By 2025, 100% of our plastic packaging will be reusable, recyclable or compostable – By 2025 at least 25% of plastic packaging will come from recycled plastic content – By 2023, 100% of farming plastic equipment is reused or recycled
Prevent fish escapes	Positive trend towards zero-escapes
Fish welfare, health and robustness	– By 2022 99.5% survival in sea (average per month) – By 2020 global welfare data capture and reporting system – By 2023 minimum 50% of our stock with real-time welfare monitoring
Sea lice management	Limit the number of medicinal treatments per farm, per cycle, as per requirements in the ASC standard, by 2025
Responsible use of medicines and chemicals	Reduction in antibiotic use from 2015
Efficient and sustainable fish feed	100% compliance with our sustainable feed sourcing policy

The global picture
– climate friendly food production

THE CHALLENGE AND THE OPPORTUNITY

Ten years remain for the world to achieve the United Nations Sustainable Development Goals (SDGs). To achieve these ambitious goals, the world needs to turn to the ocean as a key to sustainable development. Today, the ocean is already a vital source of nourishment, supporting directly the livelihood of millions of people around the world. Ocean economies, such as aquaculture, transport, energy production and tourism are among the most rapidly growing and promising in the world. To achieve the SDGs, we will need to rely even more on the oceans to provide more food and more jobs.

Our world’s surface is 70% water, yet only 2% of the food we consume originates from the ocean. This is a very simple fact yet very powerful. It is the cornerstone of Mowi’s value proposition as a business: to unlock the potential of the ocean to produce more food for a growing world population. Food that is healthy and sustainable, combining the benefits for people and our planet. A clear win-win.

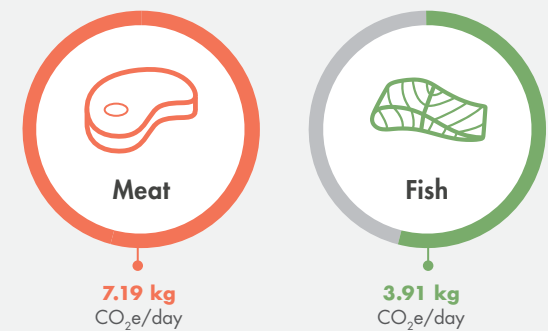
Our commitment to produce more food from the ocean in a sustainable way guides our day-to-day actions. Mowi has developed a sustainability strategy, the Leading the Blue Revolution Plan. It sets ambitious goals to ensure our salmon is raised in the ocean in harmony with nature and local coastal communities, using an eco-efficient value chain while offering solutions to global challenges such as climate change and plastic pollution.

Climate change is recognised as the stand-out long-term risk the world faces by the World Economic Forum’s Global Risk Report (2020). As such, climate-friendly food production is key to sustainable development. In fact, new analysis from the High Level Panel for a sustainable ocean economy suggests that the ocean could provide over six times more food than it does today—more than

GHG Emissions

Your dietary choices have
an impact on climate change

Daily GHG emissions of meat and fish consumers:



What will happen if a family of four replaces,
every week, one meat with one fish dinner?



Comparing a high meat-eating consumer’s daily GHG of 7.19 kg CO₂e/day with a fish-eating consumer’s 3.91 kg CO₂e/day. Data based on Scarborough et al 2014. Dietary greenhouse gas emissions of meat-eaters, fish-eaters, vegetarians and vegans in the UK. Climate Change 125: 179–192.



two-thirds of the animal protein needed to feed the future global population (The future of food from the sea, 2019).

On an industry average, farm-raised Norwegian salmon has an emission intensity that is 20% of that of beef (SINTEF, 2020). The carbon footprint of farm-raised salmon is 7.9 kg of carbon equivalent per kg of edible product, compared with 12.2 kg of carbon equivalent per edible kg of pork and 39.0 kg per edible kg of beef (SINTEF, 2020). For the consumer, replacing pork and beef with fish would significantly reduce their personal carbon footprint (daily greenhouse gas (GHG) emissions). Not only is the carbon footprint of farm-raised salmon lower but its edible yield is higher (68%) as compared with chicken (46%), pork (52%) or lamb (38%). For Mowi, high edible yields combined with 100% re-use of by-products (i.e.offcuts and trimmings) means that nearly every single gram of salmon is used.

OUR EFFORTS

We have adopted a global approach to climate change, through the development of a low-carbon business model. We believe this is important to meet our stakeholder expectations on climate change, to make our value chain more energy-efficient and less costly while at the same time offering to consumers an animal protein that is both healthy and climate friendly. In 2019, Mowi developed a low carbon transition plan using the RCP 2.6 climate scenario pathway, which included a comprehensive evaluation of the company’s impact on climate change, relevant climate-related risks and opportunities, as well as proposals for climate change mitigation measures (see our risk and risk management section). We have also set targets for GHG emissions reduction which are in line with climate science and the aim to meet the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

Our approved science-based targets are:

- Reduce absolute scope 1 and 2 GHG emissions 35% by 2030 and 72% by 2050 from a 2016 base year
- Reduce absolute scope 3 GHG emissions 35% by 2030 and 72% by 2050 from a 2018 base year

2019 RESULTS

Energy consumption and greenhouse gas emissions

In 2019, our science-based targets for GHG emissions reduction were set and approved by SBTi (Science Based Targets Initiative), one year ahead of target.

Mowi’s GHG emissions (scope 1 and 2) increased 6% from 236,007 tonne CO₂e in 2018 to 249,447 tonne CO₂e in 2019. This is mainly a contribution of an increase in GHG emissions in our farming business area (12% increase) driven by improved reporting and increased production both at sea and in our freshwater facilities producing smolts. Both our Feed (only the plant in Norway was included in our scope 1 and 2 emissions) and Sales & Marketing business areas reduced their carbon footprint by 1% and 4%, respectively. Our main sources of energy are electricity (39%) and diesel (28%) followed by fuel oil (15%) and natural gas (11%).

Climate change
Mowi’s approach

- 1. Policy**
We have a global policy on climate change guiding our operations to take action that lead to a reduction in GHG emissions. Our policy is publicly available at mowi.com.
- 2. Approved science-based targets**
We have set reduction targets that are in line with climate science and have been approved by SBTi (Science Based Targets Initiative).
- 3. Low carbon transition plan**
We have identified climate-related risks and opportunities, run climate change scenario analyses, assessed our energy and GHG emission performance, mapped and evaluated different GHG emission reduction initiatives. Financial implications and other risks and opportunities due to climate change are reported in our Carbon Disclosure Project (CDP) report. We will start reporting on climate-related disclosures following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) within the next two years.
- 4. Transparency**
Our energy consumption and GHG emissions data are reported internally and audited annually. We disclose our GHG emissions strategy and performance in association with the Carbon Disclosure Project (CDP). In 2019, Mowi was recognised in the CDP’s leadership category for being amongst the world’s most pioneering companies leading on environmental transparency and performance. Mowi was also rated by CDP’s annual Supplier Engagement Rating (SER) as a top leader on supplier engagement strategies.
- 5. Collaboration**
We are working in collaboration with our peers (GSI), the seafood sector (SeaBOS) and other ocean economies (High Level Panel for a sustainable ocean economy) to optimise the value of the ocean to produce more sustainable food as a strategy against climate change.
- 6. Taking action**
We are taking action in all our business areas to reduce our scope 1, 2 and 3 emissions.
 - a. Feed** - Our largest impact originates from sourcing of feed raw materials. Our actions include purchasing only deforestation-free soy and working with our suppliers in Brazil to receive suppliers-specific LCA data, include carbon footprint of feed raw materials in our formulation criteria, designing feeds for optimal FCR, operating energy-efficient feed plants and optimising logistics.
 - b. Farming** - Our actions include reducing the dependency of diesel to run our farming sites by connecting them to land power or introducing hybrid generators. Increasing the share of renewable electricity at our freshwater and processing plants is also part of our action plan.
 - c. Sales & Marketing** - Our actions include optimising logistics, working with our suppliers to promote a climate-friendly supply chain and running more energy-efficient processing plants.

In the Farming business area, the intensity of our GHG emissions increased from 262 (in 2018) to 269 kg CO2e/tonne biomass produced in seawater in 2019 (3% increase). This was mainly the result of an increase in our marine production connected with increased fuel use in Scotland and region Mid in Norway. In 2019, 64% of all our Norwegian farming sites are not using diesel any more as they are connected to land power. We aim to further decrease the use of fossil fuels in our marine sites in Norway by connecting more sites to land-power and to investigate the possibility to use hybrid-generators in the other farming countries. Also in 2019, we started with on-site generation of renewable energy in Canada West by installing solar panels on the roofs of the Dalrymple hatchery.

In the Feed business area, the intensity of GHG emissions decreased from 63 to 62 kg CO2e/tonne feed produced (2% reduction). In 2019, our new plant in Scotland was completed allowing a significant optimisation on logistics of reception of feed raw materials and distribution of finished feed, allowing to pull out of the road nearly 10,000 trucks yearly. GHG emissions (scope 1 and 2) of our feed plant in Scotland will be reported in 2020.

In 2019, we have calculated and audited our scope 3 emissions in connection to sourcing feed raw materials for our feed business area (following the ASC guidelines for GHG accounting of feed, the GHG Product Standard and the carbon footprint of feed raw materials provided by SINTEF 2020 Life Cycle Assessment). The updated data by SINTEF 2020 was also used to re-calculate our scope 3 emissions in 2018. Our estimates indicate that sourcing and transportation of feed raw materials resulted in 905,514 tonnes of CO2e in 2019 (886,765 tonnes of CO2e in 2018) or 2.55 kg CO2e/kg feed produced (2.69 kg CO2e/kg feed produced in 2018). The increase in absolute GHG emissions connected with sourcing of feed raw materials is related to increased feed production in Norway and the

start of feed production in our Scottish plant. Despite the increase in absolute GHG emissions, the intensity of GHG emissions per tonne of feed produced was reduced. This was mainly due to sourcing part of our certified soy from Europe and from using supplier-specific data of volumes originating from Brazilian farmers where land change occurred more than 20 years ago.

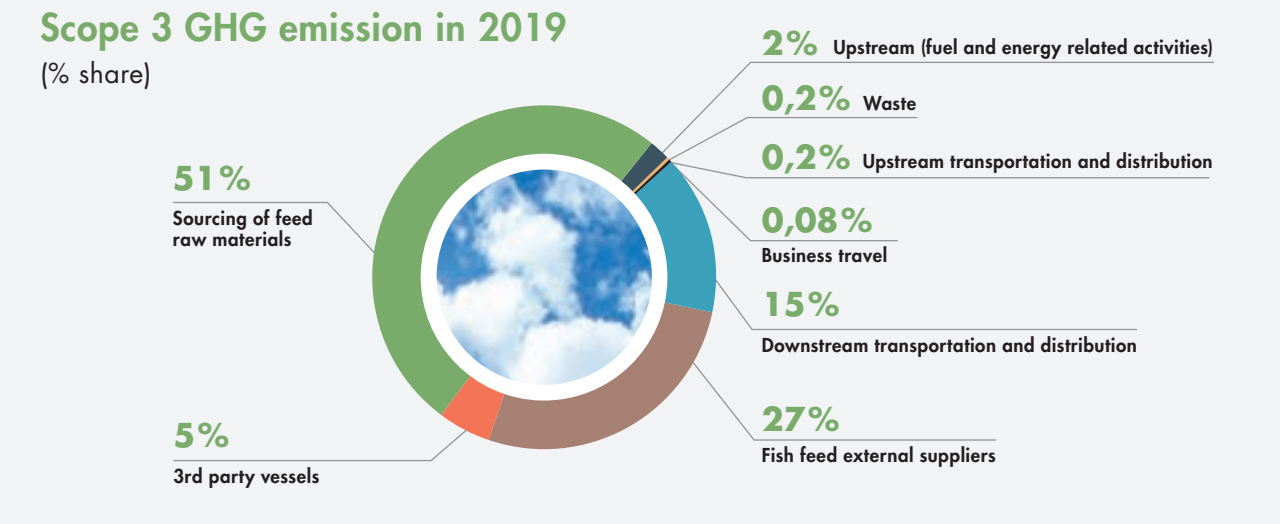
The intensity of GHG emissions from the Sales & Marketing business area, which includes our secondary processing units and sales offices across the globe, decreased from 423 to 186 kg CO2e/tonne sold end product (56% reduction). This is explained by a number of energy efficiency projects run at the processing plants. For example, in 2019, our processing plants in Poland reduced energy use by 1,769,000 kwh/year as a result of a number of energy-saving initiatives including the replacement of fluorescent lamps with LED, installation of air curtains in store freezers, removal of compressed air leaks, turning off compressors, and switching off lights. In Asia, our processing plants reduced energy consumption by 25,714 kwh/year as a result of curtain installation to reduce energy loss during raw materials transportation.

In 2019, we have also calculated Mowi's scope 3 emissions and compared it with equivalent emissions in 2018. Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. Categories that were assessed as relevant for Mowi Group were included in scope 3 emissions namely purchased goods and services, fuel and energy related activities, upstream transportation and distribution, waste generated in operations, business travel and downstream transportation and distribution. 78% of scope 3 emissions related to feed: both the purchase of feed from external parties and sourcing the feed raw materials for Mowi Feed, followed by 15% related with downstream transportation.

ENERGY AND GHG EMISSIONS (SCOPE 1, 2 AND 3)

	2019	2018	2017
Energy consumption			
Direct energy consumption (Scope 1)	2 119	1 904	1 671
Indirect energy consumption (Scope 2)	1 379	1 260	1 168
Total energy consumption (TJ)	3 498	3 164	2 839
GHG emissions			
Direct energy consumption (Scope 1)	156 232	144 069	124 219
Indirect energy consumption (Scope 2)	93 215	91 938	92 922
Indirect energy consumption (Scope 3)	1 764 384	1 497 002	na
Total GHG emissions - scope 1 and 2 (tons CO2e)	249 477	236 007	217 141
Total GHG emissions - scope 1, 2 and 3 (tons CO2e)	2 013 831	1 733 009	na

GHG emissions (scope 2) is location-based. Indirect GHG emissions refer to electricity consumption and district/indirect heating, while direct GHG emissions refer to use of fossil fuels, such as diesel, fuel oil, gasoline/petrol, heating oil, natural gas and propane/LPG as well as refrigerants. The methodology used for the carbon accounting is A Corporate Accounting and Reporting Standard (Revised Edition). The chosen consolidation approach for emissions was operational control. All figures are direct consumption reported by each Business Unit, multiplied by an energy conversion factor and carbon emission factor per unit consumed. All emission and heating value factors for direct GHG emissions are from DEFRA2019, while emission factors for indirect GHG emissions are based on a three-year rolling average calculation (2015–2017) using International Energy Agency statistics. The emission factor for electricity consumption in Norway is the Nordic average production mix 2014–2016. The GWP reference is IPCCAR5 (IPCC Fifth Assessment Report). All six greenhouse gases are taken into account and converted into carbon dioxide equivalents (CO2e). These six gasses are: carbon dioxide (CO2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF6) so all gasses listed in Kyoto Protocol and GHG Protocol. All figures listed as CO2e in the report are metric carbon dioxide equivalents. 2017 and 2018 results were adjusted in accordance with the most recent data set. Mowi is aware that the data presented in the climate report is somewhat erroneous due to varying reporting methods among the Mowi farming and production sites. Mowi is working to improve its procedures for greenhouse gas reporting to reduce future error estimates.

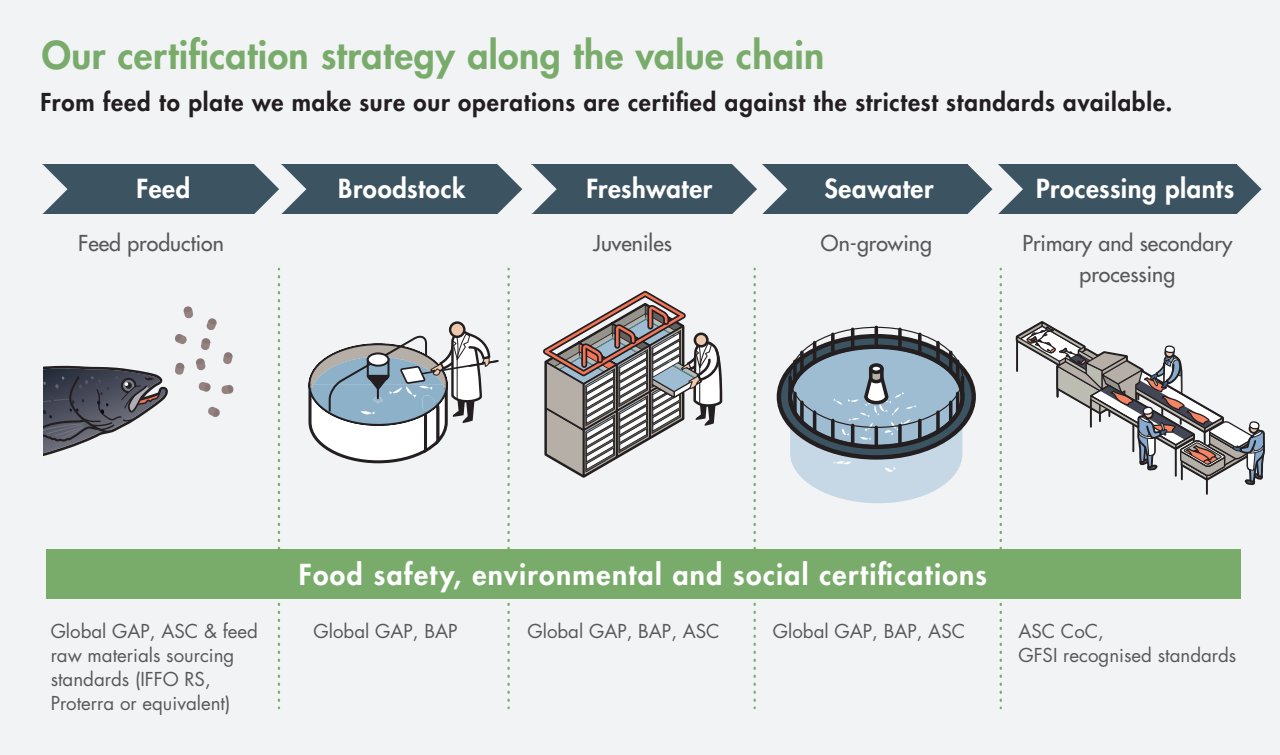


ASC certifications

Third-party certification remains key to our sustainability strategy. 100% of all our farming sites are certified by Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP), or GlobalGAP (see list of certifications in our Product section).

We continue our ASC certification efforts. At the end of 2019, Mowi accounted for 33% of all the ASC certified Atlantic salmon sites worldwide, reaffirming that we are the leading producer of ASC certified farm-raised salmon.

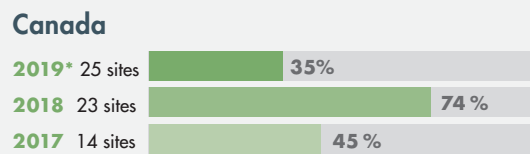
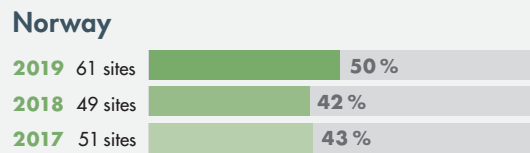
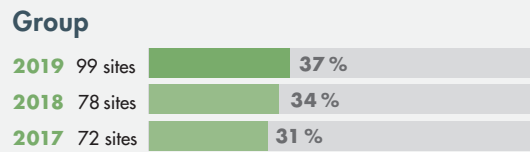
We certified a total of 21 new sites in 2019, bringing the cumulative total to 99 sites for Mowi Group. This represents 37% of all our farming facilities (including Canada East). In Canada West the number of ASC certified sites increased from 23 to 25 leading to 86% of all sites being already certified. In Ireland, one site did not renew its certificates due to surveillance audits being scheduled during the following period and therefore the audit had to be cancelled. A recent ASC update to its Salmon Standard and Freshwater Trout Standard which allows for consideration of salmon smolt production in freshwater lochs has enabled Scotland to continue with its certification process. These positive results reflect the commitment and dedication of our ASC implementation teams.



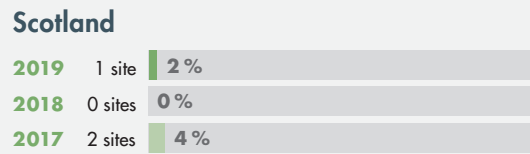
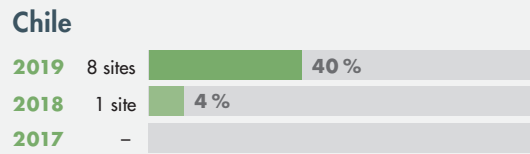
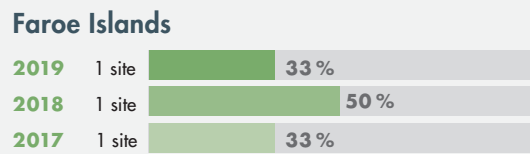
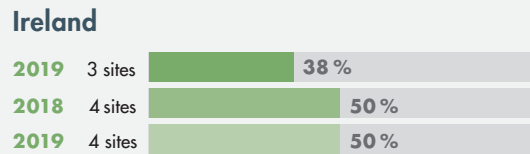
Mowi ASC certified sites

We are the leading company with the highest number of ASC certified sites globally

Number of sites certified (% of total sites)



* Included Canada East in 2019 figures, the figure for Canada West is 86% for 2019



Public reporting information for our ASC sites is available at asc-aqua.org.



"I have been raising salmon for more than half my life. I feel the industry has come a long way to show its true care for the environment where we grow our salmon. Having ASC certification for our sites gives me the pleasure of knowing we are doing the best we can to keep a clean and sustained environment."

Brad Marsili
Site Manager at Kid Bay, Mowi Canada West

Plastic management

Plastic pollution has become a global problem. Huge amounts of plastic waste are released into the oceans every year, resulting in the occurrence of micro and nanoplastic particles in the oceans. Appropriate waste management systems are part of the solution, but ultimately, it is by reducing our production and consumption of plastic products that we will ensure the health of the ocean is protected.

This is what we are doing to tackle plastic waste:

We have developed a policy on plastic use and plastic waste management

Our policy sets the minimum actions we are taking as a company to use plastic in a responsible manner. Our policy is publicly available at mowi.com

We have set targets

- By 2025, 100% of our plastic packaging will be reusable, recyclable or compostable
- By 2025 at least 25% of plastic packaging will come from recycled plastic content
- By 2023, 100% of farming plastic equipment is reused or recycled

We reduce the amount of plastic used in packaging

In Poland, by using new packaging design and light-weighting the films used in packaging we were able to avoid the use of nearly 700 tons of plastic.

In Scotland, at our secondary processing plant we achieved a reduction of 1009 tons of packaging. This achievement was a result of using lighter trays, lighter labels, no use of carton sleeves, packing in crates instead of cartons and using returnable bins for our raw material. The use of returnable bins prevented the use of nearly 1 million EPS boxes and lids per year. In Spain and Boulogne-sur-Mer a reduction in tray's weight was also achieved by 20 and 10% respectively, further reducing plastic use.

In the US, we reduced the weight of our gel packs in our packaging, resulting in nearly 20 tons reduction in plastics use.

Mowi's approach to a responsible plastic use

Mowi depends on a healthy ocean. The presence of plastic and its fragmentation to microplastics in the marine ecosystem must be avoided. Mowi focuses on avoiding unnecessary use of plastics in our operations, and also ensuring the plastic we use can be reused, recycled or composted.

This is what we are doing to tackle plastic waste:



We recycle plastic in packaging and farming equipment

In 2019, 94% of all our processing plants recycled EPS boxes preventing nearly 3500 tons of plastic from being landfilled. Recycled EPS was used as insulation building materials.

In the US, we initiated the transition to PET in the bottom films of our skin pack products allowing nearly 215 tons of packaging to become fully recyclable by end consumers. In Spain, we have also changed the specification of trays to mono materials, allowing full recyclability.

As in previous years, we continue our recycling program of nylon nets and ropes in Europe. In 2019, Norway and Ireland sent nearly 150 tons of farming material for recycling. The recycling process re-converts the netting into new polyamide filament, which in turn can be used in a variety of applications, such as in the manufacture of swimwear or carpet yarn.

We reuse plastic equipment

In Canada, we worked with a local supplier to repurpose about 45% of our used nylon nets to various garden centers and landscaping businesses across Vancouver Island. We have also repurposed our used/retired plankton tarps (nylon) with a local road building company on Vancouver Island to aid with landslide prevention. We are also working towards recycling or repurposing our HDPE Plastic Pens at the end of their life.

We replace plastic by alternatives where relevant

In the US, we transitioned from plastic cases to cardboard cases for retail stores allowing us to recycle nearly 1400 tons of recyclable cardboard in 2019.

We monitor the presence of microplastics in our fish

In 2019, we continued monitoring microplastics in our products. As in previous years our monitoring results indicate no plastic-related contaminants in our salmon.

We run global cleanup days

In 2019, we repeated our Global Cleanup Day with hundreds of Mowi colleagues, together with their families, joining resources and mobilising a communal effort to clean local beaches of plastics and other marine litter.

We work in global partnerships

We work with SeaBOS (Seafood Business for Ocean Stewardship), to scale up our impact on protecting the oceans from plastic litter which includes our support to the Global Ghost Gear Initiative.

We work with our suppliers

During 2019, we have established a national agreement in Norway with a waste handler to ensure a safe and standardized handling of our waste and easier access to our waste data. Also in Norway, we started rolling out a new collaboration with a subcontractor, where our feeding pipes will be collected and cut in a closed



Picture taken during the launch of Mowi’s Sustainability strategy in Chile

process to prevent cut fragments and microplastics from being released to the environment and the used pipes will be recycled into new products.

PRIORITIES GOING FORWARD

To Lead the Blue Revolution, we must have a positive impact on global issues, such as climate change, and also tackle environmental challenges that are more industry specific. Moving forward, we will continue to focus on verification of our improvements by reputable third-party certification schemes, such as ASC, BAP and Global GAP. In 2020, we aim to increase the number of ASC certified sites in Chile and Scotland, and will continue the roll-out to our remaining units. In 2020, we expect to certify an additional 20 sites worldwide.

We have set new targets for GHG emissions which are science-based. These reduction targets are applicable to all our business areas and include scope 1 , 2 and 3 emissions. In 2020, we aim at continuing our transition from diesel use to electrical power from land at our sea sites in Norway, increasing the share of renewable

energy in our freshwater and processing plants and engaging with our upstream and downstream suppliers to reduce our scope 3 emissions. Our focus will be on soy protein concentrate suppliers from Brazil (largest upstream contributor for our scope 3 emissions) and air-freight companies (largest contributor to downstream scope 3 emissions). Mowi has also become a member of the Sustainable Air Freight Alliance which is a buyer-supplier collaboration between shippers, freight forwarders, and air freight carriers to track and reduce GHG emissions from air freight and promote responsible freight transport.

Overcoming the plastic waste challenge remains an important issue for our business and our stakeholders and as such we will continue to focus on avoiding any plastic litter ending up at sea as a result of our farming activities, implement our packaging design strategy, continue to work with SeaBOS (Seafood Business for Ocean Stewardship) to scale up our impact on protecting the oceans from plastic litter which includes our support to the Global Ghost Gear Initiative, and monitor the potential for microplastics and plastic-related contaminants in our fish.



Escape prevention

THE CHALLENGE

Because escaped farm-raised salmon may have a negative impact on the environment, due to ecological interactions and interbreeding with wild populations, we have set a target of a positive trend towards zero escapes.

OUR EFFORTS

Our focus on preventing escape incidents includes a wide variety of actions including:

- investing in new technologies and upgrading farming equipment.
- implementation of the Norwegian Nytek standards for technical requirements on the dimensioning, design, installation and operation of fish farming installations. In Chile, work is ongoing to develop an industry standard for steel pens and mooring systems. In Scotland, a technical standard for Scottish finfish aquaculture has been developed and is in the process of implementation.
- implementation of our internal global standard which sets minimum requirements regarding equipment certification, training, risk-assessment, reporting, mitigation, drills and checklists.
- undertaking risk-assessment when running large operations or using new equipment.
- preventing human error by focusing on training and simplification of procedures. In 2019, we updated our global training program on escape prevention and mitigation. This training aims to reaffirm our internal standard for seawater and freshwater management, including the sharing of experiences and lessons to be learned after escapes, and the highlighting of behavioural changes that can make a difference. In 2019, 100% of all our farmers passed this training program.
- sharing main learning points after each incident with all site managers globally using our escape info sheets (in Norwegian, English and Spanish).

- innovating, through R&D, for better anti-fouling strategies that minimise the need for net cleaning and for better sea lice treatment strategies that minimise net handling. We are also looking at using sensors technology to help in the detection of holes in nets.

In March 2019, Sporbarhet AS was established by Mowi and peers as a continuation of the project "FarmSalTrack" with planned implementation of traceability of escaped salmon in 2020. A combination of DNA based tracing from broodstock to egg and subsequently to farm through tracking of egg and smolt batches and independent ‘geo-element’ based analysis of scales will be used to ensure robust tracing of escaped fish to the farm of origin in Norway.

RESULTS

In 2019, the number of escaped salmon decreased to a total of 68 145 (783 323 in 2018), while the number of escape incidents increased to 16 (10 in 2018). Main causes and mitigation actions per escape incident are indicated below.

The increased number of escape incidents (despite a lower number of escaped fish) highlight the need for strengthening our focus on preventing escape incidents both related with technical failures and human errors.

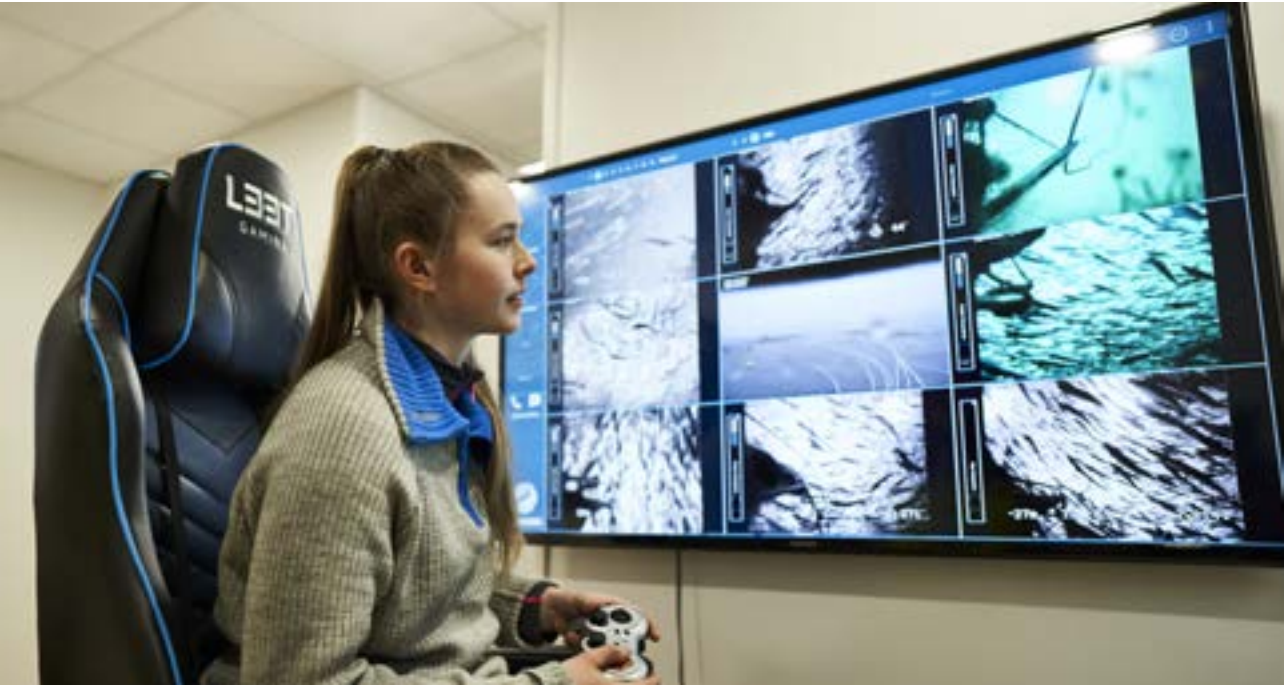
PRIORITIES GOING FORWARD

We will continue our efforts to reduce the number of escape incidents by strengthening our collaboration and training with equipment and service suppliers, improving our training programs to minimise human error, ensuring that best practices for delousing operations are followed and implementing anti-fouling strategies that reduce the need for net cleaning. In addition, a positive progress towards zero-escapes has been linked to bonus remuneration in the senior management team across all our farming countries.

NUMBER OF ESCAPE INCIDENTS AND FISH ESCAPED

	2019		2018		2017	
	# of escape incidents	# of escaped fish	# of escape incidents	# of escaped fish	# of escape incidents	# of escaped fish
Norway	11	23 179	5	106 746	7	1 300
Scotland	1	23 970	2	24 584	3	1 571
Canada	4	20 996	2	2	3	4
Chile	—	—	1	651 991	1	348
Ireland	—	—	—	—	1	20 000
Faroe Islands	—	—	—	—	—	—
Group	16	68 145	10	783 323	15	23 223

COUNTRY	SITE NAME	# OF ESCAPED FISH	MAIN CAUSE CATEGORY	MITIGATION ACTIONS
Norway	Jøkkelfjord	1	Technical failure (disconnection of pipe)	Strengthen and secure pipe connection
	Mefaldskjæret	2 540	Human error (mispositioned lift-up)	Improve procedures and monitoring by diver inspections
	Tennøya	13 535	Technical failure (net specification at exposed site)	Increase dialogue with net supplier
	Dalsfjord	100	Technical failure (freshwater barriers for smaller fish)	Improve checklists, risk assessments and sorting of smolts
	Voldnes	2 100	Human error (net handling)	Improve risk assessment related to running operations during bad weather
	Heggvika	4 800	Under investigation	Under investigation
	Pinnen	1	Technical failure (bird net)	Improve bird nets installation
	Svåsand	1	Human error (lice counting)	Improve procedure on implementation of safety nets
	Kvingo	50	Technical failure (tank overflow)	Install protection against flooding
	Svåsand	1	Human error (handling fish)	Improve procedure on implementation of safety nets
	Ringja	50	Human error (lack of reinforcement of side rails)	Update and improve checklists prior to start of operations
Scotland	Hellisay	23 970	Technical error (net specification at exposed site)	Review net design specification for exposed sites
Canada	Alexander Inlet	20	Technical error (malfunctioning of piping)	Re-engineer of hose and installation of improved secondary barrier
	Midsummer Island	2	Technical error (chafing of net on billets)	Install protectors and adjust weight system to prevent chafing, increase monitoring and inspections
	Robertson Island	20 973	Technical error (electrical fire)	Run detailed inspections on similar cages and structures to prevent electrical damage during bad weather
	Quoddy	1	Other causes (Vandalism)	Install surveillance cameras



Fish Health and Welfare

THE CHALLENGE

Protecting the health and welfare of our fish is paramount for optimal performance and is both financially rewarding and positive for the environment.

OUR EFFORTS

Our goal is to rear healthy fish and to protect their welfare. Our salmon are reared under conditions that satisfy their biological needs for food, clean water and space and we ensure they obtain the necessary nutrients for good health throughout their lives. Our fish are stocked at densities that balance welfare and enhance performance. Coordinated following and synchronised production are integral components of our farming practices, which also reduce biological risk.

Under the supervision of our fish health professionals, we continuously apply good husbandry practices and biosecurity standards to optimise health. High standards of fish health and welfare are achieved through veterinary health plans, recognised standards and certification schemes (e.g. The Royal Society for the Prevention of Cruelty to Animals, Global GAP, ASC and the OïE Aquatic Animal Health Code), welfare laws and regulations. Smolt quality and effective vaccinations are also key factors. We vaccinate 100% of our fish and take a great deal of care to ensure the quality and robustness of our smolt to reduce health risks.

RESULTS

In 2019 the Group achieved 98% average monthly survival (% biomass) in seawater. As a result of our on-going efforts to reduce the risk of infectious diseases, these accounted for 32% of the total number of fish lost during the year. The remaining 68% were lost to non-infectious causes.

Compared with 2015, biomass and numbers lost to Salmonid Rickettsial Septicaemia (SRS) in Chile have been reduced by 73% and 75% respectively. Losses associated with Cardiomyopathy Syndrome (CMS), Pancreas Disease (PD) and Amoebic Gill Disease (AGD) were reduced by 41%, 29% and 68% respectively in 2019 compared with 2018.

Relative to 2018, losses to wounds, Heart and Skeletal Muscle Inflammation (HSMI), sea lice treatment, gill infections and poor performers increased in 2019. This was partly attributed to additional fish handling to address the sea lice challenge. While we observed an increase in losses associated with wounds, downgrading due to wounds (as % of HOG) was reduced in 2019. Extraordinary environmental conditions on the east coast of Canada contributed to non-infectious mortality in 2019.

Despite continuing to apply our strict risk management approach to Infectious Salmon Anaemia, four cases were recorded in Norway in 2019 (2017 - 3; 2018 - 1). While CMS and PD losses were reduced, these, along with sea lice treatment losses and gill infections, remain our priority focus areas for improvement.



Mowi policy on salmon welfare

Why we care about fish welfare

Caring about fish welfare is an ethical responsibility and an integral part of our business strategy as it can impact our productivity and reputation.

Our definition of fish welfare

Mowi recognises the accepted Five Freedoms for animal welfare and adopts the World Organisation for Animal Health (OIE) definition of animal welfare: A good state of welfare is if it is healthy, comfortable, well nourished, safe, able to express innate behaviour and it is not suffering from unpleasant states. Good welfare requires disease prevention and veterinary treatment, appropriate shelter, management, nutrition, humane handling and humane slaughter.

How we safeguard the welfare of farmed-raised salmon

- Train our employees
- Farm under optimal environmental conditions
- Secure optimal health and, when needed, responsible medicine use
- Apply optimal feed and feeding practices
- Vigilance of fish behaviour
- Use humane slaughter methods
- Apply internal and global fish welfare standards
- Ensure service and equipment suppliers adopt our standards
- Monitor and report operational welfare indicators
- Continuously improve through R&D

MAIN CAUSES OF REDUCED SURVIVAL

	INFECTIOUS		NON-INFECTIOUS	
	FISH NUMBERS	BIOMASS	FISH NUMBERS	BIOMASS
1	Wounds	CMS	Treatments	Treatments
2	CMS	Wounds	Poor performers	Poor performers
3	Gill infections	Gill infections	Environmental	Environmental
4	HSMI	PD	Physical damage	Physical damage

(CMS, Cardiomyopathy Syndrome; PD, Pancreas Disease; HSMI, Heart and Skeletal Muscle Inflammation)

The incidence of, and losses to, harmful algal blooms (HABs) in 2019 were similar to 2018. Our new ONE Mowi procedure on plankton monitoring and mitigation practices, together with internal training on plankton surveillance, risk management and response plans, are expected to contribute to fewer incidents and losses associated with algal blooms. In Chile, Canada, Scotland, Ireland and some regions in Norway we use monitoring protocols adapted to seasonal risks, ensuring that surveillance is carried out on a daily basis during high-risk periods. Useful resources such as interagency tools, namely satellite imagery or national monitoring systems (e.g. Irish Marine Institute Harmful Algal Bloom (HAB) weekly bulletin) are used to monitor the risk of algal blooms. During HAB events we follow a response plan and protect our fish by using measures such as aeration systems, stopping surface feeding and steering the fish to safer depths using deep lights.

Through our breeding and genomic selection programme, further advances were made in selection of fish stocks with resistance to PD, CMS and sea lice, and this is expected to result in further improvements in survival rates.

Following the development of our new ONE Mowi salmon welfare policy, which now also addresses fish handling, we have standardised our global system for welfare data capture and reporting.

PRIORITIES GOING FORWARD

Protecting the health and welfare of our fish, and improving survival rates, will remain a primary focus in 2020. We will continue to closely monitor the causes of reduced survival and set our R&D priorities accordingly. Further development of our welfare standards, gentler systems for sea lice treatment, the application of new vaccines, advances in genomic selection for disease resistance and the outputs from several important R&D projects are expected to contribute towards our long-term goal of >99% monthly survival. We will continue to support industry research initiatives in the area of fish health and welfare, and we will continue to engage in the development of better industry practices through the Global Salmon Initiative. In 2020, we will work towards developing a standardised system for welfare data capture and reporting.

Sea Lice Management

THE CHALLENGE

Effective sea lice management is important for fish welfare and to ensure sea lice on our farms do not negatively impact wild salmonids. Sea lice also represent a significant cost to the industry.

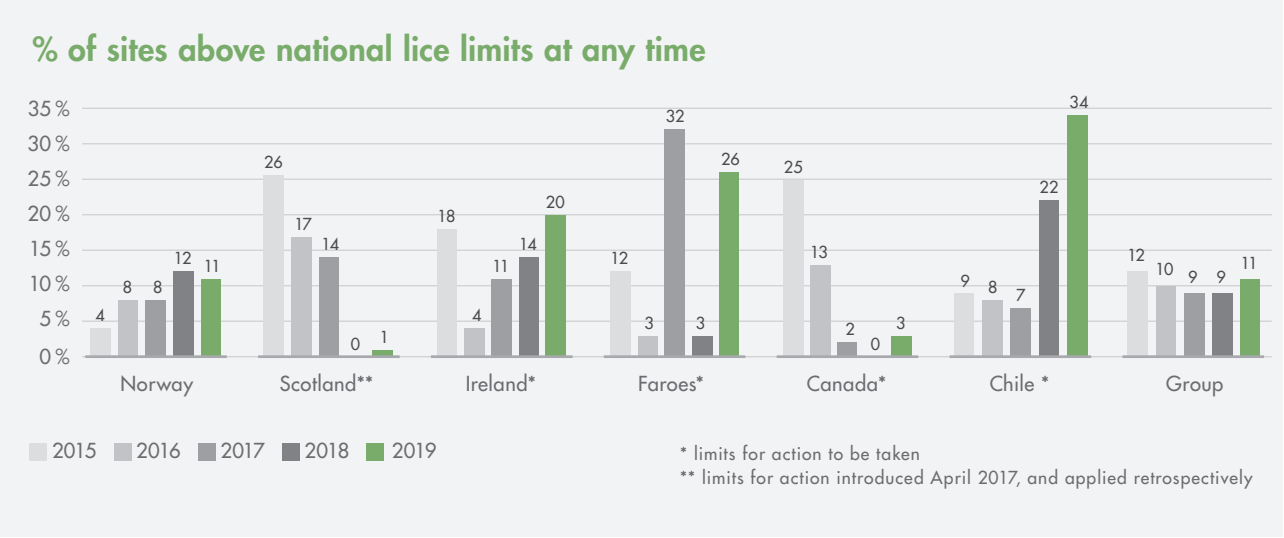
OUR EFFORTS

We work intensively to improve our approach to sea lice management and minimise the number of adult female sea lice at our sites, especially during the period when wild salmon migrate to sea. Our goal is to manage sea lice in an integrated manner and reduce the use of medicines, through the application of strategic, preventive and non-medicinal measures, such as cleaner fish. We continue to respect the precautionary statutory limits on the maximum number of sea lice per fish, set by relevant authorities. We continuously develop and implement better management practices and the sharing of best sea lice management practices between our operations. Our R&D activities target innovative biological and non-medicinal methods to control sea lice.

RESULTS

We have again moved towards our goal of managing sea lice in an integrated and sustainable manner, while reducing dependency on medicines. We continue to use cleaner fish and non-medicinal treatment systems and have identified areas where additional progress can be achieved. In 2019, we once again increased our R&D activities on sea lice management and made good progress on several projects to develop novel solutions for safe and cost-efficient sea lice control (see R&D section).

Preventive equipment, such as skirts around our pens and deep lights which keep sea lice away from the salmon, was again used comprehensively in 2019. In our operations where non-medicinal treatment systems were available, an average of 68% (range 35-87%) of all treated fish were treated using non-medicinal tools (62% in 2018). The proportion of fish treated varied, depending on equipment availability, environmental conditions and fish size. In Canada West, we introduced a non-medicinal treatment system as part of our integrated management approach and treated 5% of



the fish. In Chile, we trialled a non-medicinal treatment system and introduced freshwater treatment more extensively.

Further advancements were made in cleaner fish production in Norway, Scotland and Ireland, and we continued our investment in cleaner fish R&D. On average, 77% of our seawater sites, with access to cleaner fish, used them in 2019 (76% in 2018).

The average monthly percentage of sites above national sea lice limits (at any time) for each Business Unit is shown in the figure at the end of this section. Figures for Mowi Group, Norway, Scotland and Canada were comparable with 2018. Increases were observed in Faroes and Chile, and to a lesser extent in Ireland, where several factors including environmental challenges, limited access to non-medicinal treatment systems and higher lice challenge pressure hampered integrated lice management.

We observed an unsatisfactory increase in losses associated with sea lice treatments in 2019, which further emphasises the need to strengthen our efforts to develop integrated approaches and gentler non-medicinal treatment systems for lice control.

PRIORITIES GOING FORWARD

Maintaining low levels of sea lice at our sites will remain a top priority. We will continue to optimise existing solutions, develop novel and cost-effective methods and increase our expertise with regards to the use and welfare of cleaner fish. In Chile we will further develop non-medicinal treatment systems. Our ambition is to ensure that sea lice control is based principally on integrated and non-medicinal approaches, allowing us to reduce the use of medication.

Medicine use

THE CHALLENGE

Licensed medicines may have potential negative environmental impacts if used too frequently. The risk of sea lice developing reduced sensitivity to medicines is also a concern.

OUR EFFORTS

With our strong focus on optimising fish survival and preventing disease, licensed medicines are only used when absolutely necessary. Sea lice medicines are additional tools for integrated management and ensuring lice from farms do not impact wild salmonids.

We use licensed antimicrobial medicines only when fish health and welfare are at risk from bacterial infection. We adopt the recommendations and support the best practices as outlined in the World Health Organization's "WHO guidelines on use of medically important antimicrobials in food-producing animals". We restrict use and do not use antimicrobials for growth promotion, prevention of infectious diseases or for control of dissemination. Antimicrobials are only used under veterinary prescription. Those listed as critically important for human medicine are only used as exemptions under the judgement, prescription and supervision of a veterinary professional, and if microbial sensitivity results demonstrate that the selected antimicrobial is the only treatment option.

Medicines are applied in a responsible manner and we ensure there are no flesh residues at harvest.

Mowi policy on antimicrobial use

Purpose of the policy

Mowi secures that any use of licensed antimicrobials is done in a responsible manner and is in line with WHO guidelines to mitigate the risk of human health consequences related to development of antimicrobial resistance.

Scope of the policy

Mowi only uses medicines when other measures are not sufficient or when fish welfare may be compromised. To not use antimicrobials under such circumstances would be unacceptable from a fish health and welfare perspective. The policy applies to all farming operations and ensures compliance with the WHO Guidelines on Use of Medically Important Antimicrobials in Food Producing Animals and the WHO list of Critically Important Antimicrobials for Human Medicine. Furthermore, our policy promotes the 3 R's framework (Refine, Reduce and Replace) on antimicrobial stewardship in veterinary medicine.

How do we secure responsible use

- Train our employees
- Vaccinate all our fish
- Only prescribe licensed antimicrobial medicines
- Apply strict residue controls
- Never use prophylactically or for growth promotion
- Adopt the recommendations of the WHO and restrict use
- Refine, Reduce and Replace antimicrobial use
- Report and track antimicrobial use
- Only use a critically important antimicrobial under the judgement, prescription and supervision of a veterinary professional, and if it is the only option
- Adopt standards and industry guidelines on use of antimicrobials
- Continuously improve through R&D

RESULTS

Sea lice management

Licensed medicines for sea lice control are prescribed and used only when required, under the supervision of authorised veterinarians and fish health professionals. In 2019, the use of oral medicines increased slightly while the use of topical medicines declined compared with 2018. The use of hydrogen peroxide rose compared with 2018 and this was principally related to integrated sea lice management in Chile and Canada. As a result, from 2018 to 2019, our total medicine use increased while the total active substance use (g/t biomass produced) decreased by a further 4%.

Bacterial challenges

Licensed medicines for bacterial infections were prescribed and used only when required, and under the supervision of authorised veterinarians and fish health professionals. For information about withdrawal periods and medicine residues in our end products, please see the Product section.

In total, our use of antimicrobials (gram of active substance per tonne produced) to combat bacterial infections in 2019 was 44g (40g in 2018). No antimicrobials were used in our operations in Norway or the Faroe Islands, the former as a result of our vaccination strategy against Enteric Redmouth Disease. A significant reduction was achieved in Canada, while use in Chile remained relatively low as a result of the new vaccination strategy against Salmonid Rickettsial Septicemia (SRS). A slight increase in use was observed in Scotland, for management of localised cases of Pasteurella skyensis. In Ireland, antimicrobial use increased over previous years to address challenges with SRS at four seawater sites.

An overview of our use of antimicrobials is shown at the end of this section.

The number of fish treated with antimicrobials remained low in 2019, at 0.1% in freshwater (0.1% in 2018) and 4.8% in seawater (3.1% in 2018).

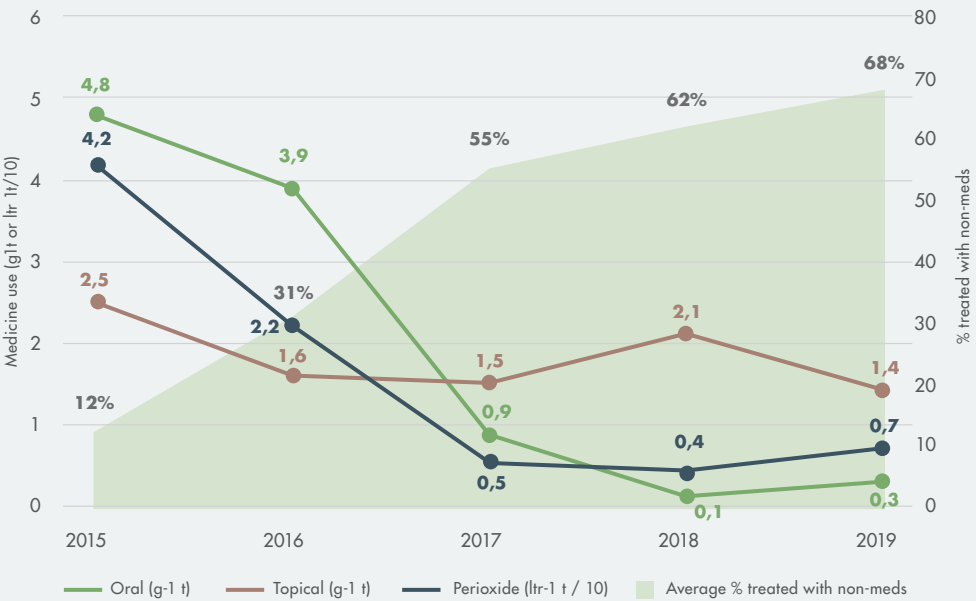
PRIORITIES GOING FORWARD

Reducing the use of antimicrobials in our operations will remain an important priority. Several important R&D and best practice initiatives, together with more focus on vaccination against Salmonid Rickettsial Septicemia in Chile and Pasteurella in Scotland, are expected to reduce biological risk and contribute to a further decrease in antimicrobial use. We will continue to direct attention towards the issue of antimicrobial resistance and management. Continuous implementation of non-medicinal control methods, advances in our breeding programme and compliance with the Aquaculture Steward Council Salmon Standard are expected to contribute to further reductions in the use of sea lice medicines.



Sea lice medicine use

Active substance (gram or liter) per tonne biomass produced



77%

(average) of all sites used cleaner fish in combatting sea lice

68%

(average) of all treated fish treated using non-medicinal tools

4%

(average) reduction in total medicine use

Biodiversity

THE CHALLENGE

Conserving the pool of biological diversity available to future generations is key to our business. We need healthy oceans, not only to drive sustainable salmon farming, but also to support flourishing societies and buoyant national economies. We acknowledge that our activities potentially could impact biodiversity as a result of sea lice, medicinal treatments, fish escapes, organic loading/nutrient release and the sourcing of feed ingredients. For this reason, we strive to keep any negative impact to an absolute minimum.

OUR EFFORTS

In 2019, we once again paid due regard to critical, highly sensitive environmental areas, special areas of conservation (SAC) and/or special protected areas (SPA) in the vicinity of our seawater sites.

Some of our sites are located close to protected areas or highly sensitive areas of biodiversity. For example, in Norway, we operate one site in a National Preservation-fjord for Atlantic salmon and two sites in a landscape conservation area. We follow closely the results from our benthic surveys to ensure these sites have a minimum negative impact.

In Scotland, during 2019 we had 45 marine sites in operation with five of these sites located in Special Areas of Conservation (SAC), with a further 11 sites in areas classified as both a SAC and a Marine Protected Areas (MPA) and one site located within in

a MPA. The majority of the sites have been in operation prior to the date of designation reflecting the minimal impact that farming operations have had, and continue to have on the conservation objectives of these designations. In order to safeguard Protected Areas there is a robust environmental assessment process that applies to the licensing of new activities and such activities will only be licensed by regulatory authorities if it can be demonstrated there is no significant risk to the status of these areas.

In Canada West, none of our sites operate near official High Conservation Value Areas (HCVA) or Federal Marine Protected Areas. However, five marine sites border the Broughton Archipelago Provincial Marine Park. In the Port Hardy area, one site borders a marine park and another site borders a provincial conservancy. In 2010, at The Conference of the Parties to the Convention on Biological Diversity (CBD), Canada committed to Target 11, "to improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity". To meet the objective, Canada must protect by 2020 at least 10% of coastal and marine areas, especially areas of particular importance for biodiversity and unique ecosystems. This initiative/process has commenced and Mowi Canada West is engaged. At this time, candidate MPA's (Marine Protected Areas) have been tabled for discussion with selected stakeholders but have not been disclosed to the public.

In Canada East, none of our sites are located close to protected areas or highly sensitive areas with respect to biodiversity.

In addition, none of our sites operates near official High Conservation Value Areas (HCVA) or federal Marine Protected Areas.

In Chile, from the 35 total sites operated in 2019, five sites were located in the National Reserve Las Guaitecas and three sites were located in the Priority Conservation Area Isla Kent-Quitrarco. These sites have all permits to operate in these areas and all operations are regulated by law, therefore additional actions are not necessary because all sites have environmental impact assessments to make sure all site activities are within national regulations.

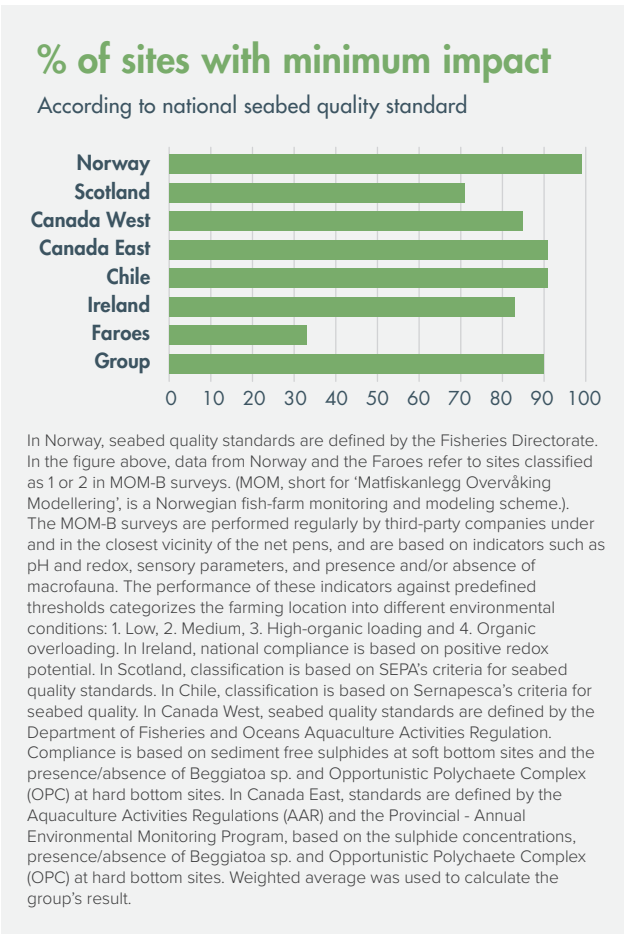
In Ireland, five of our marine sites are located within special areas of conservation. These sites have several habitats listed in Annex I of the EU Habitats Directive, such as reefs, large shallow inlets, bays, tidal mudflats and sand flats. A further two marine sites are located within five kilometres of SPAs designated under the EU Birds Directive. For all of these protected sites, we undertake annual monitoring of the seabed, resulting in a comprehensive database of seabed animals under and adjacent to our sites. This, coupled with careful feed management and site following, will continue to ensure that our production does not negatively affect such areas.

RESULTS

All our farming operations are certified according to standards that take account of biodiversity. These standards, such as Global GAP, BAP and ASC, include criteria to minimise environmental impact and preserve biodiversity. Mowi is an industry leader when it comes to ASC certification, and we are continuing our efforts to certify our sites going forward. In addition, our responsible sourcing policy for feed ingredients is key to ensuring that both the marine and non-marine raw materials used in our fish feeds do not compromise biodiversity. Both our own feed plants and external feed suppliers must comply with this policy (see sustainable feed section).

Circular economy and waste

We also recognise that to protect our natural capital, we need to adopt a circular economy perspective and derive the most value from resources during their lifetime. For Mowi, circularity is a priority in rethinking how we handle our waste, including plastic (see our efforts to use plastics responsibly). In addition to plastic waste, we have adopted circular economy practices in other parts of our business such as in our freshwater production where waste is collected and further reused. In Europe, our hatcheries and the sea-based semi-closed post-smolt farm at Molnes (Norway), have systems in place for effluent treatment. Particulate organic



matter, rich in carbon and phosphorus can be removed from the discharge, dewatered, dried and recycled as fuel for biogas or used as soil fertilizer. This waste is used by local companies to limit the transport distance. Collecting particulate organic matter from the effluent of land based facilities is important to secure a good environment in our fjords, and also to make a contribution to the green economy linking the aquaculture to recycling renewable resources. In 2019, we reused a total of 166 tons of solid sludge and 12,511 tons of wet sludge as composting or fuel for biogas production. In Chile, sludge is disposed of according to national regulations and a pilot project is expected to run in 2020 to evaluate the possibility of composting sludge.

Freshwater use

Similarly to what occurs in the wild, farmed-raised salmon spend the initial phase of production growing in freshwater. Although we do not farm in countries with freshwater scarcity we still focus our efforts and resources on freshwater efficiency at our freshwater farming units, feed and processing plants.

We continue to invest to comply with local regulations and where possible improve water use efficiency through technological improvements. In 2019, we developed a freshwater use policy (available at mowi.com) guiding our business units to key actions on freshwater use stewardship.

In 2019, freshwater use at Mowi's freshwater production units, feed plant and primary and secondary processing plants around the world summed up to 360,672,814 m³, from which 99.1% was used for our smolt production in flow-through systems and recirculating aquaculture systems, 0.8% at our processing plants and 0.1% at our feed plant in Norway. This is an increase as compared with 2018 (91,637,897 m³) mainly driven by improved reporting and expansion in smolt production.

Benthic Impact

In 2019, we continued to run mandatory national surveys to measure the potential impact of organic loading from our farming operations on the seabed.

Results show that, on average, 90% (92% in 2018) of our sea sites surveyed in 2019 have a minimal impact on faunal communities and/or sediment chemistry near to the fish pens. In two of the regions in Norway (South and Mid) 100% of our sites were classified as very good or good. When the impact on the seabed is considered unsatisfactory (two sites in the Faroes, four in Scotland, three in Chile, three in Canada West, two in Canada East, three in Ireland, one in Norway), we take corrective action. This may include stopping or reducing production, repositioning the pens and/or increasing the fallow period, i.e. the time between production cycles, to allow the seabed time to recover from organic loading.

Compared with 2018, the largest difference in benthic impact originated from Mowi Scotland. Where breaches of environmental standards have occurred to date, it is reasonable to conclude, based on evidence, that a significant proportion of these failures have arisen due to the deficiencies of previous environmental

modelling. The ability to determine where our impacts may occur within the environment has always been critical to our industry and a key tool in assessing the environmental sustainability of our farming locations is the use of environmental modelling. Modelling is used in the first instance to demonstrate that proposed fish farming locations are likely to comply with minimum environmental standards relating to the spatial extent and intensity of any impacts. The advanced modelling and enhanced monitoring that the Scottish Environmental Protection Agency (SEPA) is introducing with its new regulatory approach will provide for more meaningful assessments on which the environmental performance of sites can be assessed. We expect this to result in overall improvements in levels of industry compliance. A number of Mowi Scotland's sites will transition across to these new assessments in 2020.

Other technologies such as those being researched in Scotland, as part of the MeioMetBar eDNA project will be available in the near future and will provide more definitive evidence of environmental impact through the current regulatory framework, potentially including near real-time monitoring of seabed health. It is hoped that the MeioMetBar phase II project will result in a regulatory tool in Scotland that will be available within the next three years.

Biodiversity-related projects

In 2019 we ran a total of 15 projects aimed at understanding and minimising our potential impact on biodiversity.

In Norway we contributed to several projects aiming to increase the understanding of potential impact of aquaculture on wild fish populations. These included studies on the reproductive success of wild Atlantic cod as well as migration patterns of wild trout and salmon smolts. This study points to no clear systematic changes in the amount of annual fry of cod in the growing areas associated with the spawning grounds near the fish farms. In region Mid in Norway, a project comparing dispersal models of organic matter from fish farms showed the value of such tools for understanding the fate of organic waste from aquaculture sites and improved benthic monitoring. Also in region Mid, we worked in collaboration with NTNU to monitor the presence and quality of wild smolts in rivers, with the aim of developing improved planning tools for establishing new sites. We also continued our collaboration with Marin Overvåkning Rogaland and Hordaland to monitor potential effects of fish farming on the water quality in these two counties.

In 2019 we continued our involvement in projects aiming to develop and validate eDNA tools for benthic monitoring in Norway, Scotland and Canada East. This work supports the further development of an efficient, reliable and environmentally-friendly approach for assessing benthic impact.

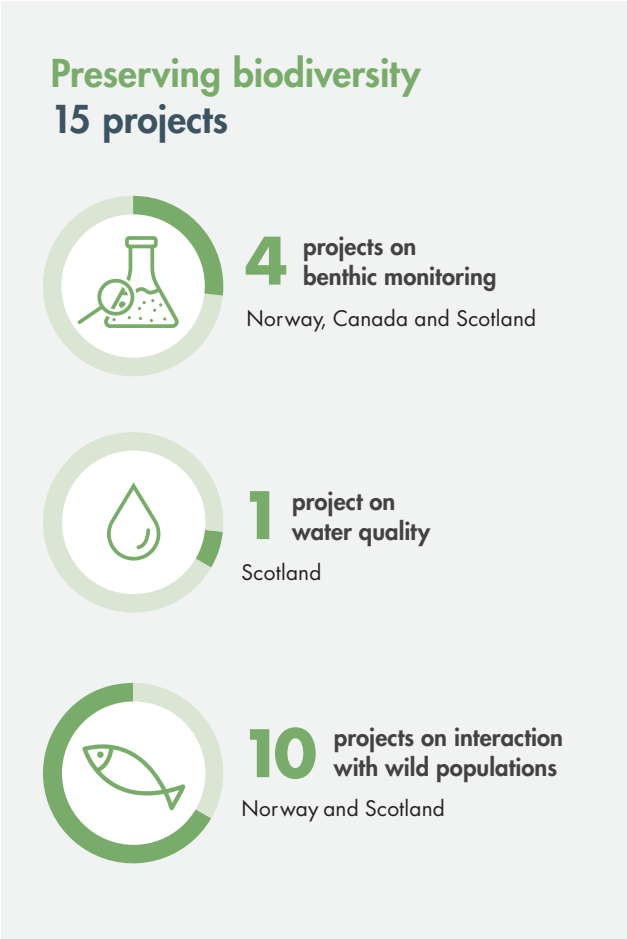
In Scotland we are part of a project aiming to establish a genetic baseline for wild salmon local to our freshwater sites, this work will support the monitoring of genetic introgression between wild and farmed salmon moving forward. We are also involved in a Scottish project aiming to develop and improve management tools for farmed/wild fish interactions in terms of sea lice dispersion models

and interaction between wild and farmed fish. This work is part of our commitment to the Scottish Governments “Farmed Fish Health Framework” and involves collaboration between farm operators, local wild fish stakeholders, the Scottish Association for Marine Science (SAMS) and Marine Scotland Science. Mowi Scotland also initiated a multi-trophic growing project which will combine salmon and shellfish farming in close proximity. The project is a collaboration with an academic research project led by The University of Stirling and aims to examine ways to improve the productivity and environmental sustainability of marine aquaculture practices. We also act to improve biodiversity on land - launching a plan in 2019 to create a 188 hectare native broadleaf woodland on the Isle of Skye, aiming to bring ecological benefits and enhance biodiversity to the local area. Mowi remained actively involved during 2019 in supporting two long term multi-partner projects with a goal to restore self-sustaining wild Atlantic salmon populations to the upper River Garry and River Lochy catchments.

In Chile, we were part of a running project aiming to evaluate the risk of establishment of aquaculture salmonid species in the wild, to help create an assessment and monitoring program for Chile’s aquaculture industry towards ASC certification.

PRIORITIES GOING FORWARD

We will continue to focus on projects aimed at protecting our natural capital. Areas such as the reduction of benthic impact through improved monitoring tools, better understanding of farmed/wild salmon interaction, and waste (including plastic) management and recycling will be a priority. In 2020, we aim to extend our reporting on waste to include total waste generated by the group and disposal methods.



Sustainable Feed

THE CHALLENGE

Feed is a key component in ensuring the best possible fish health and performance. In any life cycle assessment (LCA)* of salmon farming, feed also makes the largest contribution to its environmental footprint. To remain at the forefront of environmental responsibility, we prioritise the sourcing of sustainable feed ingredients, and strive to utilise feed as efficiently as possible at our fish farms.

* Life Cycle Assessment (LCA) determines the environmental impacts of products, processes or services, through production, usage, and disposal.

OUR EFFORTS

Sourcing sustainable feed ingredients is crucial if we are to remain a front-runner with regard to environmental responsibility. Our policy for sustainable feed ingredients applies to all feed purchased externally, as well as the feed we produce ourselves.

Our feed plant at Valsneset, Norway, is Global GAP certified, and produced 353 310 tonnes of feed in 2019. Mowi Feed supplied salmon feed to all our seawater farms in Norway in 2019, with only limited amounts sourced from other suppliers. In June, the new feed plant in Kyleakin, Scotland, started to produce feed for our farming operations and produced over 56 000 tonnes in 2019. This is a significant achievement and the two feed plants, operating to Mowi’s high standards for sustainable production, will supply all our European business units in the years to come.

In 2019, the sourcing of our marine and vegetable raw materials was 84.3% (83% in 2018) and 100% (also 100% in 2018) compliant with our policy, respectively. In fact, 96% of our marine raw materials were either MSC, IFFO-RS certified or part of fisheries improvement projects aimed at achieving the IFFO -RS certification.

All ingredients, marine as well as non-marine in origin, which are used in the production of our feeds, are fully traceable (for marine raw materials, please see the illustration on the following pages). None of our raw materials originate from illegal, unregulated and unreported (IUU) catches, or from fish species classified as endangered on the International Union for the Conservation of Nature (IUCN) red list. We aim at having all our marine raw materials sourced from suppliers who adhere to responsible fishery management practices. For our internal feed supply, fishmeal and oil were sourced from fisheries that are certified as sustainable according to the MSC fisheries standard (57%), the IFFO RS scheme (83%) or sourced from fisheries with SFP scores B2 and higher.

We are encouraging suppliers who do not yet fully comply with our sourcing policy (Mauritania, Panama and Turkey) to acquire the relevant sustainability credentials. The Panamanian small pelagics Fishery Improvement Project (FIP) has successfully transitioned to the new IFFO RS Improver Programme (IFFO RS IP), demonstrating positive change related to the implementation of a new law in Panama as well as investment in technology, staff training and

vessel observers. The Mauritanian small pelagic fisheries has in place an approved Fisheries Improvement Program (FIP) under the IFFO RS improver programme.

Through research collaboration with scientists from institutes and universities, as well as with industrial partners, we identify and source alternative ingredients - including responsibly produced plant proteins and oils - that provide the necessary nutrients for state-of-the-art salmon feed. As a result, we have significantly reduced our use of fishmeal and fish oil in feeds, while maintaining growth performance, fish health and product quality.

We support global efforts to increase the purchase of sustainable vegetable raw materials. Our external feed supply contracts stipulate that Mowi only accepts raw soy materials that are compliant to soy certifications, such as ProTerra and equivalent schemes. The soy used in our own feed production is non-GM (not genetically modified), and is 100% sourced from ProTerra certification or RTRS members.

Soy purchased from Brazil is 100% ProTerra certified and originates from the states of Parana, Matto Grosso, Minas Gerais and Goiás. The ProTerra Standard is based on ten principles, focusing on biodiversity conservation, environmental management and effective environmental services, the protection of Amazon, Cerrado and Chaco biomes, the protection of community rights and the promotion of working and agricultural best practices especially related to sustainable land use and reducing the application of pesticides. Land areas converted after 2008, be it by human intervention or natural causes, are not eligible for certification under ProTerra under any circumstances.

In 2019, Mowi worked together with our Soy Protein Concentrate (SPC) suppliers, ProTerra and the other feed companies to co-create the Aquaculture dialogue on sustainable soy sourcing from Brazil. This dialogue aims to further develop sustainable sourcing from Brazil by achieving more transparency through traceability tools. In 2019, all Mowi’s SPC suppliers from Brazil have committed to conducting business with integrity, credibility, and to support and promote alignment of their sourcing, production, use and trading policies in agreement to the corporate social responsibility and environmental sustainability concepts outlined in The ProTerra Standard.

In 2020, Traceability Certificates of Compliance (TCCs) will be issued to provide further documentation of origin (down to municipality level). In addition to increased traceability, a study on the carbon footprint of Brazilian soy from ProTerra certified sources will be undertaken. Mowi has also engaged directly with its suppliers to promote a completely deforestation-free supply chain. This engagement resulted in suppliers committing to achieve a 100% clean supply chain within the next two years. In addition, Mowi Feed has also purchased approximately 15% of its soy protein concentrate from Europe, using the RTRS certification scheme.



RESULTS

1.14 kg of feed used to produce 1 kg salmon

The feed conversion rate (FCR) is a ratio that describes the amount of feed used to produce a certain amount of salmon. It is often defined as kg feed consumed/kg biomass gained. The lower the FCR, the more efficient our salmon are at converting the energy in the feed. Biological feed conversion ratio expresses the amount of feed used to produce 1 kg of salmon. On a global level in 2019, we used 1.14 kg of fish feed to grow 1 kg of salmon.

Reduced dependency on wild fish for salmon farming

In 2019, particular attention was paid to expanding the raw materials basket for fish feed production. This involved lowering our reliance on wild-caught fish. It is well recognised that the industry has moved on from the initial dependence on fishmeal and fish oil through the inclusion of other types of protein- and lipid raw materials. A better understanding of Atlantic salmon nutrient requirements through the various stages of the fish's life cycle has allowed for the inclusion of a range of novel raw materials in our salmon feed. We support and closely follow the ongoing development and testing of novel raw materials. This is the case for oils rich in Omega-3, as well as novel protein sources from sustainable production.

We continue our efforts to increase the use of fish trimmings to produce fishmeal and fish oil, in both our integrated feed production and externally sourced feed. The 2019 results for feed sustainability indicators enhanced the positive trend reported the recent years. This is partly due to increased use of low fish meal diets in some of our main producing areas, combined with higher proportions of marine ingredients originating from trimmings. In 2019, Mowi Farming used 0.66 kg of wild caught fish to produce 1 kg of farm-raised salmon - comparatively in 2018 we used 0.75 kg. We sourced a high proportion of marine ingredients from the northern hemisphere in 2019, much in line with the situation in 2018.

PRIORITIES GOING FORWARD

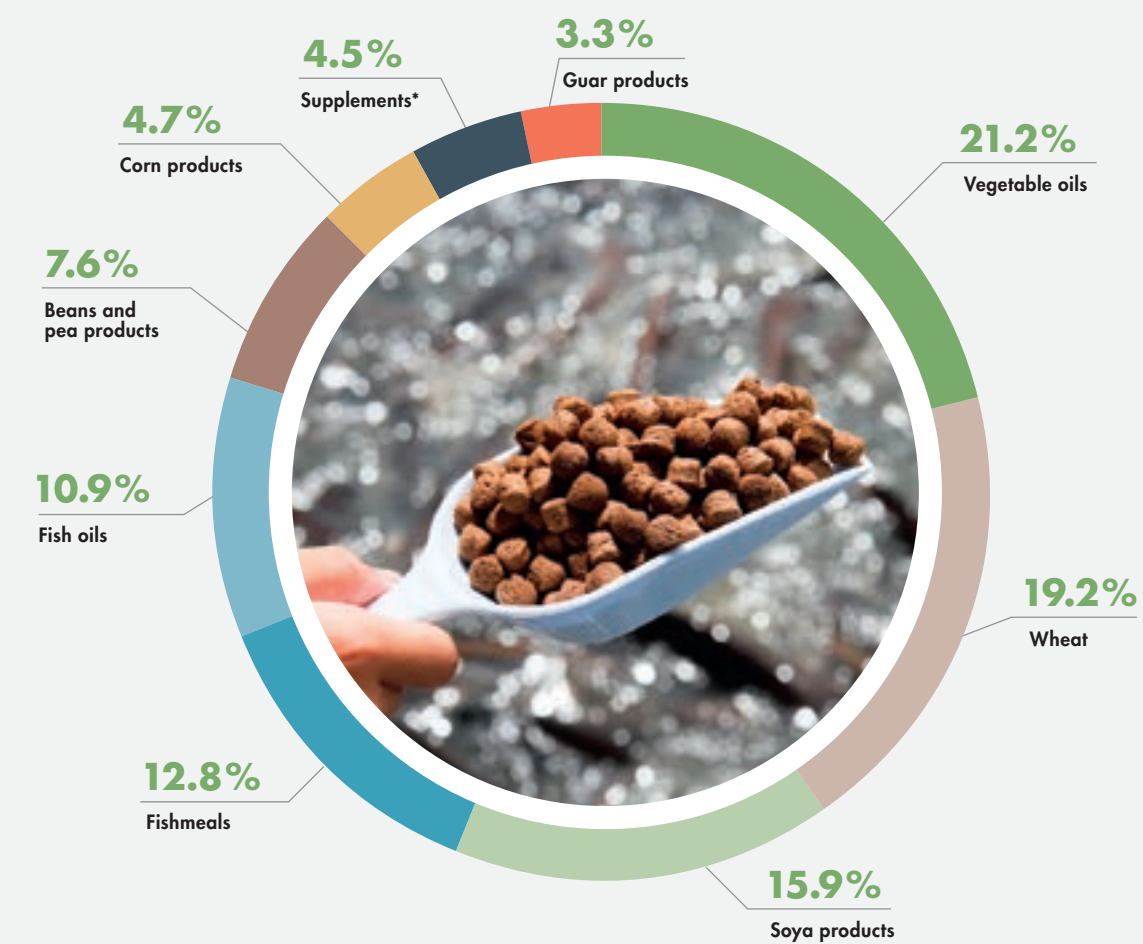
We strive to balance the need to produce healthy meals for human consumption with our goal to be an environmentally responsible producer. We do this by sourcing sustainable feed ingredients and utilising the feed resources optimally at our farms. The biology of salmon as an effective protein converter is one of the salmon industry's key success factors. Since we own our own strain of salmon, "Mowi", we believe that it is possible to work with our breeding and genetics group to create a fish capable of even better feed utilisation, growth performance and nutrient value. Our focus moving forward is to optimise feeding procedures and practices to make sure we make the best possible use of the resources available.

In terms of raw material development, we strive towards independence from specific raw material sources be they of marine origin or those derived from commodities including wheat, soya, corn, peas or beans etc. This will secure our cost competitiveness in the face of fluctuations in commodity markets and give us the power to catalyse change in the supply chain through our ability to switch between sustainable, responsible, solutions when circumstances dictate it. In seeking to expand our spectrum of available raw materials, we continue our efforts by validating promising candidates including those derived as by- or co-products from other feed, food and even non-food industries. Within this scope, we include products derived from insects, alcohol fermentation, CO₂ capture and forestry.

We will continue working with our SPC suppliers from Brazil as part of the aquaculture dialogue on sustainable soy sourcing from Brazil. In 2020 we expect to see some of our suppliers achieving a 100% deforestation-free supply chain and having fully implemented the Traceability Certificates of Compliance (TCCs) allowing a more granular transparency regarding the origin of soy. In 2020, we also expect to see more granular carbon footprint studies from our suppliers allowing to work with them to reduce Mowi's scope 3 emissions.

Salmon feed
What's in it?

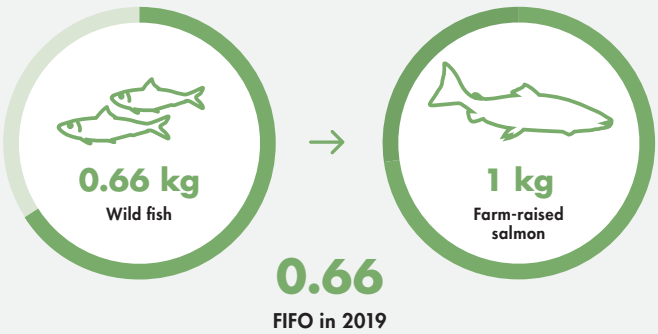
We tailor our feeds to match the changing requirements of the fish through their life-cycle



* Where supplements represents vitamins, minerals amino acids and yeast derivatives

Does our salmon production deplete scarce marine resources?

Fish in- fish out (FIFO) express the number of kg of wild fish (excluding trimmings) it takes to produce 1 kg of salmon. The species used in fish meal and fish oil production are from reduction fisheries and trimmings not used for human consumption. In 2019 0.66 kg of low consumer preference wild fish (like anchovy and sardina) produced 1 kg of Atlantic salmon.



Where do our marine raw materials come from
and are they from responsible and sustainable fisheries?

Fish meal	Species	Country of origin	Volume (t)	% of meal or oil used
Fishmeal, NE Atlantic	Blue whiting, capelin, Atlantic herring, North Sea herring, Norwegian spring spawning herring, sprat, pout, sandeel and trimmings from mackerel, capelin and herring	Faroe Islands, Iceland, Norway, Denmark, Scotland, Ireland	49 216	93.9%
Fishmeal, USA, menhaden	Gulf menhaden	USA	3 176	6.1%
Tot. fishmeal			52 391	100%

Fish oil	Species	Country of origin	Volume (t)	% of total volume
Fish oil, Peru	Peruvian anchovy	Peru	17 874	40.2%
Fish oil, Turkey	European anchovy	Turkey	1 266	2.8%
Fish oil, Eastern Atlantic	Round sardinella, flat sardinella	Mauritania	10 759	4.0%
Fish oil, East Pacific	Sardine	Chile	1 794	24.2%
Fish oil, USA, menhaden	Gulf menhaden	USA	2 002	4.5%
Fish oil, NE Atlantic	Blue whiting, capelin, North Sea herring, Baltic herring, Norway pout, sprats and trimmings from mackerel, cod and herring	Faroe Islands, Iceland, Norway, Denmark, Scotland, Ireland	10 796	24.3%
Total fish oil (t)			44 490	100%

Our policy on sourcing sustainable raw feed materials

Traceability
All ingredients used in salmon feed shall have a traceability system in place.

Marine raw materials
Our marine raw materials processed from whole fish will be sourced from suppliers who adhere to responsible fishery management practices and that are certified as sustainable (e.g. IFFO-RS or similar). Marine raw materials shall not origin from IUU catch or IUCN red listed fish species classified as endangered.

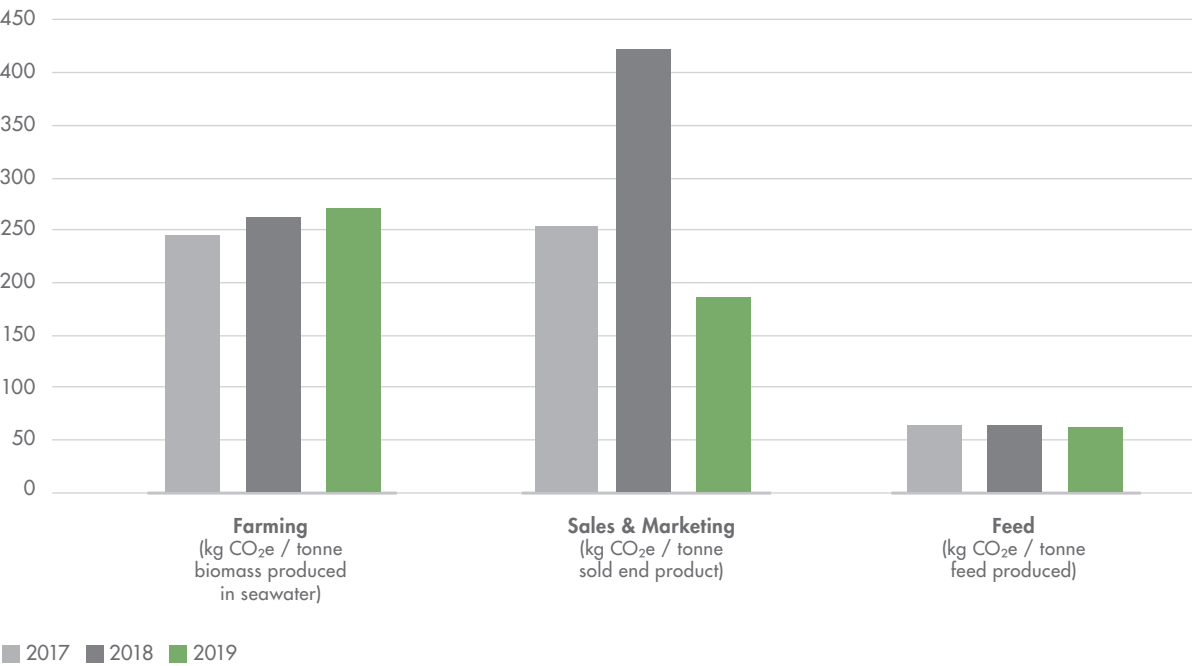
Vegetable raw materials
We support efforts to increase purchases of sustainably sourced vegetable raw materials. The soy used in our feed is 100% deforestation-free.

Modern slavery
Mowi has a zero-tolerance approach to modern slavery and human trafficking. Feed raw material suppliers shall have in place due diligence controls to prevent modern slavery from occurring in their own operations and supply chains.

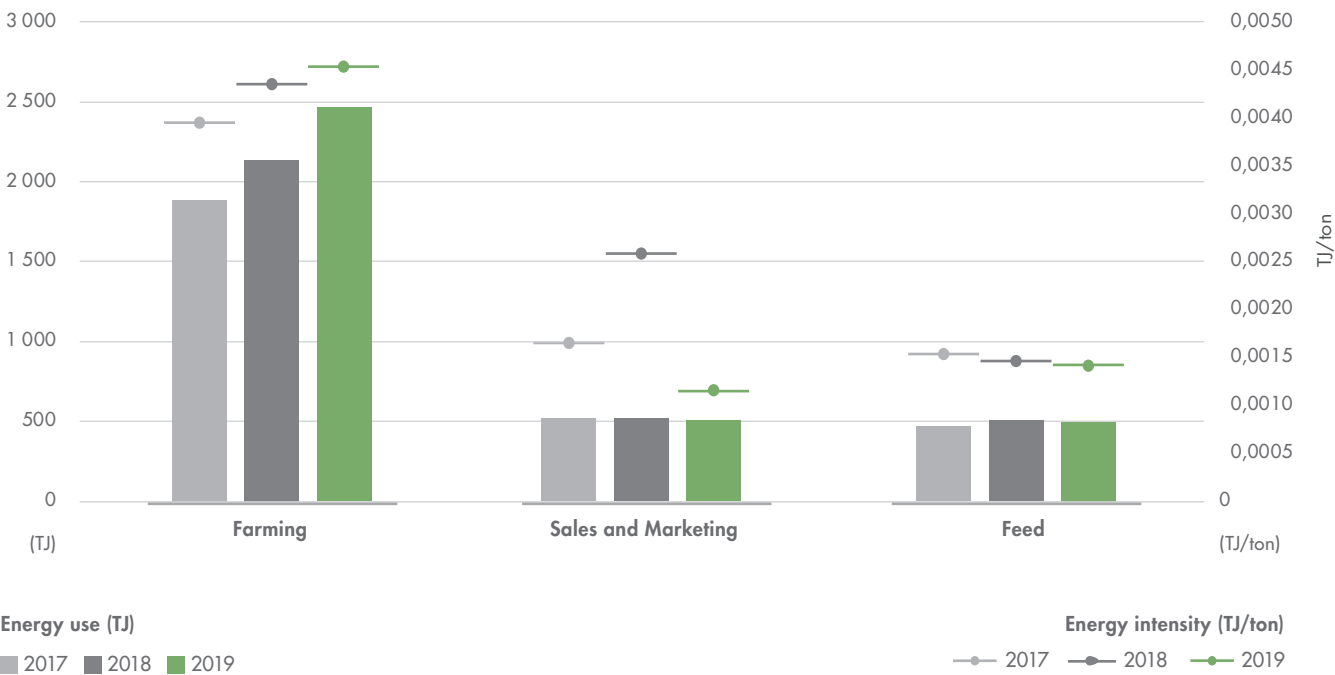
Certification
As a minimum, feed suppliers should be GLOBAL GAP certified by an accredited certification body (CB).

IUCN = International Union for the Conservation of Nature IUU = Illegal, Unregulated and Unreported

Intensity of GHG emissions (scope 1 and 2) per business area

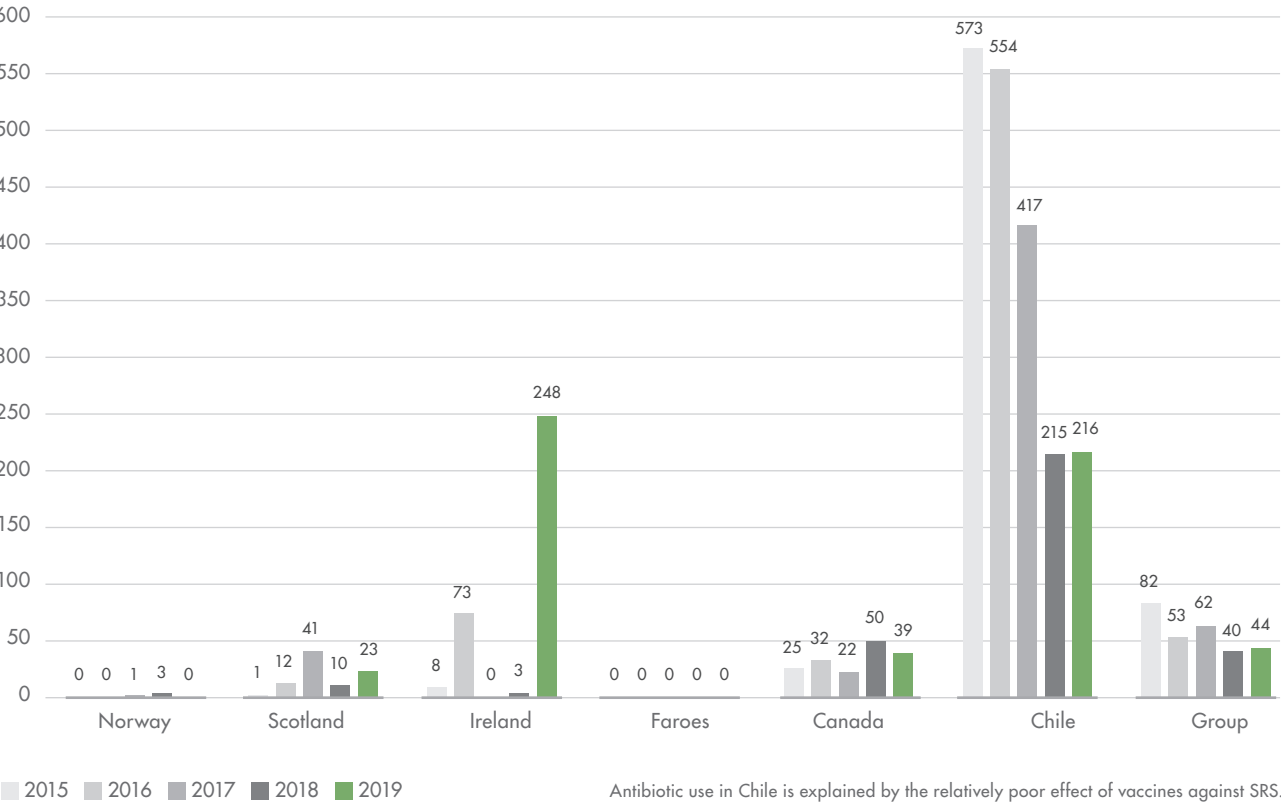


Energy use per business area

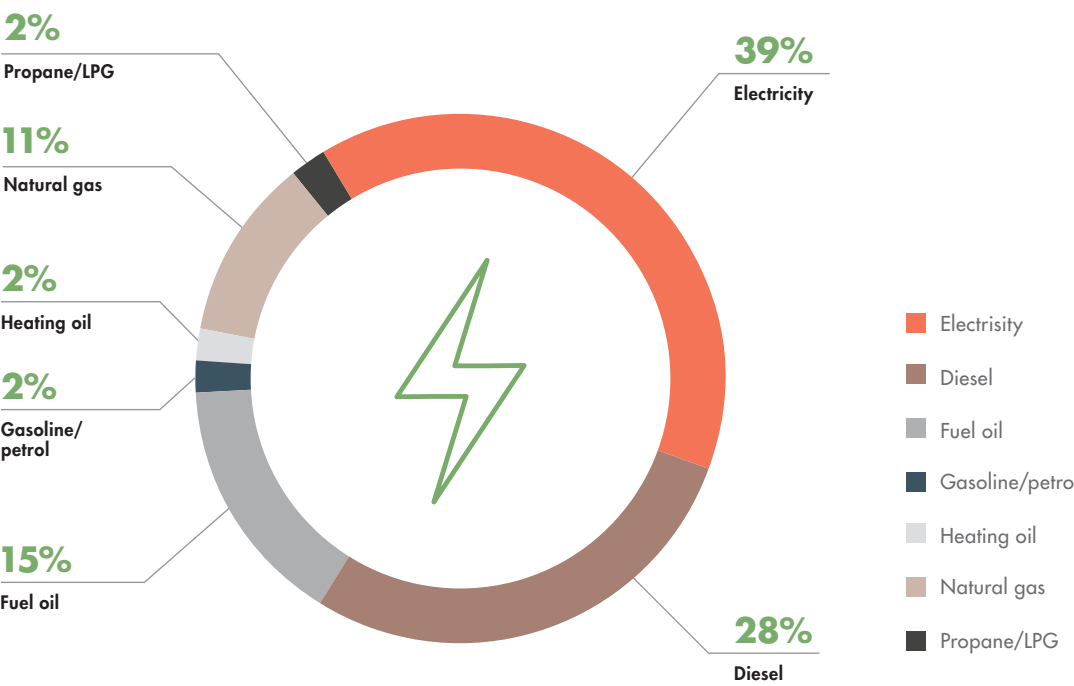


Antibiotic use

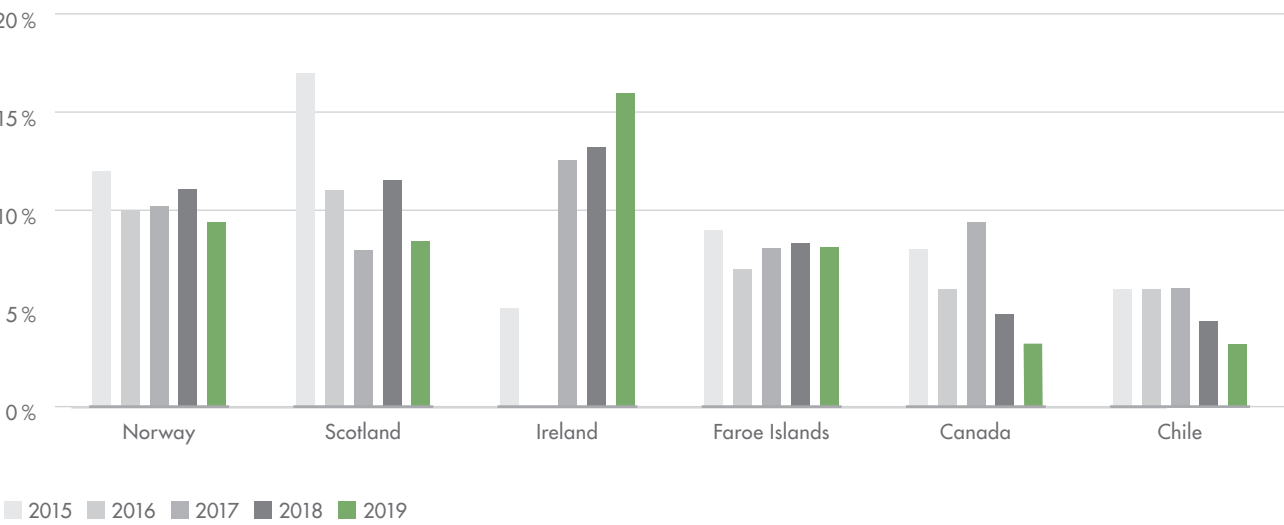
Active substance (gram) per tonne biomass produced



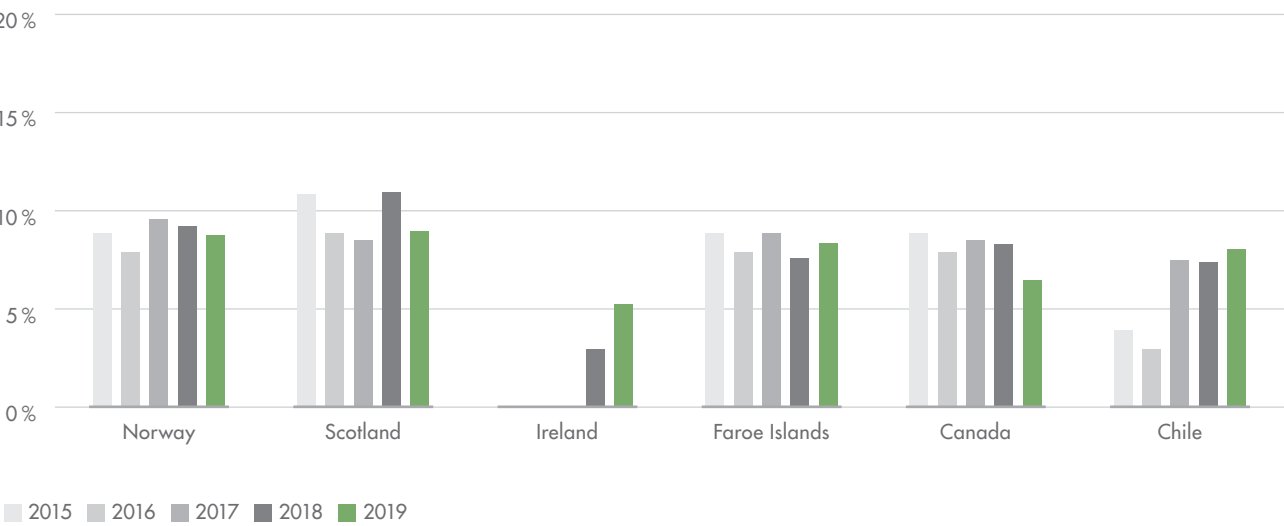
Total energy use 2019



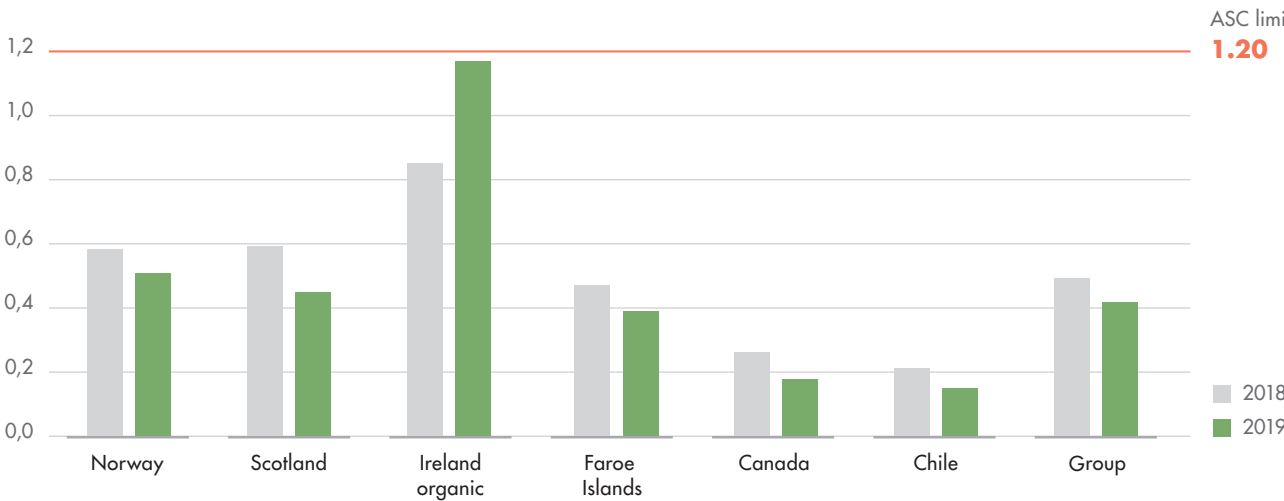
Fish meal inclusion in % per tonne feed used
(Weighted average ex trimmings)



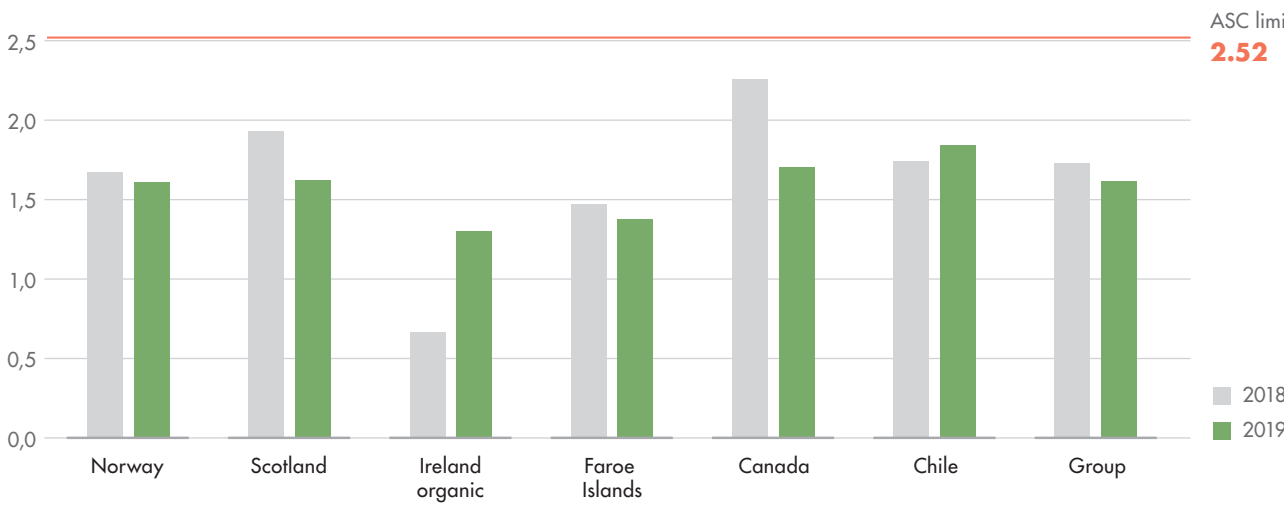
Fish oil inclusion in % per tonne feed used
(Weighted average ex trimmings)



Forage fish dependency ratio - meal
(Ex trimmings)



Forage fish dependency ratio - oil
(Ex trimmings)



Sustainability Strategy Launched

Leading the Blue Revolution is not a promise taken lightly, and the addition of Chief Sustainability Officer to Mowi's Group Management Team and the launch of The Blue Revolution Plan in 2019 is a clear commitment to ensure words become actions.

Mowi's Blue Revolution Plan will allow us to achieve our goal of producing more food from the ocean thus meeting the demands of a growing population while respecting the planet and helping local communities to flourish.

The Blue Revolution Plan is built around a tasty and nutritious product; financial responsibility and transparency; and taking care of our planet and its people.

"Our sustainability targets won't be achieved overnight but they will be achieved through key innovations, partnerships and a shared vision," said Catarina Martins, chief sustainability officer at Mowi.

"As we enter 2020, the world is facing global challenges such as climate change and plastic pollution, the Blue Revolution Plan will help us to focus on being part of the solution to those challenges where we operate an eco-efficient value chain and raise our salmon in harmony with nature."



Catarina Martins,
Chief Sustainability
Officer

In committing to leading the Blue Revolution, we have set the bar high.

The Blue Revolution Plan aligns with no less than 10 of the United Nation's Sustainable Development Goals (SDGs) - goals that have been agreed by all 193 United Nations member states. We are confident that our actions will have a direct and positive impact on these aligned goals, but we also contribute to many other SDGs.

"While we have launched ambitious initiatives to create big impacts, we must also remember that the little things that may seem inconsequential at the time, may have big ramifications on a global scale," adds Catarina. "Exchanging one light bulb for a more energy efficient option may seem trivial, but when executed at all our facilities it will significantly reduce our energy footprint."

Leading the Blue Revolution Plan aims at inspiring, leveraging and guiding our day-to-day actions and decision-making so that together we can realise our vision of Leading the Blue Revolution.

Our people will be at the heart of our actions to achieve this vision. From committing to ethical business conduct, to providing safe and meaningful jobs, and helping local communities to thrive - we will all have a part to play in Leading the Blue Revolution.



Feeding a healthy lifestyle

Our goal is to deliver top quality salmon and inspire a healthy lifestyle.

Branding and product innovation

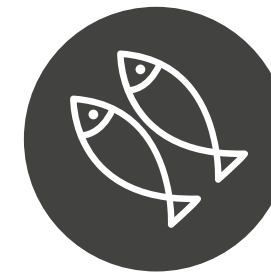
Mowi has a variety of brands all over the world and in 2019 we launched our new global brand MOWI in Poland. This is a premium brand with the finest salmon from the cold waters of Norway. In 2020 we will continue to roll-out our MOWI brand starting with France and USA.

Health benefits of salmon

Mowi salmon contains the Omega-3 fatty acids which help your cognitive development and it also help prevent cardiovascular diseases. The long chain of fatty acids in salmon are essential for our health and to ensure cells function well. The health benefits of eating seafood are reemphasised by health authorities and scientists around the world.

Enhanced food safety monitoring

The results of our rigorous testing program to screen our products for environmental contaminants, pathogen bacteria and medicine residues in 2019 show that our salmon is both safe and healthy.



PRODUCT

Tasty and healthy
seafood providing
customer value



PRODUCT

Material value drivers	Ambitions
Branding and product innovation	Value added sales growth
Ensure food safety and quality	No recalls related to food safety. Superior quality > 92%.
Product certification and verification	All farms Global G.A.P certified or equal, and processing plants recognised by Global Food Safety Initiative (GFSI)
Healthy seafood	Omega-3 content >1g per 100 g product

Branding and product innovation

THE OPPORTUNITY

As the world around us is changing, and consumer needs and behaviours are changing with it, we see an increased interest in seafood and salmon. When making food choices, people’s concerns go beyond their own health and is getting more and more intertwined with the health of our planet. As consumers, we want to buy products and support companies which provide something good for me, my family and the planet – it’s about taking greater responsibility through our product choices. One example is a recent study carried out by the ASC in seven European countries, Asia and North America, this reveals a widespread concern about the environmental and social impacts of food and food production. According to the survey, 63 % are calling for “radical” or “significant” change to feed the world’s growing population¹ The seafood industry, and in particular the salmon farming industry represent such a change to how we can feed today’s and future generations with healthy and sustainable food.

Salmon farming overcomes many of the key barriers our planet faces in terms of climate and biodiversity when it comes to increased food production. With a lower CO₂ emission compared with pork and beef, less use of fresh water and land than other animal production and a low feed conversion ratio, salmon farming represent a food production for the future. This was also recognized in 2019 by the Coller FAIRR animal protein sustainability index, where five out of the top ten animal protein producers in the world came from the aquaculture industry. At the top of this world’s first comprehensive assessment of the largest global animal protein companies on critical environmental, social and governance issues was Mowi² This is a testament to the unique benefits of producing food in the sea and to our continuous sustainability efforts.

Rich in heart-healthy omega-3 fatty acids, salmon is a low-calorie protein source that is also low in saturated fat. It comes recommended from many healthy authorities around the world; such as the FDA in the US, EFSA in Europe and many other national food safety and health authorities. Getting your “once a week” portion

of fatty fish such as salmon is an almost universal recommendation. This also fits with consumers own wishes where we see that 32 % of consumers want to increase their fish consumption³ while 36 % want to reduce their intake of meat. There are large variations in the seafood consumption per capita around the world, we see that countries with large local fisheries and a tradition for eating seafood often have a higher seafood consumption per capita than those without these resources and traditions. This provides an opportunity for farmed salmon as it can be supplied steadily year-round to markets which in the past had less access to seafood.

As a fully integrated food production company, from egg to plate, we are in a unique position to leverage the insight we have in one part of our value chain to any other part of our value chain. With an increased focus on the consumer and gaining consumer knowledge, we put this insight to use to create an even better product for our customers, consumers and our planet.

OUR EFFORTS

In data from the Norwegian Seafood Council we clearly see that in many of our main markets in Europe, US and Asia, salmon is the preferred seafood specie. Salmon is widely recognized by consumers as a tasty and versatile product. In Europe and beyond, we have been a driving force in driving new salmon products and occasions for salmon to be used. Although our main product remains fresh whole salmon, we have over the years moved to more and more convenient product types more fitting with the local consumer needs. We have product development teams strategically placed in several markets in Europe, Asia and the US. All of which are highly qualified and experienced food professionals, developing new products every year with a focus on customer and consumer needs. Based on trends in the markets and evolving consumer habits, we develop tasty, convenient products ranging from fresh cuts, coated, smoked and specialty products all the way to ready-meals and on-the-go products. Our factories have a wide range of production technology and this enables us to deliver products in the most convenient and simple consumer solutions.

1

Source: Globscan survey 2019 carried out for Aquaculture Stewardship Council (ASC) on 7000 seafood consumers in Europe, Asia and North America.

2

Source: FAIRR <https://www.fairr.org/index/>

3

Source: 2018 Seafood Report Kantar TNS / Kantar Worldpanel

We see a huge opportunity in driving new occasions and new usage for salmon. Integrating our product in the local cuisine is incredibly important to drive frequency and the overall salmon consumption, especially in those markets where salmon is not a “native” ingredient. Over the years we have introduced many products which have become local staple products and we will continue to do so in the years to come. We work closely with our experienced retail partners and together identify and seize opportunities in the respective markets. This is especially true for the most important salmon seasons such as Christmas and Easter.

Check out the video we made for our MOWI brand to showcase all the ways you can eat our delicious MOWI salmon.

Check out the video we made for our MOWI brand to showcase all the ways you can eat our delicious MOWI salmon.



In 2019, we were excited to launch our own MOWI brand in Poland. The first of many country launches to come. You can learn more about our MOWI brand launch in the story on Branding. As the first brand in our category, with MOWI we introduce our very own traceability tool to the market of seafood in 2019. A fully digitised, available at the touch of your finger tool which provides unique insight into the salmon product you have purchased. Our product has always been traceable, but this information has not been readily available to the consumer. Now the consumer can learn more about where the salmon comes from, how long time it spent in fresh- and seawater, where and when it was processed and how it ultimately reached your store. We do this because we have nothing to hide and we want our consumers to be reassured that the product they are buying is what is says it is. We are here to help our consumers and alleviate any concerns they might have about our product. We will continue to develop this tool in order to provide consumers with more relevant information and offers.



“Transparency and openness is important to us and to our MOWI brand. We have nothing to hide, and we want consumers to feel safe and reassured when they buy a MOWI product. That’s why we decided to create our own traceability tool where you can see all the information about your MOWI salmon product – from feed to fork. To learn more, people simply have to scan the QR code which can be found on all MOWI products.”

Andreas Johler, Branding Director



Scan the QR code and test our traceable QR code for yourself. These can be found on every pack of MOWI salmon.

4

Source: <https://www.olivemagazine.com/guides/christmas-supermarket-awards/>

5

Source: <https://www.telegraph.co.uk/food-and-drink/features/best-smoked-salmon-christmas-2019-tried-tested/> <https://www.theguardian.com/food/2019/dec/08/ofm-christmas-taste-test-party-food-drink-fred-sirieux>

The United States of America

US is the fourth largest seafood market in the world with slightly more than 7 million metric tons being consumed, equal to approximately an annual consumption of 22 kg per person⁶ Comparing that to a more mature market like France where the per capita consumption is 34 kg per year, the opportunity of this populous continent becomes clear.

With our logistical network and processing facilities in key hubs around the US, we are able to reach all areas of the US within days. We have expanded rapidly in the US and continue to do so.

Our efforts in the US

In May 2019 we opened our new 106,000 square feet facility in Miami, this helped us expand our capacity for producing fresh salmon and seafood products to existing and new customers. Already the first quarter after opening the new factory we saw the increased capacity from our new facility help drive the volumes and earnings for fresh in the Americas.

Ducktrap remains one of our strongest and most known US brands. Its preferred and recognized for its unique taste and high-quality products. Still using traditional smoking techniques with a blend of local woods helps give Ducktrap its distinctive flavor. Currently, smoked salmon in the US does not have the same position as smoked salmon does in Europe, we believe there is great potential in developing this category further in the US,

both with our retail partners and through our strong brands such as Ducktrap. With the recent expansion of our Ducktrap facility, we are well positioned to grow the market for smoked salmon in the US.

In 2020, we will launch our MOWI brand in the US, and it can be found in e-commerce channels as of March. A soft launch to start us off in the US, but our efforts will not stop there, and we are planning an ambitious roll-out of our brand in the US from 2020 and onwards.

ASIA

Asia represents many diverse market opportunities, that is why we have set up operations in several Asian countries to accommodate the specific market needs. We've built a product portfolio which appeal to local preferences and every day we work with customers to unlock the vast potential in Asia.

Our efforts in Asia

In 2019 we opened our first factory in mainland China. From the newly established factory we will deliver fresh products to our customers. The Chinese consumer is becoming more health-conscious and leads a busy lifestyle, fitting well with our high-quality, convenient products. Together with our e-commerce partner we will be able to further develop our offering to the market based on real consumer insight and the advantages of an advanced logistical network.

Our Supreme Salmon business in Taiwan continues to develop both in foodservice and in retail. In our Supreme Salmon outlets, we serve delicious salmon dishes to busy Taiwanese guests who stop by for lunch or after work. The brand has also launched products in retail and are continuing to explore further products for retail.

PRIORITIES GOING FORWARD

Continuing the healthy development of our worldwide operations with a focus on our B2B sales will be at the core of our business. Working together with strategic retail partners to further grow the seafood category and increase penetration and frequency remains firm. Additionally, we will continue to work in channels beyond retail, such as foodservice, to find and seize attractive business opportunities.

In 2019, we were excited to launch our new MOWI brand in Poland. We have gained valuable learnings from this first pilot market and are now looking ahead to rolling out the brand in many new markets. We believe this brand, which combines the functional benefits of our value chain and great product with telling our story in an emotional and engaging way will appeal to consumers worldwide. By looking at this category from both a brand and private label perspective, leveraging consumer and market data, we believe we can be a driving force in the further development of the seafood and salmon category to the benefit of us, the customer and the consumer.



6 Source: FAO Yearbook 2017, Food Balance Sheet by continent.

Safe Seafood

THE CHALLENGE

Consuming farm-raised salmon is both safe and healthy. This assertion is supported by food safety authorities across the world, and proved through our comprehensive monitoring program. Our approach at Mowi is to be transparent and share information so our consumers understand that our farmed salmon is safe and healthy.

OUR EFFORTS

The safety of our consumers is our top priority. In connection with the production of farm-raised salmon, food safety hazards fall into three main categories: environmental contaminants; pathogen bacteria; and medicine use/residue.

Environmental contaminants in our feed and fish are kept far below the safe limits (MRL's) set by the food safety authorities around the world. By our OneMowi Operational Excellence Program we secure a harmonised monitoring program for undesirable substances in the Mowi group. In this we include heavy metals, pesticides, GMOs, mycotoxins and dioxin/PCB.

Pathogen bacteria are kept under control to prevent contamination in our products, both to ensure the safety of our own ready-to-eat products and to ensure that fish sold to commercial customers for onward processing is risk-free. *Listeria monocytogenes* is one of the potential food-borne pathogens in fish products which are consumed without prior heat treatment. Due to increased consumption of raw salmon in products such as sushi, it has become even more important to fully control the risk of listeria contamination. Through our own Hygiene Manual, we enforce a common, group-wide hygiene standard. In addition to this standard, we have developed a self-assessment tool that will help the processing units to identify hygiene improvements.

Our approach to medicine use and medicine residue is very strict and is designed with an emphasis on disease prevention and fish welfare. Fish, like humans and other animals, might become ill and require intervention. Our fish health professionals use medicines only when other measures are not sufficient, or when fish welfare may be compromised. Any prescription is signed by a certified veterinarian or fish health professional, and the approval process is strictly controlled by the relevant authorities.



2019 RESULTS

In 2019, Mowi had 9 food safety incidents with three of these resulting in recalls. None market bans. Attached table give a detailed information about each of the food safety incidents.

WHEN	INCIDENT	BU/ COMPANY	WHAT HAPPENED	CORRECTIVE ACTIONS CARRIED OUT	RECALL REQUIRED	MARKET BANS
Jan.	Listeria ²⁾	Western Europe	Start-up challenges at a new processing facility.	Improved training of new staff regarding food safety. Improved microbiology sampling routines.	Yes	No
Mar.	Leakage	Norway Mid	Liquid came into a water tank full of salmon due to technical breakdown of the tank.	The tank repaired by the supplier, and after the frequently inspected by maintenance.	No	No
June	Listeria ²⁾	S&M Americas	Raw material sample tested positive for listeria after a routine control.	Voluntary recall notification letters sent to 3 customers involved. FDA informed.	Yes	No
July	Listeria ²⁾	Norway Mid	Technical breakdown on heating element.	Frequently inspection of the heating element is now a part of the maintenance plan.	No ¹⁾	No
July	Other contamination	Ireland	Vessel containing the harvested stock with diesel leakage.	Corrective action plan documented from harvest boat. Stock isolated and checked for taint/ smell and different analyses carried out to ensure product safety.	No	No
Aug.	Listeria ²⁾	Norway Mid	Listeria ²⁾ present on fish surface at harvesting station reception leading.	R&D activities to create a listeria barrier at reception at our the harvesting stations.	No ¹⁾	No
Aug.	Listeria ²⁾	Central & Eastern Europe	Listeria ²⁾ levels in a batch of marinated salmon above acceptable levels.	Dismantling and cleaning of production equipment, cleaning production area, and increased microbiological sampling.	No	No
Dec.	Wrong labelling	Central & Eastern Europe	Wrong label on tray related with human error.	Improved training of workers.	Yes, one batch	No
Dec.	Other contamination	Western Europe	Construction work activities not properly isolated leading to proximity between construction materials and the product.	Products got isolated and visually inspected before release. Corrective action plan documented from the supplier.	No	No

1) But Ready To Eat (RTE) customers informed and salmon not shipped to marked with 'zero' listeria monocytogenes tolerance
2) Monocytogenes

PRIORITIES GOING FORWARD

Maintaining the trust of consumers is a non-negotiable priority for our company. We will continue our comprehensive program to monitor the raw materials and feed used in our farming operations, to ensure that the level of environmental contaminants is far below the safe limits set by food safety authorities. At the same time, we will work to keep pathogen bacteria under control so that consumers eating our farm-raised salmon products can remain confident that they are safe. Through openness and transparency, we aim to provide evidence-based facts about our products which will help customers and consumers make informed choices.

In 2018, the European Food Safety Authority, EFSA, published a new risk assessment where it recommends changing the tolerable weekly intake (TWI) for the sum of dioxins and dioxin-like PCBs in foodstuff from today's 14pg per kilogram bodyweight a week to 2pg per kilogram bodyweight a week . We expect that EU will reduce the max limits of dioxins & dioxinlike PCB in feed and food, as a consequence of the reduced TWI. Mowi follows the ongoing regulative process closely, and we expect first draft of new regulation to be published 2020. For farm-raised salmon, the main source of dioxins and dioxin-like PCBs is fish oil. Even

though farm-raised salmon meet levels well below the European maximum limit of 6,5 pg TEQ/g for dioxins and dioxin-like PCBs, Mowi initiated cleaning the fish oils from the Northern Hemisphere to further remove persistent organic pollutants (POPs). By 2015, the level of dioxin and dioxin-like PCBs had been reduced by approximately 60%. As a result of oil cleaning and use of vegetable raw ingredients, Mowi salmon has the lowest levels of dioxins and dioxin-like PCBs compared with the industry standard.

However, should we come to a situation where tracking of our products will be necessary, we have during the last year developed a common traceability process for Mowi group. This process is then supported by Infor M3 Graphical Lot Tracker (GLT). In connection with the rollout of M3 in Mowi, GLT is now going to be implemented in all BUs. When fully implemented in 2021, **Mowi will be the only salmon producer in the world with full traceability from breeding and feeding - through the full value chain until it reaches your plate.**

Quality Seafood

THE CHALLENGE AND OPPORTUNITY

Every day, we produce high-quality farm-raised salmon and value-added products. High quality is ensured through procedures, training, and the sharing of best practices across the Group. In addition, we are constantly improving our monitoring programs and quality assurance systems, and implementing technology that helps us deliver high-quality products across the world.

OUR EFFORTS

Every day, we maintain the trust of our customers by offering them products and services that match their expectations. When we are unable to meet these expectations, we welcome feedback to help us continuously improve. That information helps us to direct our resources to areas where additional attention is needed.

Our global Operational Excellence Program, OneMowi, help us to operate in a consistent way throughout the Group. All our operations must comply with a minimum set of third-party verified certification schemes addressing food safety, environmental responsibility, social responsibility and fish welfare. Chain of Custody certifications must be achieved, as required by GlobalG.A.P, GAA/ BAP and ASC.

2019 RESULTS

Based on feedback from the market (quality and food safety claims) and the superior quality grade of 91% in 2019, we know our farm-raised salmon and value-added products are of excellent quality.

The superior share (i.e. the proportion of the salmon without damage or defects that provides a positive overall impression) has remained above 90% for the last five years. Approximately 8% of our fish were downgraded by Mowi's expert quality inspectors mainly due to spinal deformities, mature fish and wounds.

In 2019, we received a total of 10 630 quality and food safety claims, compared with 10 090 quality and food safety claims in 2018. The top three reasons for claims were texture deterioration, effects from the parasite Kudoa thyrsites and pale flesh colour. Compared with 2018 figures we got a small increase in number of claims for these three reasons. Neither Kudoa thyrsites, texture deterioration nor pale colour pose a risk to human health, but the product's impaired appearance has a negative impact on the salmon's appeal and reputation. The highest proportion of texture and Kudoa claims related to salmon of Canadian origin.

PRIORITIES GOING FORWARD

Although the quality of our products is already high, we know there is always room for improvement. Feedback from the market and internal KPIs helps us to focus on the right tasks. We continually strive to attain high quality through our research and development efforts and our quality assurance systems and controls.

We are now creating a common claims process to be rolled out at Mowi units with M3. Along with M3, a software tool has been developed in collaboration with Infor. This will help Mowi respond faster and with greater accuracy to claims we receive from customers. Additionally, we will gather vital global data to help us focus actions where needed at different regions to help us continuously improve our quality performance.

In Canada, we are undertaking a variety of projects and activities to gain a better understanding of what is needed to reduce the quality losses associated with Kudoa thyrsites. After two years with reduction in number of Kudoa thyrsites claims we got an increase with 13% in 2019. That prove that our projects and activities to gain a better understanding of Kudoa thyrsites need to continue.

In 2018 initiatives to understand how to improve the flesh colour got high priority in Mowi and in 2019 we could see an positive development going forward. Even so we still receive far too many claims due to colour. Regarding spinal deformities we are running different projects to understand the root cause and take the actions that are needed.

AUDITS, REVIEWS AND CERTIFICATIONS

We have set minimum requirements for third-party certifications throughout the Group. The major new development in this area in recent years has been our decision to certify our farms to the Aquaculture Stewardship Council (ASC) salmon standard. Work towards this objective will continue in 2020.

All Mowi sites were 100% in complying with a Global Food Safety Initiatives (GFSI) recognised standard. Not all suppliers to our factories had GFSI recognised standards. This varied from 33-100%. Something we will put more attention into going forward. By 2020, an M3 module called 'Supplier Information Manager' will be launched. The supplier information manager is intended to be the tool for where all suppliers in Mowi are to register its details, answer supplier questionnaire and upload certificates and other required documentation for our evaluation. This will help us to get a precise overview which suppliers have a GFSI recognised standard.

CERTIFICATION TABLE

BUSINESS UNIT	ACTIVITY	CERTIFICATION	PROPORTION OF PLANTS CERTIFIED TO EACH SCHEME
Fish Feed	Feed production	GlobalG.A.P	100%
Ireland	Broodstock and juveniles	ISO 9001, ISO 14001, OHSAS 18001, GlobalG.A.P, Naturland Organic, BioSuisse Organic, EU Organic Aquaculture, Freedom Food, Irish Certified Quality Salmon Organic, Origin Green	100%
	On-growing	ISO 9001, ISO 14001, OHSAS 18001, GlobalG.A.P. Naturland Organic, BioSuisse Organic, EU Organic Aquaculture, Irish Certified Quality Salmon Organic, Origin Green. ASC	ISO 9001, ISO 14001, IOHSAS 18001, GlobalG.A.P = 100%. Origin Green = 100% EU Organic Aquaculture, Naturland Organic, BioSuisse Organic = 100% ASC 3 sites.
	Primary processing	ISO 9001, ISO 14001, OHSAS 18001, BRC, Naturland Organic, BioSuisse Organic, MSC CoC, ASC CoC, EU Organic Aquaculture, Irish Certified Quality Salmon, Origin Green	100%
Chile	Broodstock and juveniles	GAA BAP	Implementing 2018
	On-growing	GAA BAP, Implementing ASC	100%, ASC 8 farms
	Primary and secondary processing	GAA BAP, BRC (third party), ASC CoC	GAA BAP 100%, BRC 100% third party, ASC CoC 67%
Norway	Broodstock and juveniles	GlobalG.A.P	100%
	On-growing	GlobalG.A.P, ASC	100%, ASC 61 farms
	Primary and secondary processing	FSSC 22000, GlobalG.A.P, ASC CoC	100%
	Sales office	ISO 9001, ISO 14001, ISO 22000, GG COC og ASC COC.	100%
Canada West	Broodstock and juveniles	GAA BAP	GAA BAP 100% hatcheries and broodstock facilities
	On-growing	GAA BAP, ASC	GAA BAP 100%, ASC 25 farms
	Primary processing	GAA BAP, ASC CoC	
Canada East	Broodstock and juveniles	GAA BAP	25%
	On-growing	GAA BAP	67%
	Primary processing	GAA BAP	100%
Scotland	Juveniles	Label Rouge, GlobalG.A.P, ISO 9001, ISO14001, COGP, RSPCA assured, Royal Warrant Holders	100% Label Rouge
	On-growing	Label Rouge, ASC, GlobalG.A.P, ISO 9001, ISO 14001, PGI, COGP, RSPCA assured, Royal Warrant Holders	Approx. 20% Label Rouge dedicated farms, ASC 1 farm
	Primary processing	Label Rouge, BRC, GlobalG.A.P, ISO 9001, ISO 14001, PGI, COGP, RSPCA assured, Royal Warrant Holders	
The Faroe Islands	Broodstock and juveniles	GlobalG.A.P	100%
	On-growing	GlobalG.A.P, ASC	100%, ASC 1 farm
	Primary processing	GlobalG.A.P, ASC CoC	
Consumer products	Secondary processing	IFS, BRC, Organic, GlobalG.A.P, MSC, ASC CoC (salmon, tilapia, pangasius), Icelandic Responsible Fisheries (IRF), Kosher, RSPCA, Label Rouge	Pieters: BRC, IFS, GlobalG.A.P, Organic, MSC , ASC, (IRF), RSPO Oostende: BRC, MSC, ASC, Organic, GlobalG.A.P Boulogne: IFS, GlobalG.A.P, Organic, BioSuisse, MSC, ASC, Label Rouge, RSPCA Kritsen Landvisiau: IFS, Organic, Label Rouge Kritsen Chateaulin: IFS, Organic, Kosher Mowi Dunkerque: IFS, Organic, MSC, ASC, RSPCA, GlobalG.A.P Sterk: BRC, IFS, GlobalG.A.P, MSC, ASC, RSPO, ETI ¹⁾ Lorient: IFS, Organic, MSC, ASC MOWI POLAND SA: BRC, AEO, MSC, ASC, GAA BAP, Organic, GlobalG.A.P, Kosher, IFS, FDA, RSPO, GG-VLOG Mowi Strzelino: BRC, IFS Mropol FranCentral Europe: no Central Europertificates Mowi Lebork ASC, MSC, GGAP, IFS, GG-Vlog Rosyth: BRC, ASC, Organic, RSPCA, GlobalG.A.P Chain of custody Mowi Harsum GmbH (Germany Harsum): MSC, ASC, IFS, organic, Global GAP, RSPO, VLOG (GGAP add on) Mowi Czech Republik: IFS Food 6.1 Mowi Sweden: IFS, MSC, ASC, ORG
	Sales office	IFS Broker, MSC, ASC, organic, GlobalG.A.P, MSC, ASC	Laschinger Seafood Germany: 100% Czech Republik: 100%
Americas	Secondary processing	SQF Edition 8, ASC/MSC	Ducktrap: SQF Code Edition 8 Food Safety & Quality, BAP, Kosher. MSC/ASC
			Dallas: SQF v8. , GAA BAP, ASC/MSC, GlobalG.A.P.
			Miami: SQF v8. , GAA BAP, ASC/MSC, Kosher
Asia	Secondary processing	SQF level 3, ISO 22000, BRC	Narita, Kansai, Incheon, Zhongli: SQF Level 3, Amanda Foods: BRC, SA 8000:2014,
			Zhongli: ISO 22000; 2005, FSSC 22000

1) Ethical trade initiative.

Healthy Seafood

THE OPPORTUNITY

Our salmon is an excellent source of high-quality protein, vitamins and minerals (including potassium, selenium and vitamin B12), but it is the content of Omega-3 fatty acids that receives the most attention, and rightly so. These fatty acids are thought to contribute to healthy brain function, as well as the heart, joints and general wellbeing. Other health benefits derive from the protein and amino acid content of salmon. Several recent studies have found that salmon contains small bioactive protein molecules (called bioactive peptides) that may provide special support for joint cartilage, insulin effectiveness, and the control of inflammation in the digestive tract.

In recent years health authorities around the world have advised people to consume plenty of oily fish, because of the health benefits. Since 2014, health authorities in Europe (European Food Safety Authority), the US (Food and Drug Administration) and Norway (Norwegian Scientific Committee for Food Safety, VKM) have recommended that people of all ages increase their intake of seafood, particularly oily fish like farm-raised salmon.

In 2015, US Health and Human Services (HHS) and the US Department of Agriculture (USDA) published the latest five-yearly Dietary Guidelines for Americans (DGA). Their recommendation is that Americans should eat at least 8oz (237 gram) of seafood per week. For pregnant and breastfeeding women the recommendation is even higher - to eat 8 to 12 oz (237 - 355 gram) per week.

In 2017, the US Food and Drug Administration and the US Environmental Protection Agency issued a further note regarding fish consumption. This advice is geared to helping women who are pregnant or may become pregnant - as well as breastfeeding mothers and parents of young children - make informed choices when it comes to fish that are healthy and safe to eat. One of the species considered as “best choice” by the FDA is salmon.

A recent study at the University of Pennsylvania in the US supports the recommendation that people, and especially children, should increase their seafood intake. This study found that eating fish improves children’s cognitive ability. A study carried out by researchers at the medical school found that frequent fish intake (at least 2-3 times per month) was associated with fewer sleep problems and higher IQ scores.

In 2016, NIFES (the National Institute of Nutrition and Seafood Research) in Norway presented the results of a project proving that schoolchildren have better concentration and kindergarden children gain better learning abilities by eating more oily fish.

An article published by Havard School of Public Health newly tells that an analysis of 20 studies involving hundreds of thousands of participants indicates that eating approximately one to two 3-ounce servings (89 gram) of fatty fish a week—salmon, herring, mackerel, anchovies, or sardines—reduces the risk of dying from heart disease by 36 percent. They also lower blood pressure

“Eating fish is an important source of Omega-3 fatty acids (EPA and DHA). These essential nutrients keep our heart and brain healthy. Our bodies don't produce Omega-3 fatty acids, so we must get them through the food we eat. Omega-3 fatty acids are found in every kind of fish, but are especially high in fatty fish like salmon...”

Washington State Department of Health

and heart rate, improve blood vessel function, and, at higher doses, lower triglycerides and may ease inflammation. The strong and consistent evidence for benefits is such that the Dietary Guidelines for Americans, the American Heart Association, and others suggest that everyone eat fish twice a week.

2019 RESULTS

Eating our farm-raised salmon, packed with protein, vitamins, and nutrients, can lower your blood pressure and help reduce the risk of a heart attack or stroke. Our salmon is an important source of Omega-3 fatty acids for many consumers around the world, with these essential nutrients helping to keep their hearts and brains healthy.

Our salmon is also a source of vitamin D, which is necessary for the body to function. The vitamin promotes normal calcium uptake in the intestine, normal bone metabolism, and is important for our cells. In addition, some research shows that vitamin D can help prevent depression, dementia and cancer, as well as diabetic and cardiovascular diseases.

To guarantee our salmon is healthy, tasty and rich in essential nutrients, we track the raw materials used both in our own and third-party feed production. Results from our surveillance program in 2019 show that our salmon contains expected levels of EPA and DHA (long-chain Omega-3 fatty acids) and vitamins (B12, E and D), as well as the minerals selenium and iodine.

PRIORITIES GOING FORWARD

As in previous years, we will continue to control the nutritional content of our salmon. We want there to be no doubt that our salmon is both safe and significantly healthier than most other food products, with a nutritional profile that will benefit people of all ages.

Health benefits of salmon

Our salmon is a high-quality product that has a taste and health profile that few other products can match. It is rich in Omega-3 fatty acids (EPA+DHA), vitamins (B12, E and D), and the minerals selenium and iodine. These are important nutrients for people of all ages.



Selenium
for cognitive
function



EPA & DHA and iodine
for neural development
and function



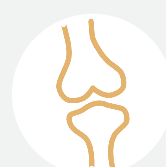
Protein
in a balanced
healthy diet



**EPA & DHA
and selenium**
for heart health



Selenium
for fertility in men
and women



Vitamin D
for bone
health

One portion (140g) of Mowi salmon

Iodine

9% of RDI

Iodine plays a vital role in our metabolism and a deficiency can lead to reduced growth and mental decline. It's particularly vital for pregnant women to aid the growing baby's development.

EPA & DHA

728% of RDI

EPA and DHA are in cell membranes and help cells function properly. Marine Omega-3 prevent development of cardiovascular disease.

Selenium

70% of RDI

Selenium helps cognitive function and fertility for men and women. Lack of selenium leads to weakening of the heart muscles and increased risk of cardiovascular disease.

Protein

51% of RDI

Protein is a building block in muscles. At least nine amino acids are essential for humans, and all nine are present at balanced levels in our salmon.

Vitamin B12

419% of RDI

Helps red blood cells form and keeps the nervous system healthy. A lack of vitamin B12 can cause a form of anaemia.

Vitamin D

83% of RDI

Helps the body absorb calcium. Lack of vitamin D is associated with rickets in children and soft bones in adults.

Vitamin E

57% of RDI

Plays a role in our immune function and is an important anti-oxidant needed to protect cells.

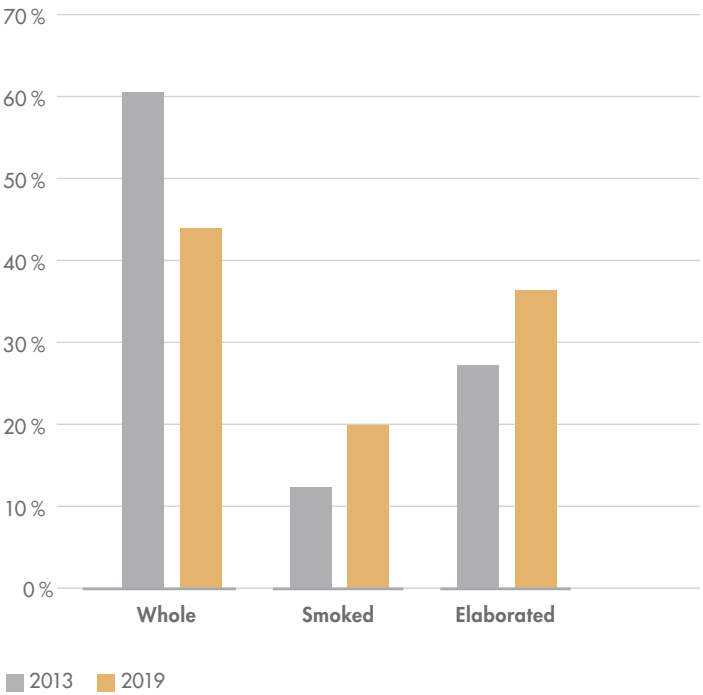
Total fat

24-39% of RDI

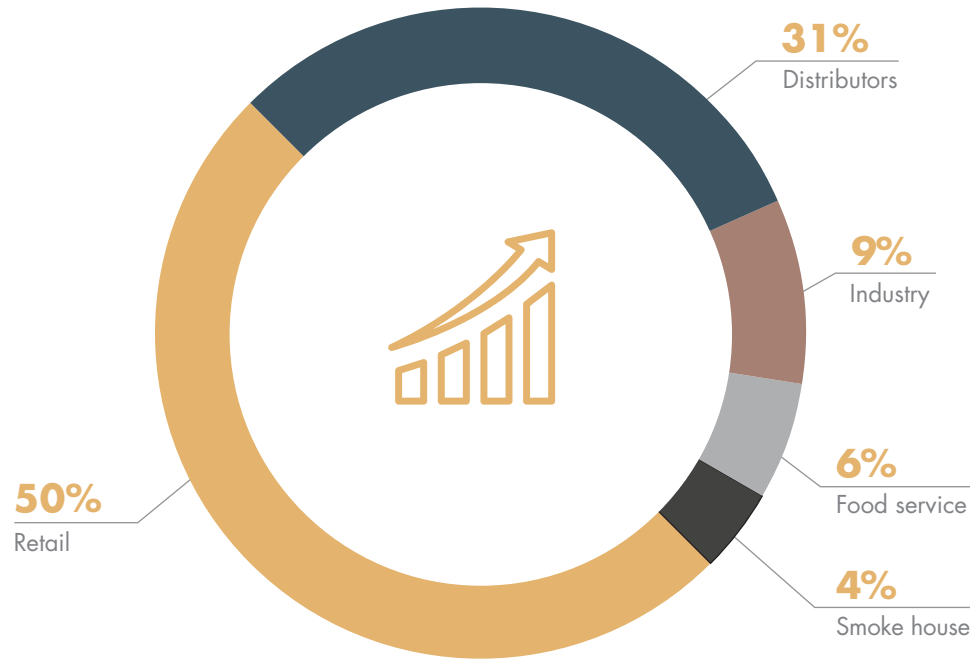
Salmon is rich in the very long chain fatty acids which are essential for our health and are needed to ensure cells function well.



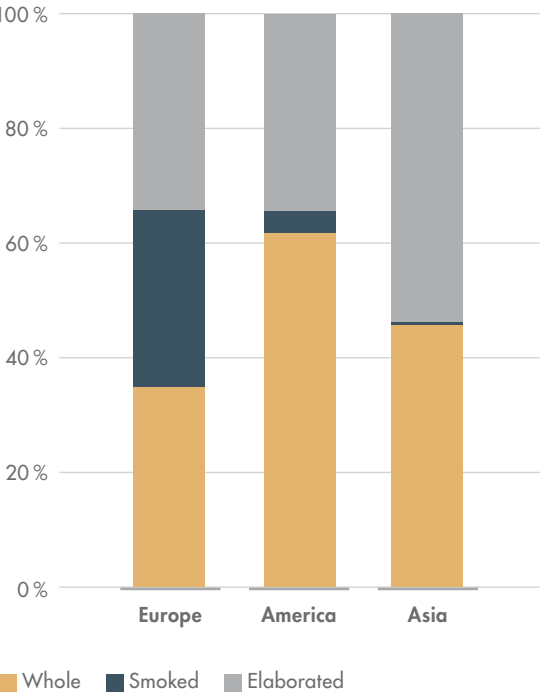
Development value added sales
Atlantic salmon



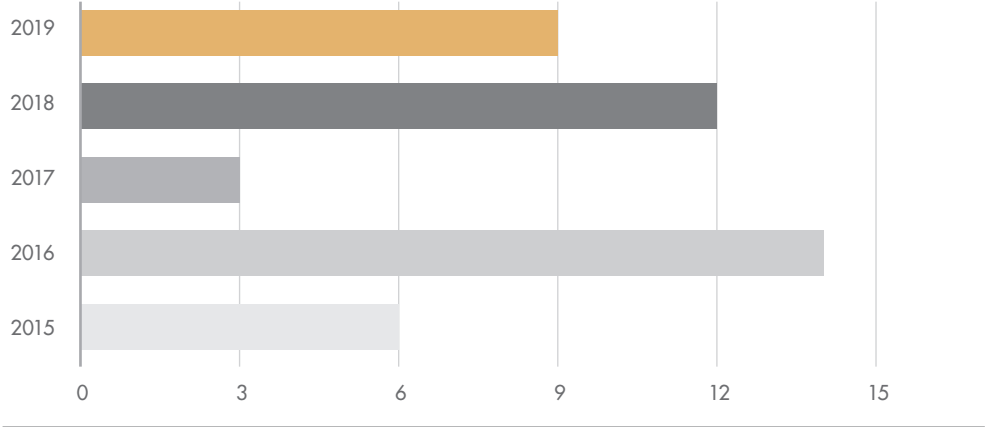
Value added product sales
By market channel 2019



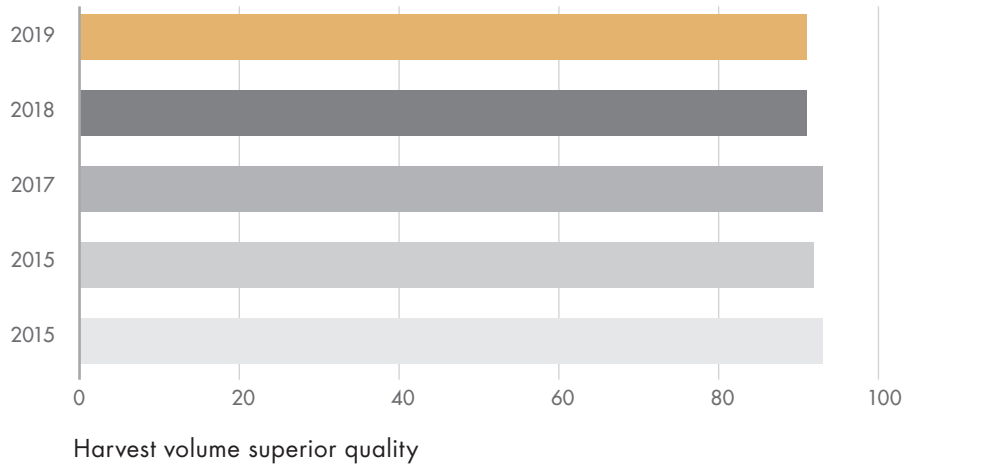
Value added product sales
Per region 2019



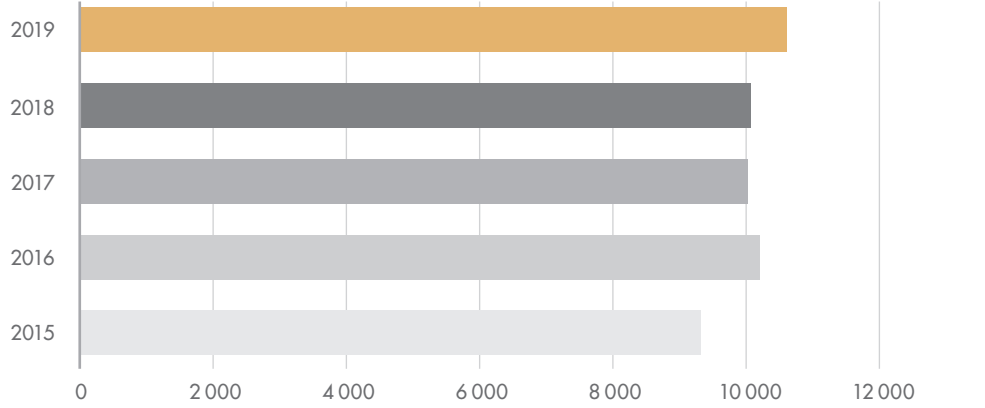
Number of food safety related incidents and claims



Quality of harvested salmon

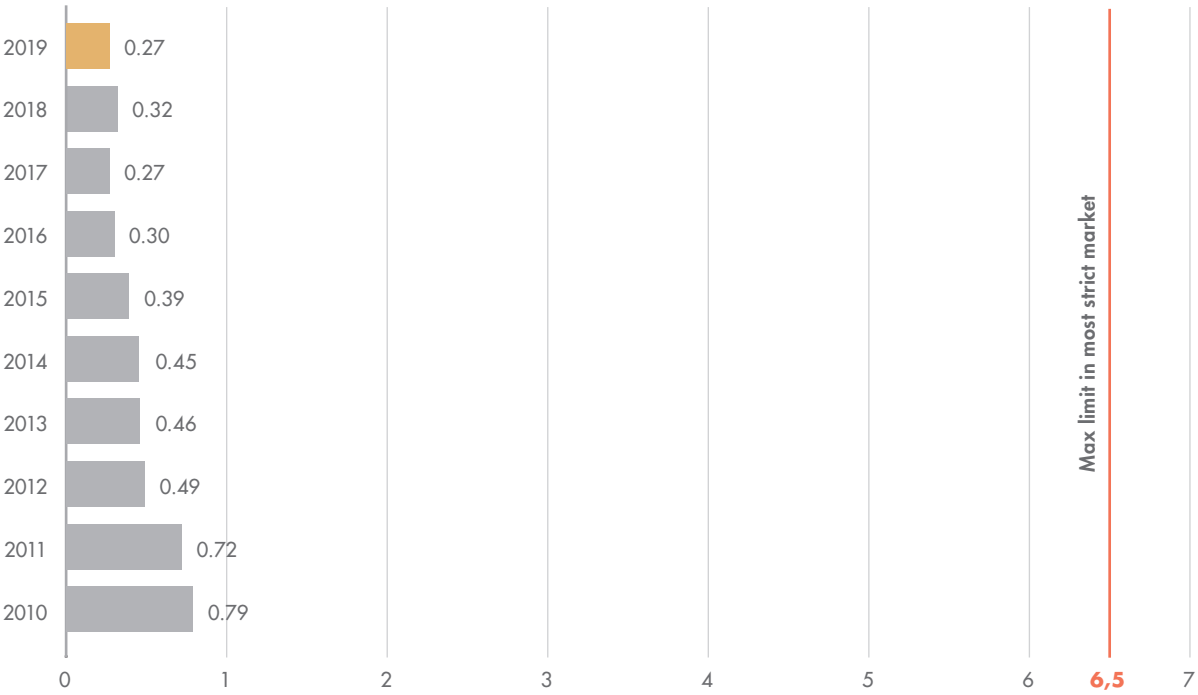


Number of quality claims



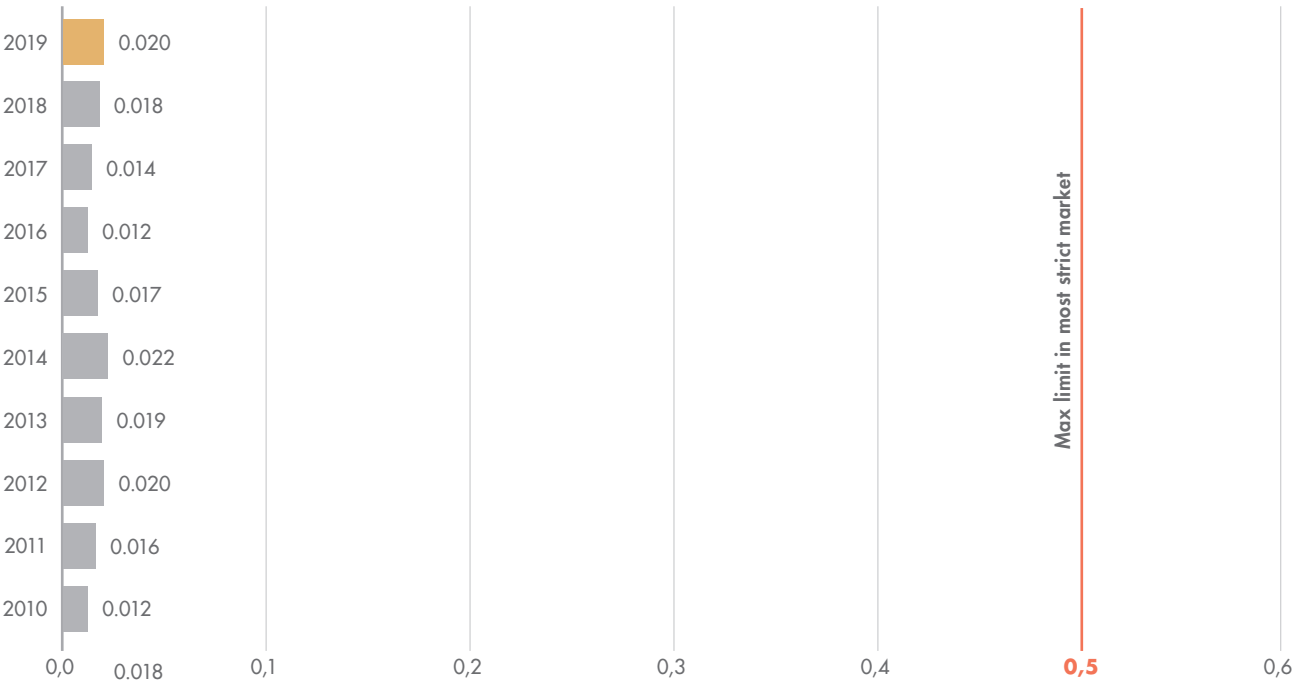
Level of dioxins and dioxin-like pcbs

(pg-WHO-TEQ/g)



Level of mercury

(mg/kg)



NUTRITIONAL VALUES IN MOWI SALMON 2019

NUTRITIONAL FACTORS	PARAMETER	VALUE MOWI SALMON		% OF RECOMMENDED DAILY INTAKE	VALUE WILD ATLANTIC SALMON ¹⁾	% OF RECOMMENDED DAILY INTAKE WILD SALMON	RECOMMENDED DAILY INTAKE (RDI) ²⁾	
Fat	Total fat	21,4	g/140 g	24-39%	11,2 g/140 g	12–19%	55-90	g/d ⁴⁾
Omega-3 fatty acids	Total EPA + DHA	1,8	g/140 g	728%	2,1 g/140 g	839%	0,25	g/d
Vitamins	Vitamin B12	8,4	ug/140 g	419%	n/a	n/a	2	ug/d
	Vitamin D	8,3	ug/140 g	83%	0,02 mg/140 g	n/a	10	ug/d
	Vitamin E	5,2	mg/140 g	57%	2,2 mg/140 g	25%	9	mg/d
Minerals	Iodine	0,01	mg/140 g	9%	0,06mg/140 g	38%	0,15	mg/d
	Selenium	0,04	mg/140 g	70%	0,06mg/140 g	94%	0,06	mg/d
Protein	Protein	29,8	g/140 g	51%	29,2 g/140 g	51%	58	g/d ³⁾

1) Source: National Institute of Nutrition and Seafood Research (NIFES) - nutritional value of 99 wild salmon in 2013.

2) Nordic Nutrition Recommendations 2012 and EFSA.

3) Recommended daily intake of proteins for adults (70 kg) is 0.83 g protein/kg body weight/daily.

4) For an adult with a calorie requirement of 2000 kcal/day. It is recommended that fat account for 25–40% of daily energy intake. One portion is defined as 140 gram of salmon by the EU.

Mowi Brand Roll-out

Progress and success

One year after a successful launch of the MOWI premium brand in Poland, we now look toward France and beyond.

With a population of 38 million and a per capita seafood consumption of just 12.8 kg (approximately half that of the EU average), Poland represented an ideal litmus test for the new MOWI brand launch in 2019.

The country is also home to a large target demographic of younger consumers as well as 5,000 employees, the latter providing the technical agility required to seamlessly roll-out the new MOWI brand in tandem with any actionable feedback received during the launch period.

Reaching our audience

A comprehensive mass media campaign kicked off in March 2019 with MOWI brand messaging conveyed on multiple platforms,

including TV advertising, and intensive digital and social media campaigns communicated via video on demand, Instagram, Facebook, and YouTube. TV coverage aired on 17,588 spots and reached a viewership of 29.4 million citizens, while out-of-home advertising, comprising 795 billboards, reached an estimated audience of 6.8 million.

This promotional drive was further supported by a volume building strategy, taking MOWI brand messaging inside grocery stores that involved in-store product tasting and sampling. Mowi's in-store promotion proved to be very effective with customers and, as a result, MOWI's own label premium products are now on sale in more than 600 stores in Poland, including major retailers such as Carrefour, Auchan, Makro, Eurocash, Leclerc, and FRAC.

Delivering to customers

The campaign also incorporated an image building strategy and a full programme designed to support the launch of MOWI into multiple food service and restaurant outlets.

Approximately 50 high-end restaurants in Poland currently feature MOWI premium salmon on their menus. In a testimonial, Chef Kasper Krajewski, of Ato Sushi restaurant in Łódź, shared with us that he has exclusively used MOWI salmon since it was first launched: "For me, my customers' satisfaction is the most important thing. I use MOWI salmon because its firm texture is absolutely perfect for sashimi and nigiri and its delicious taste doesn't require any additional seasoning to bring out its richness. Our customers love it."

A unique feature of the Polish launch includes a bespoke QR code reader app. Bringing transparency to a new level, the app provides full traceability of the salmon's birthplace, lifespan, diet, harvest date and process location, plus a range of recipes. This concept of total transparency is also reflected in our innovative and unique MOWI brand packaging, which is 100% recyclable.



"Our customers love it."

Kasper Krajewski
Chef, Ato Sushi restaurant

users within this early time frame. Rotation on supermarket shelves had nearly tripled since the launch and there had been a 20% increase in market share value in top outlets.

With this reassuring market response, plans for our next MOWI brand roll-out are in the pipeline. Kristine confirms that the campaign team is on track to introduce MOWI into the French market imminently, but for now she is keeping other planned brand launches under wraps.



As part of the MOWI summer campaign, the World Wildlife Fund (WWF) and Mowi co-branded food wagon sold salmon-filled bagels, which proved to be a big hit and helped to raise funds and environmental awareness for key WWF initiatives in Poland.

Demanding Results

Commenting on the success of the brand roll-out, Kristine Evensen, Brand Director at Mowi, said: "We are happy and proud of the excellent progress made so far, Poland has really served as a litmus test for the new range and has given us enormous confidence as we move forward and into new and larger markets. Our campaign has also lifted the whole category of seafood and fish consumption in general."

After just four months on the shelves, surveys had noted a 39% surge in consumer brand awareness of MOWI, with 15% of the target group using the brand once and 5% becoming regular

"We have ambitious plans, which will be revealed soon. Interesting and big markets are being considered in 2020, as we continue to focus on growing the category and finding a home for MOWI amongst our younger, affluent target consumers."

Kristine Evensen, Brand Director, Mowi

Embracing our diverse culture

Working in 25 countries, we know how diversity breeds success. We continue to build on our diverse attributes, working as one global team with focus on safety and pride at the workplace and in neighbouring communities.

Corporate culture

It is expected that we all embrace our key values: Passion, Change Trust and Share. Our ONE Mowi operational excellence program helps to guide our actions based on our core values.

Ethical business conduct

23 incidents were reported through our whistleblower channel in 2019.

Employee health and safety

Lost Time Incidents (LTI) per million hours worked fell from 4.8 in 2018 to 4.3 in 2019. The rate of absenteeism ended at 4.7% in 2019, compared with 5.0% in 2018. Our target is a absence rate below 4.0%.



PEOPLE

Safe and
meaningful jobs



PEOPLE

Material value drivers	Ambitions
Mowi way	Live our vision, values and leadership principles every day
Excellence-driven organisation	Implement operational excellence program, ONE Mowi
Ethical business conduct	Compliance with our code of conduct across the group
Safe and meaningful work	Year-on-year reduction in LTI per million hour worked Absence rate < 4% 30% female in leadership positions by 2025 50/50 employee gender ratio by 2025
Community engagement	Develop and support the local communities in which we operate

Providing meaningful jobs

OUR SUCCESS DEPENDS ON OUR PEOPLE

Our employees are our most valued assets, and our success depends on our ability to attract and retain staff.

OUR EFFORTS

We want to attract skilled individuals who are passionate about Mowi's vision of "Leading the Blue Revolution". To do so, we need to be a trusted and a professional employer, with a reputation for ensuring our people are protected and rewarded. We believe one of our competitive advantages is our ability to offer meaningful and challenging jobs in a good working environment. We aim to be open and transparent, and we continue our efforts to integrate the ten principles of the United Nations Global Compact into our business strategy, culture and day-to-day operations. We also wish to play our part in the UN Sustainable Development Goals through focusing on sustainable operations in all aspects of our business.



The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human and labour rights, the environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. How Mowi is contributing to the UN's Sustainable Development Goals can be found under Leading the Blue Revolution section and will be visualised throughout the People-part.

Fair employment

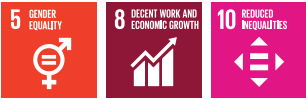
We are committed to fair employment practices, a commitment embodied in our Code of Conduct, in our Human Rights Policy and in our values. Our activities are conducted in a way to promote freely chosen employment, without child labour,abuse/inhumane treatment or discrimination while promoting fair wages.

Fair compensation

Wherever we operate, we comply with the country's laws on compensation, and no employee is paid less than the official national minimum wage. Our personnel review system and the presence of labour unions ensure all employees are compensated fairly. With respect to working hours and overtime, our policy is to comply with the employment protection legislation in the countries in which we operate.

Freedom of association

We recognise that all employees are entitled to freedom of association, including the right to engage in collective bargaining. The number of employees who are members of labour unions and participate in collective bargaining agreements varies from country to country, from zero in Ireland and Scotland to almost all employees at our processing units in continental Europe. This variation in trade union representation reflects the individual choices of each employee in each country. When it comes to employment contracts, all new employees receive written employment terms. Employees are invited to be members of relevant worker committees. (Exact figures below are unavailable due to legal restrictions).



Diversity and equality

Diversity has many traits, such as gender, competence, age, nationality and other aspects. We acknowledge that diversity must go together with inclusion, and our efforts are directed towards making all employees feel welcomed, valued and involved. Mowi has created a global Ambassador-group for Diversity & Inclusion. The role of this group is to debate and share ideas, and to help facilitate the raising of awareness and knowledge around this topic globally.

In 2019 we rolled-out e-learning courses with focus on diversity and equal rights to all employees. We aim to provide equal opportunities and to attract a diversity of talent across our organization. We are working towards a global target of 30% females in leadership roles and 50/50 gender ratio across Mowi by 2025.

People Development

As part of our efforts to be an attractive employer, build competence and share best practices, we emphasise continuous talent development.

We offer training and development opportunities for all employees, which again enables life-long careers in Mowi. There are different ways to learn, and our global learning management platform, Mowi Academy, forms the basis for our e-learning. Furthermore, we encourage global exchange programs and opportunities to learn through taking on assignments globally. We also include talents in our various leadership programs.

Furthermore, we sponsor several courses and postgraduate programs, including the Seafood Trainee Program and the Executive MBA in Sustainable Innovation in Global Seafood. Locally our efforts include offering apprenticeships and internships to young employees through cooperation with local schools and universities.

Personal Data and Privacy

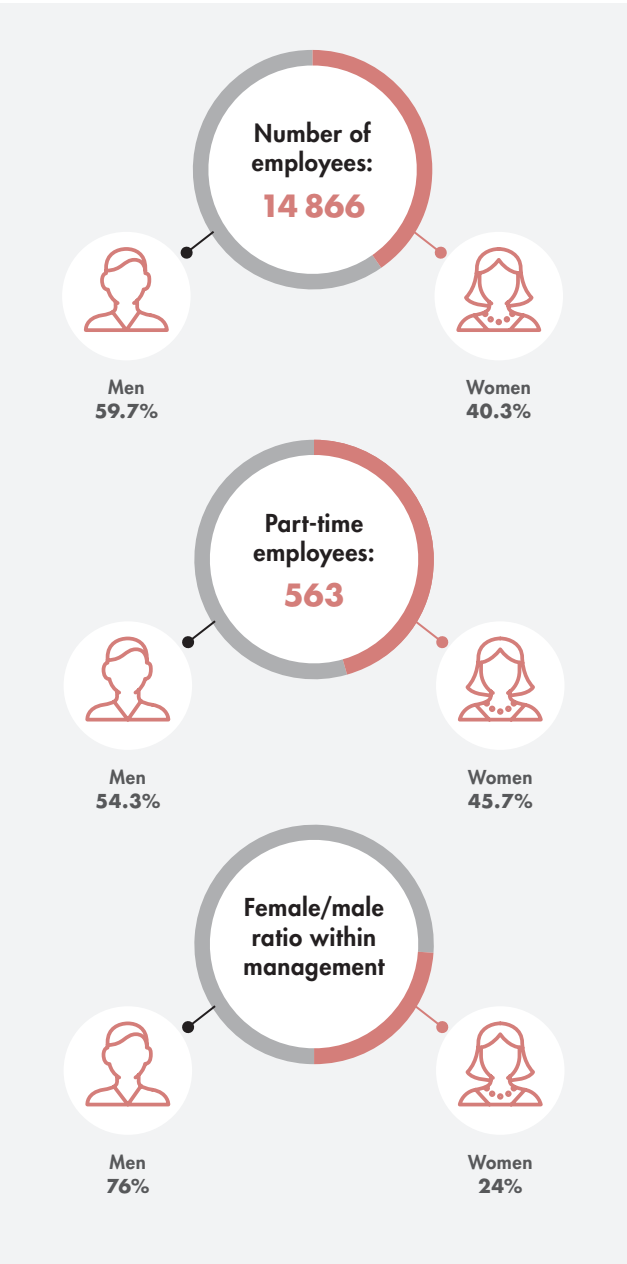
During the years 2018 and 2019 the EU General Data Protection Regulation (GDPR) was implemented in the company, with the purpose of compliance as well as strengthening and unifying the privacy of both our employees and contractors. We conducted a global training course highlighting the new regulations with policies and procedures for processing of personal data to ensure GDPR compliance.

"Being a seafood trainee gives me an unique opportunity to learn about key aspects in both Mowi and the salmon farming sector. As a part of the communications department I get to experience the whole value chain, and the people working in each part of it. My colleagues in Mowi are extremely competent and I'm grateful that I get to work with them every day."

Julianne Flø
Communications advisor & trainee

2019 RESULTS

At the end of 2019, we employed 14 866 (14 537) people in 25 countries around the world. The number of employees increased by 329 during 2019. At the close of 2019, women accounted for 39.1% of our 11 703 permanent employees, an increase by 1.3% from 2018. The ratio between genders for management positions was in 2019 female 24% and male 76%. The Group had 563 temporary employees compared with 516 in 2018. Mowi will continue to focus on diversity, sustainable workforce development, fair employment and retaining talented employees. In regards to temporary employees 45.7% of the temporary employees being female, an increase by 9.2%. The temporary workforce increased from 3.5% % to 3.8% 2019. See the table showing a breakdown of our workforce by type of employment, gender and region at the end of this section.



PRIORITIES GOING FORWARD

We will continue our efforts to keep our organisation competitive by attracting, recruiting and developing talented people, and engaging and retaining our employees.

Our focus on practising fair employment, diversity and gender balance in the workplace is an integral part of our operations, and we will continuously work to ensure a sustainable workforce going forward. In 2020, all Business Units will set targets on diversity and inclusion. To secure the right skills and competences for the future, talent management and leadership is a key priority. Traineeships, talent pipeline, succession planning, international mobility programs and the Mowi Academy are essential elements to continue building competence and sharing best practices.

The GDPR regulation is implemented, however safeguarding of our employees’ personal data is a continuous effort.

Leading a revolution

THE OPPORTUNITY

Leading a revolution requires passionate people, who share our common vision and values. We have a large workforce, from a variety of backgrounds, and this requires a shared company culture to unite our organisation and inspire us to reach common goals. An important element is our conviction that best practices should be applied everywhere. Our leaders must embrace change and dare to take the bold steps necessary to remain at the forefront of developments in the industry.

OUR EFFORTS

Our vision, “Leading the Blue Revolution”, gives direction and outlines possibilities. Our values - Passion, Change, Trust and Share - inspire us to act in the right way and are key enablers for reaching our goals. Taking the lead is about setting a course and taking responsibility, and our leadership principles provide an important guide for our managers’ behaviour. Success depends on all of us, but it depends even more on our leaders. We strongly believe that our leaders must be cultural experts and our mobility program has been vital in building this competence. In this program we are offering job exchange opportunities across our business units. To further strengthen our leaders, we have leadership programs targeting different levels in our company, although with the same agenda: leading the Mowi Way.

Building a common company culture that encourages cost-effective performance and mitigates risks by integrating our vision, values, leadership principles and Code of Conduct into our day-to-day work - represents the Mowi Way. This is the means by which we will achieve our One Company goal.

Taking the lead also entails being a cost leader in our industry. Essential elements to achieve cost control and effectiveness are clear strategies and goals, coordination of major procurement categories as well as increased cooperation between our business units.

2019 RESULTS

In 2019, we continued our efforts to integrate our vision, values and leadership principles into our day-to-day operations, implementing and reinforcing the Mowi Way globally. Our people

At Mowi we care

We care for our people, our fish, our customers and the environment.



processes such as recruitment, onboarding, performance management and Mowi Academy trainings have elements of our values and leadership principles implemented. In 2019 we have continued to develop our leadership training programs, and with feedback from our employees we have also continuously improved the content of the trainings.

Across our business units in Norway we have trained more than 150 leaders, and this has been an important effort in the One Company goal and leading the Mowi way.

PRIORITIES GOING FORWARD

Our ambition is to maintain and strengthen our culture, support employee development and drive group-wide best practices. We are continuing our initiatives in the areas of competence and leadership development, talent management and future workforce planning. We will also strengthen our efforts to encourage international mobility as part of our One Company initiative, since employees working on different types of international assignments make a tremendous contribution to the sharing of knowledge, best practises and transfer of skills.

A revolution does not happen by itself - the society, our stakeholders and the development of the industry calls for leaders with a global mindset that acknowledges the need for digital transformation and sustainability. Our focus on leadership development is an essential element for the future of Mowi.

Ethical Business Conduct

THE CHALLENGE AND THE OPPORTUNITY

Mowi is made up of 14 866 people from 25 different countries, with different backgrounds, nationalities, cultures and customs. Mowi is committed to high ethical standards in our business dealings worldwide, and we expect our employees to make our Code of Conduct a personal commitment. Abiding by the Code of Conduct is an important element in our ability to engender trust, and is an integral part of the Mowi Way. We also expect our suppliers to comply with the Code of Conduct.

OUR EFFORTS

Our Code of Conduct guides what we do and say each day, it provides direction and guidelines and clarifies where we draw the line. The Code of Conduct sets the standards of behaviour which we can expect from one another, and which external parties can expect from us. The complete Code of Conduct is available at mowi.com.

The Code of Conduct also includes topics on whistleblowing, anti-fraud and anti-corruption, financial reporting as well as regulatory compliance. Our group-wide policies are discussed with local management teams as part of our risk management, internal control and governance processes. Our internal audit function, which is outsourced to a professional audit firm, KPMG, also has a specific focus on fraudulent and unethical behaviour.

We believe that openness, transparency, and good communication promote a better culture. Our whistleblower channel facilitates the reporting of concerns about potential compliance issues, with regard to both laws and regulations and our own Code of Conduct, covering the areas of environment, human and labour rights, equality and diversity, health and safety, business ethics and anti-corruption, conflict of interest, prevent discrimination and ensure professional behaviour. The whistleblower channel is managed by an independent third party, and all notifications are handled confidentially.

In the event of organisational changes in our operations our company practice is to give notice as early as possible and cooperate with the employee representatives in the organisation(s) affected.

Mowi Chile is using an Ethics Management System to identify, prevent and address any issues that may affect the image, reputation and sustainability of our organisation and where employees may seek advice and report situations related to ethical topics. Concerns are handled confidentially by an external advisor.

2019 RESULTS

Mowi employees must undergo mandatory training on our Code of Conduct on an annual basis.

No instances of perpetrated or alleged fraud in our operations, nor any major breaches of our Code of Conduct were reported in 2019. We have conducted the annual online training and testing of our Code of Conduct.

In 2019 we have strengthened the Code of Conduct with new content on compliance with ONEMowi’s internal policies, strengthened the rules on hospitality and participation at events, updated the chapter on Human Rights to include a link to the International Labour Organization, and added a new Chapter 7.4 on Sustainability.

We have launched a Human Rights Policy, with clear commitments on Human Rights for the Company, our People, our Partners and our Supply Chain, outlining our objectives and expectations.

During 2019 we continued integration of the EU General Data Protection Regulation (GDPR) into the company to ensure compliance and strengthen the protection of personal data of our employees and contractors. We have established a structured organisation for Privacy and a network of Employees who work on and are trained in the protection of Personal Data in the Company.

On whistleblowing, 23 cases were reported through our whistleblower channel in 2019. Twenty-one of the cases are closed, while the remaining two are currently being investigated in collaboration with Human Resources. Six of the reported incidents were related to discrimination in the form of harassment in the workplace, which were followed up and resolved internally. The majority of the reported cases were made anonymously. We received no whistleblowing reports from communities neighbouring our facilities in 2019.

We have implemented terms and conditions towards suppliers. This includes key obligations such as Quality Environmental Health & Safety (QEHS), anti-corruption and business ethics (Supplier Code of Conduct), minimum wage and working conditions, compliance with laws and regulations and audit rights.

We have also updated our Global Procurement Policy. The policy is our guideline to make sure we have a transparent and consistent procurement process that supports our Code of Conduct, Sustainability strategy and other Policies. The Procurement Policy is available on mowi.com.

In order to assess supplier risk consistently and pro-actively, a supplier on-boarding system has been chosen for global application

We continuously work to enhance internal training and keep in close dialogue with our external suppliers in order to ensure compliance with our Code of Conduct, QEHS and business ethics. In 2019 we were fined in total 13 times related to different incidents, and paid the amount of EUR 207 000, up from EUR 91 000 in 2018. Mowi’s goal will always be zero fines and we continue our work daily to achieve this.

PRIORITIES GOING FORWARD

We will continue our efforts to ensure that our standards of behaviour comply with our Code of Conduct, and that all new employees commit to upholding its provisions. We will also continue with annual training on the Code of Conduct and encourage the reporting of concerns through our established whistleblowing channel. The importance of ethical behaviour will continue to be communicated through our leadership development, to ensure strong ethical principles are upheld by management.

We will continue our efforts on securing Human Rights in our organisation and in our value chain, and increase our focus on assessing and managing risks in the area of Human Rights.

Going forward we will implement our global on-boarding system for suppliers, with the aim to achieve a global standardised system for measuring and detecting risk consistently throughout Mowi. The system will be an important development and supplement to the risk assessment already carried out in our business units today, and will enable us to create a tailor-made system for supplier qualification and follow up.

We will also focus on making our global supplier portfolio smaller. Having a closer relationship with carefully selected top-tier suppliers will give us an edge both when it comes to control in the supply chain and in utilising our suppliers’ competitive advantages.



Employee health and safety

OUR VISION

We aim to have zero workplace injuries. Health and safety is paramount in everything we do, and safety will never be compromised for any other business priority.

OUR EFFORTS

Experience shows that many incidents are caused by inattention. Our global safety program, BrainSafe, is a behaviour-based safety process designed to empower our employees to take control of their own safety. We believe the best results can be achieved through a holistic approach, encompassing all areas - person, environment and practice - but with the most crucial element being the employees and their safety mindset. Safety must be the top priority in the minds of all our employees, as we all want to go home safely at the end of the day.

During 2018 and 2019 we rolled out the "Talk Safety Be Innovative" campaign which generated almost 400 workshop events. The purpose of these events was to highlight hazards, issues, gap of health and safety, planning and assessing. The various management teams engaged in the initiative and the majority of the units reported the events as a great success. Our focus on workplace safety engaged the employees to think outside the box and propose innovative ideas. Key wins are the establishment of safety representatives at all sites in Canada, and improved planning and communication.



The BrainSafe model distinguishes between controllable and non-controllable elements. Our global training has focused on “my life” - the elements that every person can control and/or influence.

We work systematically through guidelines and procedures to mitigate and respond to work-related injuries, occupational health issues, accidents and fatalities. We measure our progress in the area of safety through the key indicators lost-time incidents (LTI) per million hours worked, as well as the rate of absenteeism. LTIs are reported in three categories of seriousness - low, medium and high, and are reported both for our employees and for subcontractors. All incidents are analysed for cause and for potential learning, and a report with action points to avoid similar incidents is shared through the HSE network. We take preventive measures where possible to counteract these risks. Safety targets are included in the bonus agreements for all senior managers.

Central or local HR ensure health and safety topics are included in formal agreements (working hours and shifts, for example). At Mowi Norway, health and safety topics are covered during HSE network meetings where main representatives from trade unions participate. It is our responsibility as a company to follow up on the local regulations on preventive work regarding health and safety. All business units have established Safety Committees. In Mowi Norway every region has safety representatives and agreements with external occupational health care.

The main categories of injuries in our operations are cuts, pinches, impacts, compression, slips, trips and falls. In our farming operations, underwater diving represents the most serious hazard. To ensure diver safety, our divers must complete a diving project plan detailing the purpose of the dive, evidence of employer liability insurance, a hazard/risk assessment and the suitability of the equipment to be used. They must also be suitably qualified and experienced, provide diving certification, log books, medical certificates and first aid certificates.

We have established a number of initiatives, including a stress-management program, in an effort to reduce the level of absenteeism, in particular at our processing plants. Our efforts also include systematic competence development, job rotation and alternative work schemes where appropriate. Due to the limited volumes of antibiotics used in our farming operations and the type of antibiotics used (which follows the World Health Organization guidelines, see Planet section) the risk for antimicrobial resistance for the workforce is negligible.

We share best practices through our global health and safety network, where meetings are held regularly to ensure a common understanding of key-figure reporting and to benchmark and follow up on key indicators. Some of our business units have taken a step further. Mowi Chile, for example, has certified its health and safety (H&S) management system through Det Norske Veritas (DNV). Mowi Chile has also launched a development program co-funded by the government, with the goal of harmonising its H&S management system with key suppliers.

In 2019 we conducted our biannual global employee engagement survey. All employees worldwide were invited to share their views. The response rate increased from our previous survey, with almost 9000 employees participating. The feedback from our employees shows that both engagement and enablement of our employees are even more favourable than in 2016. The engagement and enablement level of our people increased from 43% in 2016 to 59% in 2019.

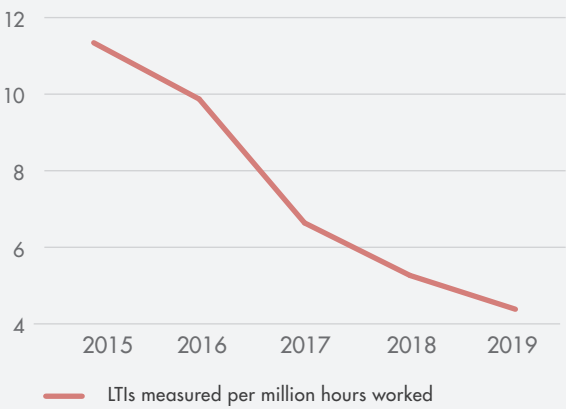
Our employees provided positive feedback on our “quality and customer focus” and they believe that the company has a “clear and promising direction”. All business units have shared the results with their employees and have created local action plans.



"After a year of planning, in 2019 Chile kicked off the Health and Wellbeing Project we call 'Live Healthy, Live Better'. Through an innovation contest entitled Be Innovative: Talk Safety, the 'Live Healthy, Live Better' project was presented by a group of employees as a continuous improvement project. We are convinced that the aim of optimising the quality of life and health of the company's employees will be successful."

Enzo Herrera Iglesias
Health and Safety Manager, Mowi Chile

Positive development in LTI



2019 RESULTS

The majority of our employees have attended training in our global safety program, BrainSafe. Long-term injuries (LTIs) measured per million hours worked came to 4.3 for the Group in 2019, compared with 4.8 in 2018. It is difficult to say to what extent BrainSafe has affected LTIs and the rate of absenteeism, but it is quite clear that it has led to a more proactive approach and correct reporting of incidents and injuries. We are convinced that BrainSafe has, and will continue to have, a positive effect on our key indicators and safety performance.

We reported 118 LTIs for our own employees in 2019, compared with 134 in 2018. Continuing the good progress from previous years is a trend we aim to continue. The LTI's were categorised as Low (67), Medium (36) and High (15). For subcontractors we recorded

11 incidents, up by two from last year, with the main causes of injuries being cuts, pinches, trips and falls. No employee fatalities were recorded in the year. Sadly, a fatality of an individual working for an external contractor occurred in Canada on March 10th 2019.

Our rate of absenteeism has slowly but surely decreased over the past years, from 5.7% in 2016 to 5.2% in 2017, to 4.8% in 2018, to 4.7% in 2019. This represents a positive trend we aim to maintain for the years to come, and implies that we are slowly approaching our 4% goal. The rate of absenteeism is higher in value-added processing operations than in farming and feed, which is largely attributable to ergonomic issues and stress.

The global turnover rate for 2019 was 15.3%.



Korea staff at safety training



PRIORITIES GOING FORWARD

We will continue our efforts to build a strong health and safety culture, with BrainSafe as an integral part of the way we operate. The requirement for all new employees to attend BrainSafe training sessions as well as providing training to selected contractors and suppliers will remain in the future. BrainSafe materials are made available to all employees, and refresher courses and workshops will continue to be held to reinforce and sustain the lessons learned during initial training.

Our ambition to achieve a rate of absenteeism of below 4% remains unchanged, as does the target of zero LTIs. We believe that our systematic approach to safety will contribute to a safer workplace and will reduce LTIs and absenteeism going forward.

All business units will continue their efforts on their defined action plans coming from the Global Employee Survey local work shops.



"At Ducktrap in the US, we stress the importance of collaboration and openness throughout each day. This has allowed employees to feel safe when reporting workplace hazards and it has allowed us to prevent accidents before they occur. This was a big factor in our success of achieving our goal of providing a safe work place to our employees and a report of zero LTI's last year"

Brayden Huckabee
EHS Manager, Mowi USA

Commitment to local communities

THE OPPORTUNITY

We all work and live in the local communities where Mowi operates. By offering support to important communities projects and programmes, in addition to providing employment opportunities, we hope to make a positive impact and help our communities thrive.

OUR EFFORTS

While formal commitments, like certification standards, require us to engage with local communities about our business operations, we also are keen to ensure social responsibility, ethical behaviour and sustainability which are at the heart of our corporate culture.

We aim to maintain good relations with the local communities in which we operate, and we are committed to helping in their development by supporting local schools, sports, environmental and cultural initiatives. We also hope to help young people become good citizens by providing employment and allowing for them to give back to their local communities. Our social contribution is broader in Chile, with the focus on community projects in which we work even more closely with communities to promote and improve the quality of life.

In Canada, our company engages directly with Indigenous governments to discuss our operations and seek partnership agreements. Mowi Canada West's aquaculture operations are located within the traditional territories of First Nations people. The relationship with Indigenous culture is important to our business and is based on economic, social, environmental, cultural and legal considerations. About one-fifth of Mowi Canada West's workforce is of Indigenous heritage, as are many services providers.

We encourage proactive efforts to engage with local communities to help prevent any negative impacts on surrounding communities as a result of our operations.

EXAMPLES OF SUPPORT IN 2019

In agreement with the Government of **Chile**, Mowi provides support every month to over 130,000 young people from the regions of Los Lagos and Aysén by providing nutritional salmon meals to over 1,000 public schools. With a 99% consumption rate at all locations, this healthy eating initiative represents a huge success in improving the nutrition of school-age children.

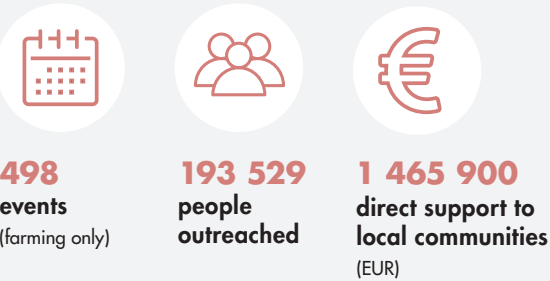
In the **United States**, our employees in Miami support the United Way’s efforts that provides for military veterans and their families in Miami Dade County. This partnership helps Mowi setup activities that will engage our employees through either employee donations and volunteer events such as food distribution, serving meals, and children’s activities. Colleagues at Ducktrap smoke-house in Maine continue their community initiatives by providing donations to a wide variety of organisations including support of a not-for-profit organisation that helps gather and distribute firewood to help provide heat for local residents.

In **France**, amongst other initiatives, we supported two popular sporting events in 2019. The first was the well-established Boulogne 10km which was celebrating its 21st anniversary, provide sponsorship to 60 children under the age of 12 and t-shirts to those children participating in the 500m and 2km races. The second event was the Boulogne-sur-Mer Bike Run, where teams of two run on the beach at low tide.

Staff on **Canada’s west** coast are proud to sponsor the Local Hero Awards in our key operating communities of Campbell River and Port Hardy. The Awards recognise outstanding individuals in both communities who go above and beyond in their field, in their volunteer work or just in life. Mowi has been the title sponsor of the event since it began, helping the event to gain momentum and grow. On the country’s east coast, we have committed to supporting the wellness and development of youth across Atlantic Canada through various contributions such as the Fundy High School Learning Centre, student meal programs, and youth rugby, baseball and ice hockey teams.



Community engagement in 2019



- | | |
|-------------------------------|---------------------------------|
| Topics discussed | Who is involved? |
| > ASC | > Communities |
| > First Nations relations | > Schools |
| > Education | > Regulators/Authorities |
| > Wild fish interactions | > First Nations |
| > New site/
site expansion | > Local Sport clubs |
| > Beach cleaning | > Local associations |
| > Regulations | > Music groups |
| > Aquaculture | > Museums |
| | > Wild fisheries groups |
| | > Tourism/cultural institutions |
| | > Politicians |
| | > Environmental agencies |

Employees and their families in **Poland** took part in the tree-planting campaign Do Nasadzenia. The aim of the initiative is to restore forests which have been damaged by natural disasters. Another partnership sees us team up with a group of bikers from Pommerania to deliver a truck full of clothes, toys and school supplies for an orphanage in Ustka.

In **Norway**, the Mowi Fund provides financial support to volunteer organisations and activities within sports and culture, with



particular focus aimed at young people, who are strong contributors to the vibrancy of our local communities.

Donations of foods in December are important community support programmes to our company all around the world, with examples including: one tonne of breaded hake was provided to the local food bank in **Zaragoza, Spain**; our staff in the USA partnered with Target to help the “Sandwich Man” feed the homeless in the Minneapolis area with 10,550 hand-prepared sandwiches; in Gdańsk, Poland, we prepared a Noble Parcel for dozens of families, helping to bring aid and joy to people in need including the lonely, the elderly, single parent families and the physically challenged.

Food trucks that serve not only delicious salmon meals but also the communities where we operate, are popping up in several regions where Mowi operates. Now active in Chile, Poland, Canada and Scotland, these mobile food stations will either serve free salmon meals to communities, or donate profits back to local charities after providing meals at public events.

PRIORITIES GOING FORWARD

In those areas in which we operate, we will continue our efforts to support local projects, both financially and socially. Going forward, we plan to create a more systematic approach to collecting data about our community engagement.



NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES (FTE)		2019				2018			
		Permanent	Temp	3rd party	Total	Permanent	Temp	3rd party	Total
Fish Feed	Male	130	2	7	139	84	1	1	86
	Female	31	2	—	33	23	1	—	24
Farming Norway	Male	1 264	—	70	1 334	1 167	—	83	1 250
	Female	371	—	28	400	340	—	32	372
Farming Scotland	Male	672	18	12	702	619	41	5	665
	Female	103	5	2	110	81	6	—	87
Farming Canada	Male	768	16	—	784	783	3	16	802
	Female	198	5	—	203	204	4	19	227
Farming Chile	Male	668	59	212	939	649	57	213	919
	Female	243	28	73	344	253	22	45	320
Farming Ireland	Male	142	73	—	215	131	68	—	199
	Female	24	25	—	49	22	19	—	41
Farming Faroe Islands	Male	48	2	—	50	50	2	—	52
	Female	26	1	—	27	22	1	—	23
Farming	Male	3 562	168	294	4 023	3 268	103	317	3 689
	Female	965	64	103	1 133	900	33	96	1 029
Consumer Products	Male	2 617	24	878	3 519	2 671	46	796	3 513
	Female	2 900	25	746	3 671	2 941	39	799	3 779
Markets Europe	Male	96	10	8	114	105	2	7	113
	Female	50	4	—	54	52	1	—	53
Markets America	Male	223	—	218	441	195	—	133	328
	Female	126	—	281	407	110	—	229	339
Markets Asia	Male	461	102	31	594	518	90	39	647
	Female	477	162	27	666	473	115	48	636
Sales & Marketing	Male	3 397	136	1 135	4 668	3 489	136	975	4 600
	Female	3 553	191	1 054	4 798	3 576	155	1 076	4 807
Corporate/other	Male	41	—	5	46	36	—	5	41
	Female	24	—	2	26	19	—	2	21
Mowi Group	Male	7 130	306	1 440	8 877	7 008	308	1 298	8 614
	Female	4 573	257	1 159	5 989	4 541	207	1 174	5 922
Mowi Group	Total	11 703	563	2 600	14 866	11 549	516	2 472	14 537

The percentage of self-employed workers is not significant. Data are registered as part of our monthly reporting process and closely monitored by management. Sales & Marketing has the high season before the Christmas sale and Eastern sale, specially chilled operations. Our Farming and Feed operations have a more stable work season.



KEY HEALTH AND SAFETY INDICATORS

Key indicators	2019	2018	2017	2016	2015	2014
LTI per million hours worked (own employees)	4.3	4.8	6.6	9.9	11.4	11.4
LTI own employees	118	134	155	247	280	250
LTI subcontractors	11	9	9	21	25	19
Absentee rate in % of total hours worked (own employees)	4.7%	5.0%	5.2%	5.7%	4.8%	5.0%
Fatalities	1	0	0	1	0	0

LTI grading	High (extremely dangerous situations/occurrences)	Medium (moderately dangerous situations/occurrences)	Low (situations/occurrences that are not dangerous)	Total
2019	15	37	66	118
2018	14	29	91	134

SUPPORT TO LOCAL COMMUNITIES

Direct support to local communities (EUR thousand)	2019	2018
Norway	599.6	346.9
Canada	200.2	271.3
Scotland	228.3	263.8
Chile	300.2	52.4
USA	13.6	13.2
Ireland	34.1	51.0
Poland	27.0	37.3
France	57.0	12.7
Belgium	10.0	8.0
Total support to local communities	1 470.0	1 056.6

The list covers the main countries or regions in which we operate. The figures include contributions to charities, various community projects and social programs.

Corporate taxes paid (EUR thousand)	2019	2018
Norway	114 984.1	72 779.9
Canada	1 623.8	13 394.8
Scotland	16 943.2	18 645.0
The Faroe Islands	1 747.5	1 927.7
Japan	2 368.1	2 334.5
Belgium	3 959.0	4 614.0
Ireland	2 271.0	3 050.0
Germany	2 465.2	2 229.4
Czech	387.0	-182.9
Singapore	754.9	379.7
France	-2 244.0	2 538.0
Netherlands	889.0	682.0
Italy	205.5	416.7
South Korea	659.4	657.8
USA	5 264.7	4 551.8
Taiwan	36.5	31.0
Vietnam	184.9	259.9
Sweden	55.3	20.3
China	—	1.9
Poland	3 650.8	2 800.1
Chile	38.4	-1 360.0
Total corporate taxes paid	156 244.2	129 771.5

The list excludes countries where we are not in a tax position due to historic losses. The figures include tax paid, withholding tax and tax refunds.

Farmer Time

Since 2019, Mowi has been proud to participate in Farmer Time in Scotland; an initiative, set up by LEAF Education, that is transforming how farmers connect children with their food.



Farmer Time is all about harnessing the power of digital communications to inspire, engage and educate young people about not only the journey from farm to fork but also the ever-changing, diverse agricultural industry.

Children can chat live to their host farmer from their classrooms through FaceTime or Skype to discuss ideas, ask questions, share knowledge and gain a ‘real-time’ understanding of the challenges farmers face every day.

Over the course of last year, Jayne MacKay, communications assistant in Scotland, hosted three sessions with pupils from a school in England. The children were provided insight into the whole life cycle of a salmon, learning about their early life at the hatchery, their time spent growing in the sea and finally when the salmon is ready to be harvested and processed for market.

By the power of technology, they were transported to our newest hatchery at Inchmore where they were given a virtual tour. They also got to ask questions of our assistant farm manager in Loch



Leven, Lewis Gibson, who also introduced them to ‘cleaner fish’ and their role in the welfare of the salmon. At our processing facility at Fort William, the school pupils were immersed into the work and quality controls that take place to ensure that the best quality salmon leaves for our customers all over the world, carrying the Quality Approved Scottish Salmon label.

We also sent some salmon, hot and cold smoked, to the pupils at the school. Working together, the class then created a recipe using vegetables they had grown themselves. During our last call, they shared the recipe with us. There were clean plates all round!

Reflecting on the Farmer Time sessions, Jayne Mackay said: “I think this education initiative is such a great idea. For the children, it gives them that connection that is so often missing between farming and the food that ends up on their plate. For us it is a great opportunity to really challenge ourselves and explain what we do and why we do it in a way that is easily understood. I’m always very conscious that the school pupils are potential consumers and even employees of the future, so having the opportunity to give them an insight into aquaculture is important.”

We will continue to support Farmer Time in 2020.

“I think this education initiative is such a great idea. For the children, it gives them that connection that is so often missing between farming and the food that ends up on their plate.”



Jayne MacKay,
Communications
assistant, Scotland

Diversity and Inclusion

You are unique.
We like that.

Mowi is made up of unique people with different backgrounds, such as, but not limited to, cultures, languages, customs, competences and ways of experiencing the world.



Our diversity contributes to what makes us a great company, and above all, we value the people working here.

This is why, in November 2019, the Board approved the diversity and inclusion policy for Mowi, which is a major milestone and commitment. It not only establishes clear objectives for our company but also sets ambitious targets to meet globally by 2025.

The objectives:

- To promote and build a diverse workforce
- To promote an environment that is inclusive and serves the needs of all employees from diverse backgrounds
- To harness the well-established benefits of diversity and inclusion to realise the potential in achieving organisational objectives

Diversity and inclusion
Key Performance Indicators
(KPIs) for 2025:

- Employee gender ratio 50/50
- Management gender ratio of 70/30 (male/female)

At Mowi, we believe that diversity and inclusion should go hand in hand. We will never achieve our goals on diversity unless we have an inclusive culture where everybody's opinion is respected and where staff feel they have a voice that is heard.

Speaking about the policy, Anne Lorgen Riise, Chief Human Resources Officer, said:

"Having a formalised diversity and inclusion policy is important for our continued success and will ensure that we retain and attract a diverse and highly skilled group of employees. Although our KPIs are focused on gender, diversity is much more than gender. It includes languages, customs, competencies and ways of experiencing the world. It is embedded in the Mowi Way - from our vision, values, leadership principles to our Code of Conduct."

Ultimately, we want Mowi to
be a place where people:

- Always show respect for each other
- Base employment decisions on the basis of job qualifications, merit and organisational fit
- Provide a work environment free from harassment, sexual harassment and bullying

"Having a formalised diversity and inclusion policy is important for our continued success and will ensure that we retain and attract a diverse and highly skilled group of employees."



Anne Lorgen Riise,
Chief Human
Resources Officer

Diversity and Inclusion Ambassador Group

Mowi has established a Diversity and Inclusion Ambassador Group, which played a key role in shaping the policy and which will continue to support the company as we work towards implementing the policy and driving towards those targets.

The Ambassador Group is made up of employees from different Business Units (BUs) around the world, each bringing a different perspective and personal experience.

We look forward to making real progress towards our target in 2020.



The Group management team



Ivan Vindheim (1971)
Chief Executive Officer

Mr. Vindheim was appointed CEO in November 2019. Prior to this he held the position as CFO.

Number of shares held
at year end: 1 248
Number of options allotted
at year end: 457 267

Mr. Vindheim has experience from various executive positions:

- CFO of Mowi, 2012–2019
- CFO of Lerøy Seafood Group, 2008–2012
- Vice President of Finance at Rolls-Royce, 2005–2008
- Senior Manager within auditing and corporate finance at Deloitte, 1996–2005

Mr. Vindheim holds an MSc in Business and an MBA from the Norwegian School of Economics. He is also a State Authorized Public Accountant and Certified European Financial Analyst.



Kristian Ellingsen (1980)
Chief Financial Officer

Mr. Ellingsen was appointed CFO in November 2019. Prior to this he held the position as Group Accounting Director.

Number of shares held
at year end: 588
Number of options allotted
at year end: 0

Mr. Ellingsen has experience from various positions within the finance area:

- Group Accounting Director at Mowi, 2015–2019
- Director within auditing and advisory services at PwC, 2006–2015

Mr. Ellingsen holds a Master's degree from the Norwegian School of Economics and a Bachelor's degree in informatics from the University of Bergen. He is also a State Authorized Public Accountant.



Per-Roar Gjerde (1967)
Chief Operating Officer Farming Americas and the Faroes

Mr. Gjerde has served as COO Farming since 2017. From January 2020 he is responsible for the Farming operations in Americas and the Faroes, as well as temporary responsible for the Farming operations in Norway.

Number of shares held
at year end: 911
Number of options allotted
at year end: 392 209

Mr. Gjerde has extensive experience within salmon farming and sales:

- Managing Director of Mowi Chile, 2016–2017
- Director of Region West in Mowi Norway, 2007–2016
- Controller at Fjord Seafood Norway, 2002–2007
- Financial adviser at Sparebanken Vest, 1996–2002
- Sales at Domstein Salmon, 1994–1996

Mr. Gjerde is a graduate of the Norwegian School of Economics.



Ben Hadfield (1976)
*Chief Operating Officer Farming
Scotland and Ireland*

From January 2020 Mr. Hadfield is responsible for the Farming operations in Scotland and Ireland.

Number of shares held
at year end: 7 458
Number of options
allotted at year end: 457 267

Mr. Hadfield has considerable experience within farming:

- *Managing Director of Mowi Scotland, 2016–December 2019.*
- *COO of Mowi’s Fish Feed Business Area, 2013–December 2019.*
- *Technical Chair of the Scottish Salmon Producers’ organisation, 2012–2013*
- *Production Manager at Mowi Scotland, 2007–2013*
- *Technical & HSEQ Manager at Mowi Scotland, 2004–2007*
- *Environmental Manager at Mowi Scotland, 2000–2004*

Mr. Hadfield holds a BSc in Environmental Geoscience from the University of Sheffield and an MSc in Pollution Control and Environmental Management from the University of Manchester.



Ola Brattvoll (1968)
*Chief Operating Officer
Sales & Marketing*

Mr. Brattvoll has served as the COO of Mowi’s Sales & Marketing Business Area since 2010.

Number of shares held
at year end: 9 819
Number of options allotted
at year end: 457 267

Mr. Brattvoll has comprehensive experience within sales and marketing:

- *Vice President at Hallvard Lerøy AS, 2010*
- *Market Director at Hallvard Lerøy AS, 2008–2010*
- *Market Director Japan at Hallvard Lerøy AS, 2006–2008*
- *Head of the Norwegian Seafood Export Council’s Tokyo office, 2002–2006*
- *Market Manager at the Norwegian Seafood Export Council’s head office, 1995–2002*

Mr. Brattvoll holds a degree in fisheries from the Norwegian College of Fishery Science, University of Tromsø.



Atle Kvist (1963)
Chief Operating Officer Feed

From January 2020 Mr. Kvist is COO for the business area Feed. Prior to this he held the position as Managing Director for Mowi Feed.

Number of shares held
at year end: 131
Number of options allotted
at year end: 26 618

Mr. Kvist has experience from various executive positions and is an experienced feed executive:

- *Managing Director Mowi Feed, 2019*
- *Project Manager Cermaq Norway AS, setting up a greenfield salmon processing plant in Nordland, 2015–2019*
- *Manager Director EWOS Norway AS, 2010–2015*
- *Production Director EWOS Norway AS, 2008–2010*
- *Production Director Hansa Borg Breweries AS, 2000–2007*
- *Managing Director Stord International AS / Atlas-Stord Norway AS, 1996–1999*

Mr. Kvist holds a degree from South Dakota School of Mines & Technology.



Øyvind Oaland (1970)
*Chief Technology Officer /
Head of Global R&D*

Mr. Oaland has served as Mowi’s Global Director for Research and Development since 2008.

Number of shares held
at year end: 4 976
Number of options allotted
at year end: 53 625

Mr. Oaland has held various positions within fish health, food safety and quality within Mowi and also holds various board positions in the industry:

- *Chair of the Board of the Centre for Aquaculture Competence (CAC), since 2014*
- *Board Member of the Norwegian Seafood Research Fund (FHF), since 2019*
- *Member of the board of Directors at the Aquaculture Stewardship Council (ASC), since 2019*
- *Vice President Food Safety & Quality at Mowi ASA, 2005–2008*
- *Fish Health and Quality Manager at Mowi Norway 2002–2005*
- *Fish Health Manager at Mowi Norway, 2000–2002*

Mr. Oaland holds a degree in veterinary medicine from the Norwegian School of Veterinary Science.



Anne Lorgen Riise (1971)
Group Director HR

Ms. Riise joined Mowi as Group Director of Human Resources in 2012.

Number of shares held
at year end: 946
Number of options
allotted at year end: 53 625

Ms. Riise has held various HR positions and also practiced as a lawyer:

- *VP HR Europe and General Counsel for Ceragon (Nera) Networks, 2007–2012*
- *Lawyer at Lawfirm Alfheim & Hansen, 2004–2007*
- *Advisor at the Norwegian Ministry of Foreign Affairs, 2000–2002*

Ms. Riise holds a master’s degree in law from the University of Bergen and Oxford Brookes University.



Catarina Martins (1977)
Chief Sustainability Officer

Ms. Martins was appointed Chief Sustainability Officer in April 2019. Prior to this she held the position as Group Manager Environment and Sustainability.

Number of shares held
at year end: 2 051
Number of options allotted
at year end: 26 618

Ms. Martins has both a scientific and business background in the area of sustainability:

- *Group Manager Environment and Sustainability, Mowi ASA, 2013–2019*
- *Invited senior researcher and lecturer at the University of Veterinary Medicine in Vienna, Austria, 2012–2013*
- *Project leader at the Centre for Marine Sciences (CCMAR), Portugal, 2011–2013*
- *Senior researcher at Wageningen University, The Netherlands, 2005–2011*

Ms. Martins has a PhD in Aquaculture from Wageningen University (The Netherlands), an MBA in global seafood from the Norwegian School of Economics (Norway), and an MSc in Marine Biology from the University of Lisbon (Portugal). Additionally Ms. Martins has supplementary education on Corporate Sustainability from Harvard University (USA).

Willingness to change

Leading a revolution requires willingness and commitment to change. Things cannot simply stay the same. Marine Harvest changed to Mowi - from traditional farmer to modern food producer. We will continue to change, throughout our entire value chain, to see the Blue Revolution happen.

Underwater sensing and analysis platform

Successful collaboration with X, Alphabet's innovation engine in researching and testing of a new underwater sensing system using a combination of new camera technology as well as machine learning and machine perception. Milestone reached by entering into commercial validation phase.

Remote Operations

Built our first state-of-the-art Remote Operation centre, enabling the use of new technologies and specialised teams to significantly improve our production efficiency at sea.

Process Automation

Successful proof of concept installations of technology for online grading and automated pallet logistics, as part of our larger strategic project portfolio. Great potential for improvements in product quality and worker safety.

Genetic Breakthroughs

Achieved our best ever selection on sea lice and cardiomyopathi syndrome (CMS) resistance in Norway, and identified genes for early maturation, gill health as well as some of the first genes ever reported for sea lice resistance.

"Through 2019 we have realised a number of projects related to automation and digitalisation for the long term benefit of our operations.

This is the start of a journey towards new and innovative uses of technology throughout our value chain."

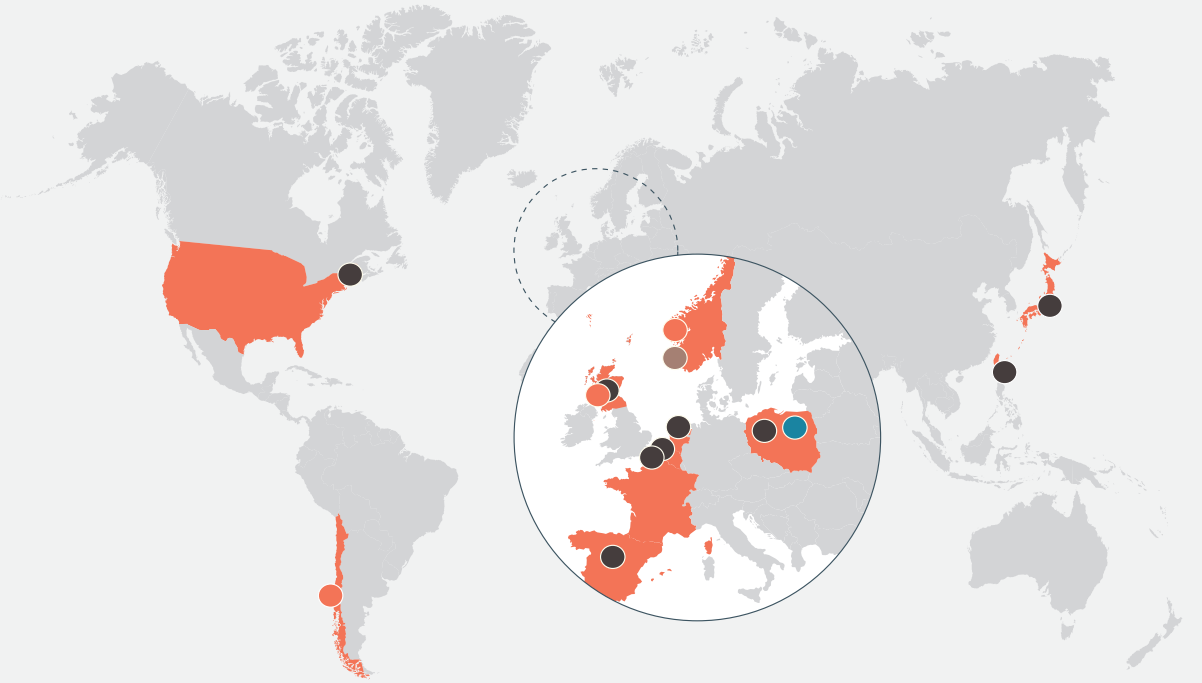
Øyvind Oaland,
CTO and head of global
R&D and technical

RESEARCH AND DEVELOPMENT



Ambitions	Main focus within R&D and Technical
Employ new farming systems	Develop and test new closed/ semi-closed production technology
By 2022, 99.5% survival in sea (average per month)	Monitor diseases and loss factors. Identify risk-factors and develop best practices for prevention and mitigation
Control sea lice mainly by non-medicinal means	Develop non-medicinal methods and approaches for sea lice control
Continue our ASC certification efforts	Develop necessary knowledge and practices to support ASC expansion
Eliminate limits on sustainable growth caused by the feed ingredients situation	Identify and implement safe and sustainable alternative feed ingredients
Maintain premium product quality and further reduce downgrading	Develop improved technological solutions for optimised processing, packaging and storage of our products
Maintain salmon's reputation, and further improve customer satisfaction	Secure and maintain good listeria control. Continue to ensure control of environmental contaminants in fish feed and end product

Our R&D and Innovation facilities



- Feed/
Farming**

 - Norway/Mowi Feed Averøy
 - Norway/Center for Aquaculture Competence (CAC AS)**
 - Scotland/Mowi Feed Ardnish
 - Chile/Huenquillahue
- Farming
technology**

 - Norway/Neptun
 - Norway/Blue Revolution Centre*
 - Norway/Development licences*
- New Product
Development**

- Belgium
 - France
 - Japan
 - Poland
 - Scotland
 - Spain
 - Taiwan
 - The Netherlands
 - USA
- Processing
equipment**

 - Mowi Technology

* in application/planning process
** co-ownership by Mowi, Skretting and AKVAgroup

At Mowi, we believe that producing more food in the ocean will be an integral part of dealing with global generational threats like climate change, food security, hunger and life style diseases. Salmon is farmed at a low carbon footprint, space for farming in the ocean is plentiful, and as far as animal protein goes - it's about as healthy as it gets. By producing food at scale in one of the most sustainable ways possible, we have every opportunity to position the aquaculture industry in the driver seat to tackle global challenges - this is at the very core of our vision of Leading the Blue Revolution.

Last year, we underwent a significant change and transformed from traditional farmer to modern food producer, from Marine Harvest to Mowi. At Mowi, we do not simply farm and produce raw materials or a commodity, we produce healthy food in the most sustainable way to solve some major challenges and we use our unique value chain to expedite progress and change through implementation of new technologies at a high pace. Investments in new knowledge and research remains high, and emerging new technologies are continuously being developed, tested and adapted into the Mowi value chain. Several sections of our report will tell this story; how our value chain is changing with our name, and show you some significant strides that have been made since the release of last year's annual report, related especially to exciting technological innovations introduced into our farming operations and processing facilities.

How we innovate

At Mowi, we innovate mainly to enable increased and improved production of sustainable, healthy and safe seafood. To fulfil our vision of Leading the Blue Revolution we aim to be industry leaders on R&D in each step of the value chain. This requires sustained financial commitment, a multitude of competencies and scientific expertise in several fields.

Our R&D strategy rests mainly on five key focus areas;

1.

Fish welfare and robustness
2.

Footprint
3.

New growth
4.

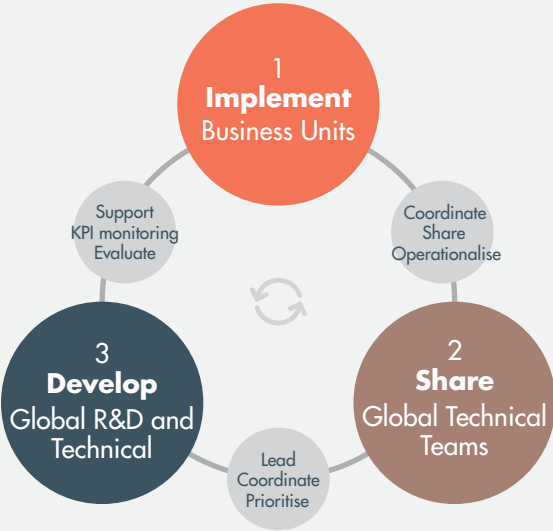
Production efficiency
5.

Product quality and safety

For each key focus area, we have defined core R&D programs with corresponding targets. We use our strategy to guide resources towards R&D activities that will contribute the most to the substantial improvements needed to increase and improve marine food production. Our strategy also acts as a unifying document for the entire Mowi value chain by aligning our priorities across the company. Since Mowi is a fully integrated food producer with our own breeding program and feed production as well as farming, processing and sales operations, these strategical key focus areas are multidisciplinary and sets the foundation for innovation within all Mowi business units.

Organisation

Research and Development in Mowi is organised in three levels in order to optimise knowledge sharing and drive continuous improvement



- 1

BUSINESS UNITS

- Identify and exploit continuous improvement opportunities
 - Implement best practices, R&D results, group policies, group requirements
 - Analyse current situation in operations
- 2

GLOBAL TECHNICAL TEAMS (GTT)

- Ensure competency and knowledge sharing across all Business Units
 - Represent the Business Unit in setting priorities and defining R&D needs
 - Ensure implementation and communication of competence and results generated from the GTTs to own Business Unit
- 3

GLOBAL R&D AND TECHNICAL DEPARTMENT

- Develop best practices, group policies and minimum standards
 - Run and coordinate research, development and innovation projects across all Business Units
 - Support Business Units with technical know-how
 - Lead and coordinate GTTs

Mowi has developed world-leading R&D capacities within Mowi Genetics and Mowi Feed. Our R&D efforts in these core parts of the value chain play an essential role in keeping Mowi at the forefront of the Blue Revolution. Carefully selecting the genetic properties of our salmon through cutting-edge methodologies like genomic selection, along with comprehensive nutritional and functional tailoring of our feeds, provides Mowi opportunities unlike other marine food producers.

Mowi has the single largest dedicated research unit in the salmon aquaculture industry. Our Global R&D and Technical Department, consisting of 18 technical experts in the areas of marine biology, technology, data science, engineering, economy, nutrition and veterinary medicine, holds the main responsibility for planning, coordinating and leading global R&D efforts in Mowi. The department - working collaboratively with technical staff at all levels of the value chain - helps Mowi to achieve goals related to sustainable commercial growth, operational performance and company reputation within the fields of fish health and welfare, feed and fish performance, food safety and product quality, environment and sustainability, and farming and processing technology.

R&D expenditure in Mowi totalled EUR 46.5 million in 2019, compared with EUR 43.9 million in 2018, demonstrating our continued commitment to knowledge creation and the advancement of the aquaculture industry. In addition, an annual fee of 0.3% of Mowi Norway’s export value is paid to the Norwegian Seafood Research Fund (FHF).

A value chain perspective

Supplying one-fifth of the world's farm-raised salmon, Mowi's global value chain maintains tight control of genetics, feed, farming operations, harvesting, processing and logistics. This provides us opportunities that are difficult to match. With full internal transparency in the breeding program, feed raw materials and recipes, farming conditions in fresh and seawater, as well as harvesting and processing methods, implementing change can be executed more effectively since impacts and results can be traced effectively throughout the value chain. This gives Mowi an edge - and lets us innovate at a higher pace and with better precision.

A salmon generation, from stripping of broodstock to finished product, takes about four years. This is one reason for the need to prioritise R&D efforts where we believe most value can be gained. Given our access to the salmon's full value chain, we have the unique ability to expedite improvements on a topic by working at different stages of the salmon life cycle. This multidisciplinary approach continues to pursue solutions to challenges such as mitigation of marine diseases, sea lice, or to capitalise on opportunities such as optimising fish quality and performance.

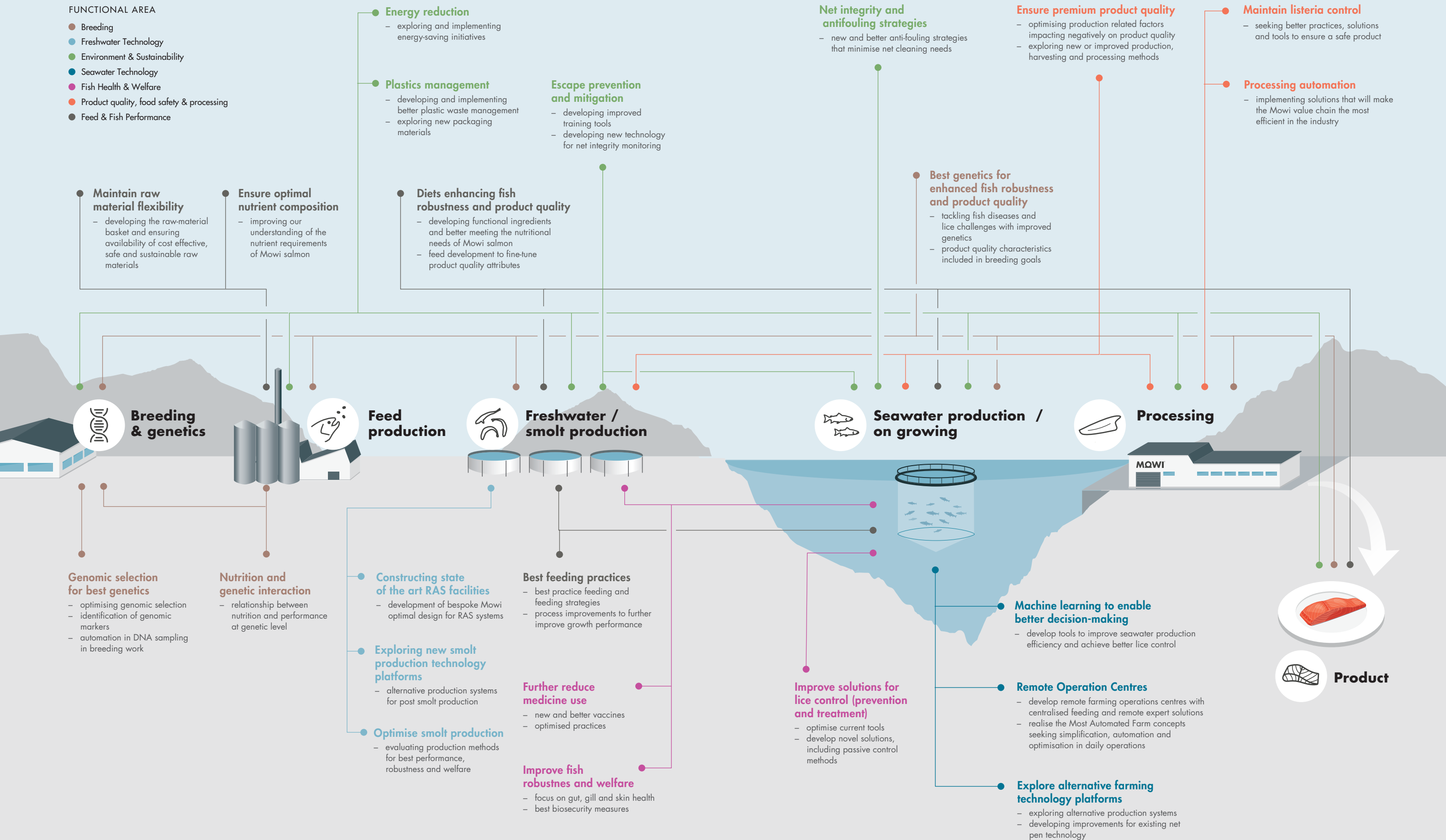
Mowi’s embrace of new digital technologies will become a core R&D tool going forward. Today, we can easily track any large advances through the value chain, however to follow minute and step-wise progress is challenging even with control of each step in the chain. This is related to a general lack of standardisation and high quality data of sufficient resolution, especially in traditional farming operations and processing. Throughout 2019, Mowi has executed development and implementation projects to leverage machine learning techniques to gain new insights especially in our genetics department, in our seawater farming division and in our processing operations.



Innovation throughout the value chain

FUNCTIONAL AREA

- Breeding
- Freshwater Technology
- Environment & Sustainability
- Seawater Technology
- Fish Health & Welfare
- Product quality, food safety & processing
- Feed & Fish Performance



Progress in Mowi Genetics

In 2019 Mowi took the major strategic step of establishing Mowi Genetics AS and bringing all our genetics service in-house, with a team based in Bergen, Norway now delivering high-quality standardised services to all our breeding programs globally. In addition to growing the genetics team, we have established a new computing infrastructure to host our global genetics database and perform all necessary analyses which will ensure maximum efficiency through optimised application of common pipelines and data handling routines. The genetics team commenced collaboration with Mowi Canada East and the Huntsman Marine Science Centre to enhance the breeding program in this region using tools and knowledge obtained from our programs in Europe, Chile and Canada West.

We continue to push hard in all areas to obtain maximum genetic progress for the most important traits within our breeding programs, with a major focus on robustness, sea lice and disease resistance.

We achieved an exciting breakthrough in the fight against Cardiomyopathy syndrome (CMS) by using whole-genome resequencing to identify a gene variant strongly associated with resistance. These results are now being followed up in a collaborative project with research partners that aims to develop gene editing technology as a potential shortcut in producing fish highly resistant to CMS. The DNA sequencing work that led to this discovery has now been expanded to investigate other improvements in fish health and fish performance. We have also implemented full-scale genomic selection in Canada West for the first time, a major advancement for that program that directly resulted from the tools and pipelines developed and applied previously in Norway.

New R&D projects that commenced in 2019 include the Norwegian Seafood Research Fund (FHF) supported SynchroSmolt project that aims to provide new knowledge about how exposure to variation in day length during smolt production can affect smolt development and whether there is genetic variation that can be exploited to improve smolt robustness. New focus will also be placed on the role of genetics in nutritional uptake in juvenile and adult salmon, as a result of our involvement in the successful European Union project Aqua Impact (2019-2022). In this project we will, together with other institutes and companies, investigate DHA/EPA uptake mechanisms in different genetic lines as well as ‘nutritional programming’ of juveniles and causes of downgrading related to genetics.

The application of ultrasound technology is expanding at Mowi, and has included a study investigating maturation prediction using ultrasound and genetics, providing us with powerful tools available for predicting timing of maturation and producing eggs and milt from the best individuals at optimal times. We continue to push towards automation and efficient tagging and sampling technologies, that have direct benefits through increasing the number of fish available to select (and thus possible genetic gain). New DNA sampling systems were purchased and used for highly efficient

sampling of nearly 200,000 fish across sites in region South, Mid and North in Norway, with this system being delivered to Canada West in 2020.

Expansion of Mowi Feed

The guiding principle for salmon feed is that every single pellet must deliver 100% of what the fish needs, every day. Our aim therefore, is to produce robust, sustainable, high quality salmon using the widest available spectrum of raw materials in the most efficient way possible. During 2019 we brought our new feed factory at Kyleakin in Scotland on line and this has substantially increased the scope of products that we are now manufacturing. Our portfolio now includes feeds for all life stages in seawater (smolt to broodstock) for both organic and conventionally reared salmon with feeds for freshwater parr and smolts now available for fish larger than 2 grams. We produce feeds for sale in Norway, Scotland, Ireland and the Faroe Islands which also introduces diversity in the product mix as we tailor our products to meet the different needs of salmon product offerings including Label Rouge, Irish Organic Salmon and the MOWI Pure bespoke salmon.

Focusing on four areas

In terms of nutrition, our objective is to better understand the nutrient requirements of salmon and to better exploit the true value of sustainably sourced raw materials. Although the themes interlink, in broad terms, our research is focused on four areas which are: nutrient requirements; raw material optimisation and utilisation; fish health, welfare and quality; and feed technology.

Nutrient requirements

With regard to nutrient requirements, 2018 and 2019 was characterised by a strong focus on understanding the fundamental requirements of salmon for digestible protein (DP) (and its relationship to digestible energy (DE)) and alongside this, the role played by digestible amino acids (DAAs). Projects focused on reappraising the DP and DAA requirements of salmon growing from 200g to 5.5 kg in seawater when exposed to real-world variables including seasonal cues (temperature and day length) and the long list of challenges associated with life at sea. We specifically devoted a lot of resource to identifying ideal protein levels in what was formerly a data deficient area i.e. growth between 3 and 6 kg. Our results tell us that real-world salmon performance is improved when we increase the amount of digestible protein in the feeds to levels above what was previously considered adequate. Simultaneously, we reappraised our targets for amino acid relationships in the feed to be assured that the additional protein we will supply is used to maximum effectiveness. We have secured these higher levels of DP and better DAA balance without compromising on the level of DE in the feed so, the overall outcome is a more nutrient dense and more effective product.

Trials initiated in 2019 and continuing into 2020 will give us valuable insight into the relationship between lipid nutrition and salmon



quality including pigmentation and robustness. These projects will give us a clearer understanding of the exploitation of marine-type fats including those derived from algae (rather than fish oil) by salmon. Additionally, throughout 2018 and 2019, we devoted considerable effort to trials on feed ingredients that enhance the digestion, absorption and utilisation of dietary fats and the nutrients associated with them. Based on these projects, we can be confident that we meet the changing needs of the growing fish for omega-3 fatty acids and fat-soluble nutrients without waste and without recourse to over-generous feed specifications.

Raw material development

In terms of raw material development, we strive towards independence from specific raw material sources be they of marine origin or those derived from commodities including wheat, soya, maize, peas or beans etc. This will secure our cost competitiveness in the face of fluctuations in commodity markets and give us the power to catalyse change in the supply chain through our ability to switch between sustainable, responsible solutions when circumstances dictate it. Projects undertaken in 2019 gave us strong insight into the variability of raw materials previously considered as generic commodities and underlined the importance of selecting the very best combination of product and supplier. We used this knowledge to further underpin our assumptions on maximum inclusion levels for a number of vegetable protein sources and provide feedback to suppliers in terms of how they should improve their products to enable greater incorporation in the salmon feeds of the future.

In seeking to expand our spectrum of available raw materials, we have already and will continue to evaluate some promising candidates including those derived as by- or co-products from other feed, food and even non-food industries. Within this scope, we include products derived from insects, alcohol fermentation, CO₂ capture and even forestry. Indeed, 2019 saw the initiation of a multi-stakeholder project called "NextGen Proteins" which is funded by the European Union under the *Horizon 2020* programme. Projects completed during 2019 have enabled us to generate more robust nutritional values and formulation criteria for novel materials including insect meals, algal oils and bacterial proteins. This data will give us a robust starting point from which to introduce such materials when the time is right.

Feed technology

In terms of feed technology, 2019 was a year in which we vastly increased our portfolio of products at the same time as bringing on line a brand new factory at Kyleakin. Challenges in this area included learning how to manufacture feed products as small as 1.2 mm in diameter (> 75% of salmon feed sold is in the order of 7–11 mm in diameter) and how to produce feed using a restricted range of organic feed materials without the process aids permitted in conventional products. At Valsneset, the focus was on increasing the consistency of the physical properties of our feeds. This was achieved through better understanding of the interaction between process conditions and feed materials. As a result of what we learned, we have been able to produce feeds that are of a consistently higher physical quality yet, still improve our operational effectiveness and reduce waste.

Feed safety and sustainability

We source raw materials from all over the world and we take feed safety and sustainability extremely seriously. A dedicated team ensures that we only purchase approved ingredients from approved suppliers and our surveillance programme carefully monitors the materials we buy to make sure that we only receive goods that match our standards for integrity and safety. During 2018 and 2019 we worked very hard to eliminate the antioxidant, ethoxyquin (EQ), from our supply chain (we had already elected not to add EQ directly to the feed since 2014) and to replace it with future-proof alternatives largely based on tocopherols and plant extracts with known benefits with regard to protecting oils and fats from oxidation. Based on our in-house research, during 2019 we migrated both our raw material supply chain and our in-process sources of antioxidants to these natural types.

We expect our suppliers to be certified by globally recognised schemes e.g. IFFO RS, Pro Terra and GMP+ that uphold high standards for raw material sourcing, manufacture and transport. With the opening of our new facility in Scotland in 2019 it was necessary to introduce additional quality routines in the Feed Division in order to supply feeds for fish grown according to Label Rouge and organic standards. We are proud to say that Kyleakin passed the audits for GlobalGAP, Label Rouge and both Naturland and Soil Association organic certification at the first attempt.

We are currently working towards the introduction of the Aquaculture Stewardship Council (ASC) Feed Standard in 2020 which will add further depth to the feed-specific requirements of the existing ASC Salmon Standard.

Ultimately, Mowi is a global salmon farming company with the value of our company and our reputation being reliant on the performance and quality of the fish we grow. Feed plays a vital role in value creation for Mowi and we take our cues from our colleagues in both Farming and Markets. Understanding and maximising the contribution of our feed to the quality and reputation of the salmon is an implicit part of Mowi Feed's R&D programme.

We strongly believe that the results from the Feed R&D programme contribute substantially to value creation though both the high performance of our feeds and through the high quality of the salmon that have eaten them.



Recirculation Manager, Inchmore Scotland, Matt Paget

Innovation in Farming

In 2019, substantial tasks had been undertaken to close important knowledge gaps in both freshwater and seawater farming operations. This learning is rooted by our farmers' vast knowledge and experience, and aided and further developed by significant R&D effort in our farming operation, supported by the Mowi Global R&D and Technical Department.

Recirculating Aquaculture Systems (RAS)

Mowi freshwater farming operations and R&D and Technical Department have been following up the work plan set out in 2018 and continued work to refine and optimise global best practice recommendations for design and operation in Recirculating Aquaculture Systems (RAS).

Broad in-depth analyses and internal sharing of learnings from start-up and early operation in several large RAS facilities are still our most important activity. The Global Technical Team (GTT) for freshwater farming have met on several occasions to unify our approach to RAS technology. RAS is comparatively new, so to close knowledge gaps we continued to invest R&D resources in the *SFI CtrlAqua* research platform and other focused projects aiming to develop a complete overview of risks associated with RAS systems, and sound measures for risk mitigation.

Our R&D teams use this knowledge to shape and optimise best practice recommendations for design and operation of RAS facilities.

Semi-closed production technologies

In the area of semi-closed production technologies (S-CCS) at sea, we are still focused on post-smolt production in the *Neptun* tank, having now reared six generations of post-smolts. Focus for 2020 will include improving and securing smolt numbers, size and quality, and testing S-CCS for commercial scale.

The **Egg project** is on hold as it is not possible to construct with a steel shell. The **Marine Donut** concept was to have launched in Balsfjord, but the proposed site was declined by regional authorities so we are now looking into alternative locations in North Norway.

Optimising farming practices in seawater net pens

Mowi has long emphasised a strong commitment to further developing and optimising farming practices in seawater net pens - a suitable and most cost-effective production system. Herein lies great opportunities to use new technology to modify best practice, increase production efficiency and reduce costs.

2019 was a hallmark year for Mowi in that respect, with a significant milestone reached in our collaboration with X, Alphabet's innovation engine.

Read more about this transformative collaboration later in this section

Most Automated Farms (MAFs) and Remote Operations Centres

Our Most Automated Farms (MAFs) and related Remote Operations Centres in Mowi Norway were another major area of focus to optimise and improve net pen farming in 2019. MAF is a phased approach to assemble the net pen production platform of the future, primed for further and ultimately complete rollout throughout Mowi Farming. The MAF phase 1 scope has been concentrated around simplifying daily tasks by way of automation, and has included; implementing solutions to create a paperless working environment as a step toward our digitalization process; drone technology for improved sub-surface surveillance and a deterrent for predators; standardisation of environmental measurements; centralisation of mortality handling; cleanerfish feeding and cleanerfish accessory management.

Read more about automation and MAF in the story section under R&D.

Cleaning of nets

Advancements in our move away from high-pressure cleaning of nets to improve animal husbandry continues, with Mowi Norway demonstrating alternative net changing strategies. Mowi Scotland have continued to roll out the "Environet" concept for use on larger ring pens - where rotation of nets are used to achieve control of net fouling without biocides. Testing of autonomous cleaning equipment continued in 2019 with promising results, and several new non-copper or low-copper alternatives for net coating is under evaluation and showing potential.

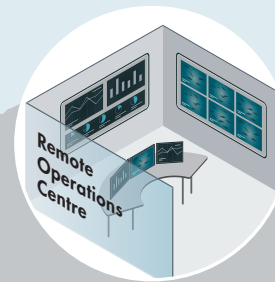
Successful management of sea lice

In our commitment to advance net pen farming, successful management of sea lice (a natural parasite found on the skin of marine fish) remains an important task in most farming regions, limiting volume growth in Mowi Norway and increasing production cost related to its management (for example, cleanerfish and increased use of wellboats). Control of *Lepeophtheirus salmonis* was in 2019 almost exclusively based on non-medicinal methods, especially in our European business units, and we continue our efforts to improve on these methods to make them as gentle as possible for our salmon. Mowi Chile has advanced large-scale testing to implement freshwater treatment in well boats and tarpaulins as a potential high-impact alternative for *Caligus rogercresseyi*, and mechanical treatment systems have been implemented in both our Chilean and Canadian operations. As the "silver bullet" for lice control remains to be discovered, Mowi Farming divisions in



Remote Operations Center, Måløy, Norway

Innovation on net pens



The Most Automated Farm and Remote Operations

- Developing Remote Feeding
- Testing Remote Expert solutions
- Enabling the Paperless farm
- Implementing new technologies to simplify and improve daily operations, e.g. optimised dead fish handling, cleaner fish feeding and predator deterrence

Net solutions

- Testing of several new antifouling solutions with less or no copper
- Continued testing of autonomous and gentle net cleaning solutions
- Validation of net-changing strategy to eliminate high-pressure cleaning in sea

Underwater drones

- Improving monitoring of nets, moorings as well as control during handling operations

Underwater cameras

- Development and testing of novel camera & winch solution to allow implementation of machine learning tools

Machine learning tools

- Developing and testing machine learning applications for real-time biomass monitoring and automatic sea lice counting
- Development and testing of AI based tools to optimise feeding and achieve autonomous feeding control

Sea lice prevention technologies

- Testing snorkel technology, as well as different combinations of preventive technologies (e.g. lice skirts, deep feeding and lights)
- Testing the use of desalination plants to provide a constant brackish water layer to mitigate new sea lice infection
- Testing the use of sea lice traps and skimmers to remove sea lice from the environment

Technology for real-time surveillance and monitoring

- Testing wireless environmental monitoring of the cage volume
- Developing technology for early detection of holes and damages to nets
- Developing and/or testing technology for continuous information about the fish population (e.g. stress level and growth)

Underwater lighting strategies

- Testing new lighting regimes to improve growth and prevent maturation

Algae mitigation tools

- Testing solutions for improved early warning of harmful algae blooms
- Developing tools for more efficient algae mitigation

Sea lice treatment technologies

- Development of passive & gentle lice control technologies to avoid handling of fish
- Developing more gentle non-medicinal treatment system based on most gentle fish pump
- Testing and documenting combinations of different non-medicinal lice treatment solutions

collaboration with our Global R&D and Technical Department, continue to test and commercially validate different preventive concepts for lice mitigation, with several large projects carried out based on a range of integrated pest management (IPM) strategies.

Biological challenges

By raising salmon in their natural environment at sea, our farming operation will face a broad range of biological challenges. Marine diseases and sea lice are the main challenges during the seawater production cycle. Our large-scale R&D efforts to close knowledge gaps on marine diseases cover all major loss factors, with special emphasis on viral and gill diseases. We continue research into transmission dynamics and risk of Piscine Myocarditis virus (PMCV), Cardiomyopathy Syndrome (CMS), and Salmon Pox Virus (SPV). Vaccine development and effectiveness trials are currently underway in Norway for Pancreas Disease (PD) and its causative agent Salmonid Alphavirus (SAV), and in Chile for Salmonid Rickettsial Septicaemia (SRS) - the latter showing positive results and resulting in reduced antibiotic use.

R&D and development license projects

In 2020, we hope to receive decisions on important R&D and development license projects that have been under development. **AquaStorm**, our concept for offshore submerged farming, was initially rejected by the Norwegian Fisheries Directorate in 2019, and an appeal to the Department of Fisheries has been delivered and is pending further progress.

Our two collaborative initiatives for large scale R&D farms - *Blue Revolution Centre (BRC)* and the existing *Centre for Aquaculture Competence (CAC)* - are also both awaiting decision from the Norwegian Directorate of Fisheries.

R&D licenses

BRC has applied for six R&D licenses to establish a R&D platform for exposed farming and the interaction between biology and technology. BRC was granted three licenses out of the six applied for in 2019, and the rejection of the remaining three licenses has been appealed to the Department of Fisheries pending further progress.

CAC received a renewal of two out of three licenses until 2026, we believe the work done at CAC warrants continuation at full capacity and scale with a total of five licenses (two licenses already approved until 2026). We have therefore appealed to retain our current capacity to ensure the execution of important large scale R&D projects - that benefit not only Mowi but the whole Norwegian industry as well as the global aquaculture sector - may continue and advance our long-standing drive for the development and validation of best practices in lice mitigation, farming practices and salmon feed and feeding practices at CAC.

Innovation in Processing

Taking from vast experience in Canada West , we continued our **focus on the Sea Harvest** concept, where fish are pumped from the farm cage to the vessel and humanely stunned and bled on-board, chilled in RSW tanks and transported promptly to the packing station. Mowi Norway South is the pilot area in Mowi where 100% of the fish will be harvested at the farm, and transported by sea harvest to the newly rebuilt and adapted processing facility. We expect that transport regulations will be stricter in the future, in part to secure improved biosecurity practices and pathogen free transport along the coast, and the Sea Harvest can be considered a golden standard in that respect as there is zero discharge of water from the boat, and all blood water is completely contained for delivery to a treatment plant for disinfection as the fish are unloaded to the packing station.

This represents a major step in reducing the biosecurity risks in the value chain as a whole, along with securing improved fish welfare and product quality in the harvesting process.

Building on the experiences from Canada West and Norway South, the concept will be further developed in new projects, and we have already phased in similar vessels in other areas to expand pilot testing in different regions.

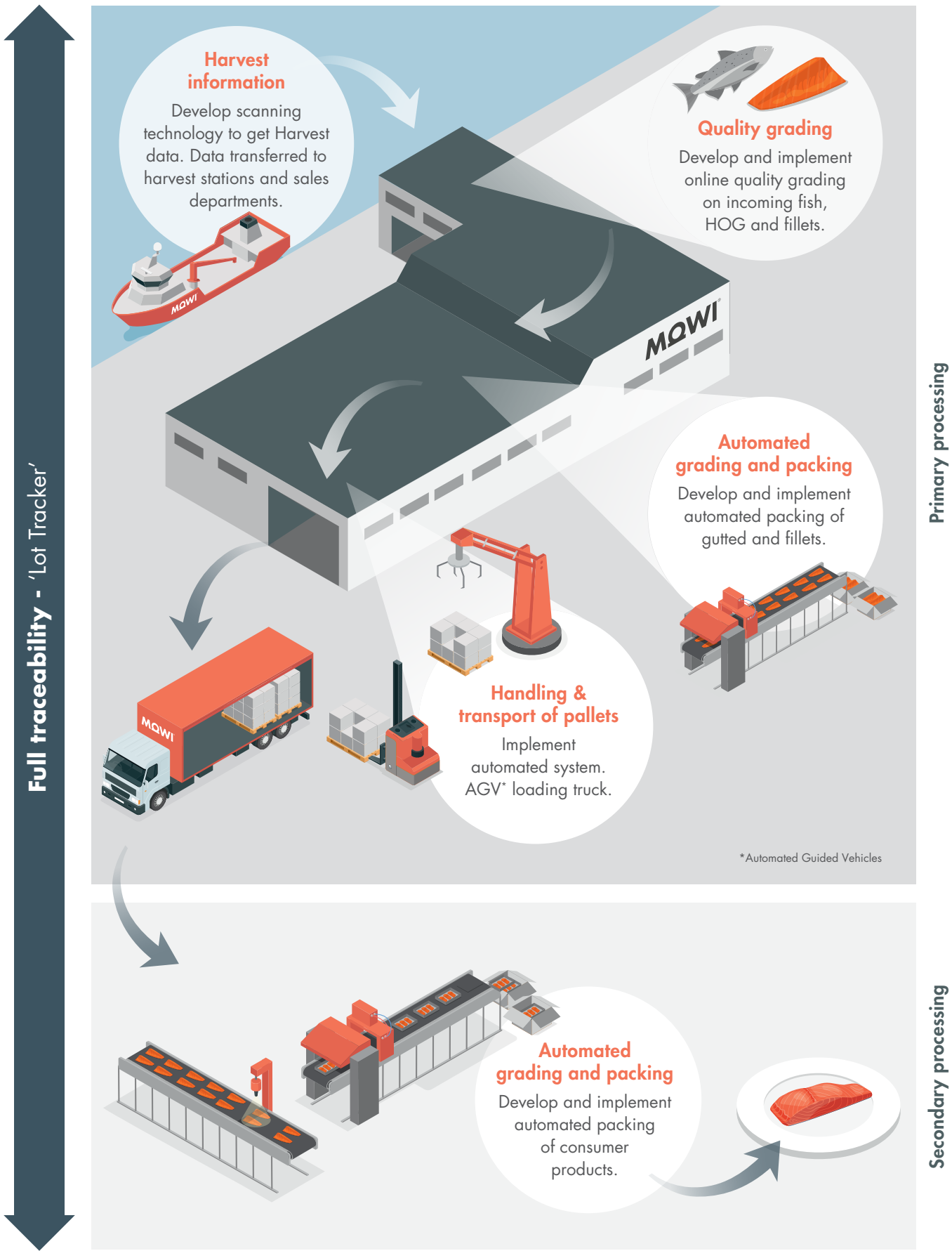
Innovative harvesting and fish transport concepts are accompanied by new developments also in the processing environment. We have been working to identify the potential to increase the rate of automation, improve production efficiency and expand our measurement of quality parameters.

In 2019, a major automation project was implemented in Mowi, where three processing facilities were selected as pilot plants with the goal of making Mowi industry leaders in process automation. Mowi further decided to establish a Global Processing Excellence team to increase productivity through scale advantage, process enhancements, automation and digitalization at our 40 factories.

The strategic suite of new solutions consist of both known and existing technology, but where appropriate solutions do not exist to fill our requirement or desire, we have executed targeted R&D projects attempting to develop such solutions.

The first proof-of-concept projects were delivered from this initiative in 2019, related mainly to technology for online grading and pallet logistics at our primary processing facilities. Read more about key automation projects and deliverables in the Mowi value chain in the chapter (STORY) Aquaculture and Automation at Mowi.

Automated processing



Mowi and X, Alphabet's innovation engine,

collaborate to make salmon farming more sustainable

With a mission to unlock the potential of our seas, a big step on the path to a more knowledge-driven and efficient sea-based aquaculture is well underway: utilising innovative sensor systems and artificial intelligence.

During the past three years, Mowi's global R&D and technical department have been researching and testing a new sensing system developed by Tidal at Alphabet's X. After an extensive research and development period involving field testing and data collection the project is now ready for commercial validation at our salmon farms.

To say Mowi farmers are excited would be an understatement, as expressed by site manager Anders Tveito who was one of the first to test the system at his farm.

"We are very excited to get this technology in the water and test how well it works, helping us with daily routines, improving our feeding and giving us more confidence that we are making the best decisions."

When I heard about what is possible with sensors and machine learning for salmon farming, I was excited to be one of the first to validate the system on our farm.

Mowi and X

Mowi is committed to Leading the Blue Revolution: working with the ocean to produce nutritious seafood for a growing population. X's technologies are designed to help tackle big world challenges with audacious solutions: turning them into products that can be the foundation for sustainable business.

Those values are indeed a match.

Tidal has been developing an advanced underwater sensing and software analysis platform that gathers intelligence on real-time growth, weight distribution and provides for example automatic lice counting without handling of fish as well as improved feeding

control to the farmer. Using a combination of new camera technology as well as machine learning and machine perception, Tidal's system is able to track and model fish behaviour, environmental conditions, and the health and welfare of our salmon over time.

"Tidal's mission is to protect the ocean and preserve its ability to support life and help feed humanity, sustainably. Our initial area of focus is on developing technologies that bring greater visibility and understanding of what's happening under the water."

"We are delighted to be working with Mowi to provide tools that we hope can help Mowi make their operations more sustainable,"

said Tidal's General Manager, Neil Davé.



Tidal sensing system at work



Bjørn Harald Nybø and Andreas Tveito inspecting Tidal's sensing system

More to sea

Tidal's technology brings multiple capabilities into a single hardware and software platform and provides farmers with real-time information, so that they can confidently manage their daily operations. By employing artificial intelligence to analyse big data, Mowi hopes to understand and respond to long-term trends in fish behaviour and thereby further optimise ocean farming.

"Mowi's vision is to be leading the Blue Revolution. As the biggest salmon farmer in the world we have a special responsibility to engage in the development of technology to improve our competitive advantage and to optimise our farming of healthy and sustainable food from the ocean."

"Thus, it is very encouraging to work with Tidal to further develop ocean farming technology,"

said Mowi CTO, Øyvind Oaland.

Henrik Trengereid, project lead at Mowi's R&D and technical department, is eager to realise the positive impact this technology may have, stating:

"If Mowi can increase salmon production, improve our production efficiency and farm salmon at a lower environmental footprint, that would be the very definition of Leading the Blue Revolution."

Enabling increased production of farmed fish without significantly increasing 'inputs' - for example using more space, more feed, more water or more energy - but simply developing and using technology to improve decision-making and finding smarter and more efficient ways of producing fish, will make our salmon an even more sustainable protein source than it already is."

Mowi's Most Automated Farm (MAF) initiative

Aquaculture and automation

Our vision to harness the potential of automation across the whole process, from farming right through to processing, is well on its way to becoming a reality following the success of some key pilot projects.

Since February 2018, a cross functional team at Mowi including representatives from IT, sea farms, biological controllers, technical managers, R&D and purchasing has been working together on a major transformative project designed to simplify farming operations.

Mowi's Most Automated Farm (MAF) initiative is being piloted in Norway and follows a global trend that is happening across aquaculture. At its heart, MAF, is exploring the potential of technology to transform seawater farming, making it a safer working environment as well as increasing the efficiency of feeding salmon.

Arnt Mjøen, IT Business Partner Feed & Farming, explains:

"We know that we can feed fish more efficiently if we have a dedicated team of people focusing on this as a core task. By creating a remote operations centre which connects multiple farms we can use sensor technology to monitor water temperature, salinity and oxygen levels of the water. Using underwater cameras, we can also observe fish behaviour very closely and modify the feeding accordingly - all at the touch of a button."

In this new model of farming, the remote operations centre can be hundreds of kilometres away. The key prerequisite is access to a high-speed internet connection, a set of system integrations and a common operations platform to oversee the process. Over the past few years, we have seen feed barges become more and more high tech and fitted with screens and computers connected to underwater cameras, sensors, systems and drones. In the MAF project, the feed barges are still required but the key element is to equip them with the needed technology and bring all the information together and present it in real time, on screens at the remote operations centre for up to 20-40 farms at the same time.

2020 looks set to be a significant year for the MAF initiative which has had two sites running since October 2019. In Q1 a new purpose-built facility will be built in Maløy on the west coast of Norway. This will be the remote operations centre and will include seven operator stations, each with six screens set to monitor different aspects, e.g. environmental data, fish behaviour, etc.

By summer 2020, it is anticipated that up to 15 farms will be connected to the new operations centre with up to 40 added to it by 2021.

Ultimately, the ambition is for all farms in Norway to be covered by two or three remote operations centres.

Automating the whole value chain to drive efficiency

The MAF initiative will ensure that we have built up data and knowledge about our fish whilst they are at sea. This informs the next step in the process when the fish arrive at our harvesting stations. The data relating to the quality of the fish can be used by our harvesting stations and by our secondary processing units to ensure that we create the most cost-efficient process. Once we combine this data and insight with technology, we can achieve end to end efficiency. Over the last few years, we have been piloting different initiatives to achieve this goal:

Online grading

In 2019, we successfully trialled online grading technology at our harvesting stations in Poland, Norway and Scotland. Detailed inspections, previously done in the lab, have been done in real time on the production line. This technology has saved time but also increased the accuracy and quality of the grading data.

This data, combined with the data acquired from the MAF project, gives us a much better insight and helps us identify the links between problems at the farms which lead to quality issues with our salmon and ultimately downgrading of our product.



Automated Guided Vehicles (AGVs)

In 2019, we successfully trialled the use of AGVs in Norway. Fish are moved on pallets from production areas to warehouses and then on to trucks by forklift. Now, with the introduction of AGVs we have essentially automated pallet logistics, resulting in improved worker safety and equipment maintenance planning.

Next steps on the road to automation

Ultimately, to really drive efficiency throughout the whole value chain, we need to replace tasks that are currently performed manually with a technological alternative, where appropriate.

Pilot projects planned for 2020/21 include automated lid assembly on boxes when the fish leave our primary processing plants as head on gutted (HOG) bound for customers or secondary processing facilities. Automated fillet packing is another project we are looking to trial in our secondary processing units in the next two years.

Odd Medhus, group manager quality and processing in Mowi's global R&D and technical department, explains:

"Our goal is to reach the point that it will not be necessary for workers to handle the fish at any point on the processing line, we see a large potential."

We will achieve this by investing in R&D to identify the best technology and machinery to automate fish processing. Ultimately, this will provide us with a blueprint for salmon processing operations around the world, improving our efficiency and also the consistency of our product."

Mowi Feed

A holistic approach to raw materials in fish feed

In 2020, Mowi will be self-sufficient with feed Requirements in Europe. Our Feed division uses between 60 and 70 raw material items, including a number of premixes which themselves contain up to 10 or 12 individual ingredients.

Our ingredients range from relatively simple commodities such as wheat grains and vegetable oils through to individual vitamins and carotenoids produced using modern fermentation, purification and formulation techniques.

We have an extensive R&D programme both in-house as well as involving partners from academic and commercial research institutions to ensure that we extract the maximum value from the materials we buy.

Nutritional requirements

All our feed formulations are created balancing raw material constraints with the necessary nutrient requirements. We specify how much of every nutrient our fish need in order to grow into premium quality salmon. This covers all the lifecycle stages of the fish from first feeding right up to the needs of broodstock.

Having specified the nutrient values we want the feed to deliver, our formulation programme matches the features, benefits, availability and cost of our ingredients to the nutrient specifications. The result is a nutritionally complete solution containing the optimal mix of ingredients required to meet our criteria.

Salmon feed has a very high nutrient density. When we combine the sum of protein, fat and starch, this comes to 80-85% of the product, leaving just 15-20% for minerals and complex carbohydrates including fibre and water.

All the nutrients and energy a growing salmon needs must fit into just one feed, so the average nutrient density of our feed ingredients is high too.

Most of today's non-fishmeal protein sources undergo processes to remove bulky carbohydrates and antinutritional factors which also make them more digestible, able to support better salmon

performance and less polluting at the farm. We therefore rely heavily on proteins extracted from wheat and corn and protein concentrates like those made from peas and soya.

Assessing the economic viability of alternative ingredients

Focusing on highly nutrient dense ingredients means that many of the materials used in terrestrial livestock feeds and some of the proposed 'novel' materials are uneconomical in salmon feed.



Chris MacRae, Kyleakin

Photo: Fish Farmer Magazine



Photo: Fish Farmer Magazine

The former is exemplified by sunflower meal which, despite being a source of highly digestible protein with a low content of antinutritional factors, is typically uneconomic in salmon feed due to its high content of complex and poorly digested carbohydrates. Similarly, the valuable nutrients in macro algae (seaweeds) are diluted by a high content of minerals and complex carbohydrates that bring bulk but no value to the formulation.

For traditional materials, the challenge is to extend the range of commodities, e.g. sunflower, field beans from which protein concentrates can be made, whilst finding profitable outlets for the co-products.

This will help to secure a realistic price point for any aquafeed materials and ensure that no materials are wasted. There is potential to use co-products from the distilling and fermentation industries. Grains can be used in the production of alcohol yielding a grain protein + yeast co-product that can be used in salmon feed.

Evaluating the nutritional performance of novel materials

A number of novel materials including insect meals, single cell proteins and products derived from micro algae have been evaluated across the aquafeed industry.

Mowi has carried out projects to characterise nutrient profiles and availability for some novel materials and used them to provide a substantial part of the nutritional value of trial feeds.

Our research shows that, with the right products and robust formulation assumptions, we can grow salmon using meaningful amounts of emerging materials without any detriment to salmon performance, health, welfare, quality and feed/food safety.

Unfortunately, many of these novel materials do not meet industry requirements in terms of nutrient content, price competitiveness, quantity and continuity of supply to make them viable alternatives to today's dominant materials of vegetable protein concentrates, fishmeals and fish oils.

Consequently, novel materials are often subsidised in the value chain with non-nutritional arguments supporting their deployment.

It's time for some 'blue sky' thinking

Our challenge is to secure effective feed materials that not only perform as sources of nutrients but do that without detriment to the more general environment and the people engaged at all levels in the supply chain. This means taking a holistic approach to raw material choices and avoiding the traps presented when looking for alternatives to single-issue ingredients.

Our focus must be to invest in smarter technology for processing existing commodities as it will be some time before novel materials play a leading role in aquafeed production. Our objective should be to improve their utility for the primary user e.g. aquafeed whilst opening up new and exciting avenues for the co-products.



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Group results

The Board's outlook

The salmon market and consumer demand proved strong also in 2019, and prices have remained high in all markets despite increased supply. At the time of the release of the annual report, the world is facing a severe global Coronavirus pandemic of which we cannot yet know the consequences. Notwithstanding the current turmoil related to the Corona outbreak, the longer-term outlook for Mowi remains positive. Through product innovation and development of the salmon category, the consumer can choose between fresh, pre-packed salmon and a wide range of elaborated products. The Board is excited about the prospects for salmon and the many opportunities in both developed and emerging markets.

Governance

We consider good corporate governance a prerequisite for generating shareholder value, as well as achieving a low cost of capital and merit investor confidence. We hold the view that our current policies for corporate governance are in line with the latest version of the Norwegian Code of Practice for Corporate Governance.

Board of Directors' report

2019 was another good year for Mowi with record high volumes in all business areas and good prices on continued strong demand for our products. Highlights from 2019 include the start-up of feed production in our new plant in Scotland, the acquisition of Norwegian salmon farmer K. Strømmen, the successful initial launch of the MOWI brand and the ranking as the world's most sustainable protein producer. Going forward, Mowi plans to grow further in all business areas. In Farming, we are focusing on improving operations and license utilization. In downstream, we continue the launch of the MOWI brand in new markets.



"Our vision is 'Leading the Blue Revolution' and our ambition is to be a world-leading, integrated producer of seafood proteins. In 2019, Mowi was ranked as the world's most sustainable protein producer by the Collier FAIRR index. This is very encouraging, and it inspires us to continue to improve our company. We will continue to capitalize on our integrated value chain and be the leader in key areas from fish feed production to meeting the needs of the market, and this is also essential for developing our unique MOWI brand."

Ole-Eirik Lerøy,
Chair of the Board of Directors

2019 in brief

2019 was a record year for revenues and the third best ever for profitability. Once again a new record was set for the top line, with total revenues amounting to EUR 4 135.6 million, which was 8.5% above the previous record from 2018. The revenue increase is mainly attributable to 12.7% higher sales volumes. realised prices were somewhat reduced from 2018 on increased market supply for salmon, although prices were still good in all markets. Good contract prices also contributed positively to the results.

Farming volumes were all-time high in the year and increased by 16% to 435 904 tonnes. 2019 marked the first full year with farming operations in Mowi Canada East. In Norway, Mowi acquired the farmer K. Strømmen Lakseoppdrett AS with four licenses. The total blended farming cost in box per kg was marginally up in 2019 versus 2018 on higher feed prices and increased mortality costs.

In Consumer Products, Mowi commenced the initial launch of the MOWI brand in 2019. The Board is very excited about the many opportunities the branding strategy represents. However, the MOWI roll-out is still in an early phase, and the predominant majority of volumes and earnings are still related to non-branded products. In 2019, the brand was launched in Poland and in the foodservice segment in France. While the development in Americas was especially encouraging in 2019, earnings in Europe were negatively impacted by fierce competition in the value-added segment. However, sold volumes were all-time high

and ended at 196 272 tonnes end-product weight, which was an increase of 10.1% compared with 2018.

2019 was an important year for the Feed segment. The construction of Mowi's second feed plant, in Kyleakin in Scotland, was completed in the summer. The plant then entered into the commissioning phase and started to produce and sell feed to Mowi's farming operations in the UK, Ireland and the Faroes. Mowi is now self-sufficient with feed in Europe. Feed production in the Norwegian plant reached a new all time high of 353 310 tonnes in 2019 and the Scotland plant produced 51 883 tonnes. Profitability for the Feed segment was impacted by completion and start-costs for the new plant.

Group Operational EBIT for the year reached EUR 720.9 million, compared with EUR 752.8 million in 2018. ROCE of 19.9% was significantly above our long-term target of 12%, while NIBD ended the year at EUR 1 337.2 million, below the long-term target level of EUR 1 400 million. A dividend per share of NOK 10.40 per share was paid to shareholders in 2019, which was the same as in 2018.

Financial EBIT decreased to EUR 617.0 million in 2019 from EUR 925.4 million in 2018. The reduction of EUR 308.4 million was mainly explained by EUR 32.0 million lower operational earnings and EUR 274.9 million lower net fair value adjustment on bio-mass over profit and loss mainly due to lower forward prices and reduced biomass in sea per year-end.



The Mowi Group

At Mowi, we believe the right way to supply a growing world population with healthy, nutritious protein products is by sustainably farming the ocean. Our vision is “Leading the Blue Revolution” and our ambition is to be a world-leading, integrated producer of seafood proteins. In order to achieve this, we aim to capitalise on our integrated value chain and be the leader in key areas from fish feed production to meeting the needs of the market.

We are the world's largest producer of farm-raised salmon, both by volume and revenue, offering fresh, whole salmon, processed salmon and other processed seafood products to customers in approximately 70 countries. We currently engage in three principal types of production activities:

- Salmon feed production in Norway and Scotland;
- Salmon farming and primary processing of salmon in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands; and
- Secondary processing of seafood in Norway, Scotland, Ireland, Poland, France, Germany, Belgium, the Netherlands, the Czech Republic, Spain, Turkey, Sweden, Chile, Canada, United States, Japan, Vietnam, Taiwan, China and South Korea.

Our second feed plant at Kyleakin on the Isle of Skye, Scotland started production in 2019. This marked an important milestone for Mowi and we will be self sufficient with high quality fish feed in Europe during 2020. With our investments in Feed, we expect to obtain lower net costs as well as improved growth, lower feed conversion rates and higher product quality. The Feed segment is also important for Mowi's sustainability and branding strategies.

In our Farming operations, the company is focused on capitalising on the many organic growth opportunities within the current license footprint. In 2019, Mowi also acquired K. Strømmen Lakseoppdrett AS, a salmon farmer located on the West Coast of Norway for a transaction price of NOK 790 million. The benefits of the acquisition include expansion in an area where Mowi has a strong position. In 2019, we continued to expand our smolt facilities. The new facilities will enable production of larger smolt of higher quality less susceptible to biological challenges. Furthermore, we made progress in several ongoing Farming projects, including the development of various improvements to our existing farming facilities, the Most Automated Farm remote operations initiative and the collaboration with X, Alphabet's innovation engine. The latter project aims to track and model fish behaviours, environmental conditions, and fish health using new camera technology and machine learning.

To further support our farming activities, DESS Aquaculture Shipping (“DESS Aqua”) was established as a joint venture in 2016

for the purpose of building, owning and operating aquaculture vessels. Mowi owns 50% of DESS Aqua. DESS Aqua currently runs a fleet of nine vessels. The company also has a newbuilding program of three vessels. During 2019, Mowi increased its investment in this company by EUR 16.9 million to EUR 58.7 million.

In downstream, we currently operate 29 secondary processing facilities, and the largest are located in Europe: Ustka, Poland; Bruges, Belgium; Rosyth, Scotland; and Boulogne, France. To achieve our ambition of growth in sales of both new and existing products, production capacity must also increase. In 2019, operations commenced at our new processing plant in Shanghai, our first in China. In the US, our operations in Miami moved to a new facility more than twice the size of the previous plant. China and the US are important areas of growth for salmon consumption, and demand growth is fuelled by product development and improved availability. With our new plants in the US and China, Mowi is well positioned for further growth.

The MOWI brand was launched in Poland and in the foodservice segment in France in 2019. In 2020, the roll-out continues in the retail segment in France and in the e-commerce segment in the US. Our exciting branded product line provides customers with added value in taste, convenience, nutrition and traceability.

Our commitments to the sustainable development of the industry include our ASC (Aquaculture Stewardship Council) certification project. Mowi is the industry leader in ASC certification of seawater sites, and at year-end 2019, we had 99 sites certified. This represents 37% of our sites. The sustainable development of our industry requires improved solutions for the sea lice challenge, and Mowi is working on several different initiatives to address this, including technology projects, improved treatment capacity and investments in our freshwater facilities.

Financial Results

Financial results are created through interaction between people, the natural environment and technology. Our goal is to find an optimal combination of these elements to create long-term success, whilst understanding that our growth must be environmentally, socially and financially sustainable. We use key performance indicators within our four interrelated guiding principles, Profit, Planet, Product and People to measure the Group's progress. This contributes to sustainable long-term results for all stakeholders. Developments with regard to key performance indicators within each guiding principle are discussed in detail in separate sections in this Integrated Annual Report.

GROUP RESULTS

Set out below are our consolidated statements of operational data for the years ended December 31, 2019 and 2018.

CONSOLIDATED INCOME STATEMENT DATA

	IN EUR MILLION		Change in EUR	AS % OF REVENUE	
	2019	2018		2019	2018
Revenue and other income	4 135.6	3 811.9	323.7	100.0%	100.0%
Cost of materials	-1 982.8	-1 812.2	-170.6	-47.9%	-47.5%
Net fair value adjustment biomass	-127.5	146.4	-273.9	-3.1%	3.8%
Salary and personnel expenses	-563.5	-505.0	-58.5	-13.6%	-13.2%
Other operating expenses	-585.6	-589.9	4.3	-14.2%	-15.5%
Depreciation and amortization	-287.1	-153.4	-133.7	-6.9%	-4.0%
Onerous contracts provision	5.3	-6.1	11.3	0.1%	-0.2%
Restructuring costs	-19.2	0.3	-19.5	-0.5%	0.0%
Other non-operational items	-2.4	-1.0	-1.4	-0.1%	—%
Income/loss from associated companies and joint ventures	48.7	45.5	3.2	1.2%	1.2%
Impairment losses	-4.5	-11.0	6.5	-0.1%	-0.3%
Earnings before financial items (EBIT)	617.0	925.4	-308.4	14.9%	24.3%
Interest expenses	-70.2	-50.0	-20.2	-1.7%	-1.3%
Net currency effects	31.6	-17.7	49.3	0.8%	-0.5%
Other financial items	29.0	-125.5	154.5	0.7%	-3.3%
Earnings before taxes	607.4	732.2	-124.8	14.7%	19.2%
Income taxes	-131.2	-165.0	33.8	-3.2%	-4.3%
Net earnings from continuing operations	476.3	567.2	(90.9)	11.5%	14.9%
Non-IFRS measures					
Operational EBIT	720.9	752.8	-32.0	17.4%	19.7%
ROCE %	19.9%	24.9%	-5.0%		

The financial information includes certain APM non-IFRS measures used to evaluate our economic and financial performance. For further information, please see Part 4 Analytical section.

The table above demonstrates that cost of materials and salary/ personnel costs increased slightly relative to revenue. Other operating expenses increased relative to revenue when adjusting for the implementation of IFRS 16. In recent years, costs have been under pressure from several factors which include challenging biology, increased feed prices and increased regulatory/compliance costs. In order to address the negative development, Mowi completed a global cost savings program in 2018 with EUR 61 million in annualized savings, and a new program in 2019 with EUR 41 million in annualized savings. The company will ensure that the initiatives do not compromise safety, quality and growth.

Revenue and volume

Revenue and other income for the year ended December 31, 2019 totaled EUR 4 135.6 million, an increase of 8.5%, or EUR 323.7 million compared with the EUR 3 811.9 million achieved in 2018. The revenues achieved in 2019 were our highest ever, and the year-on-year increase from 2018 was mainly driven by higher sales volume. Demand for salmon was strong in all markets in 2019, hence prices remained at high levels. Mowi achieved a combined global price that was 1% below the weighted reference price in both 2019 and 2018. Relative to the reference price, contract sales made a positive contribution in both years.

Sales volumes increased by 12.7%. The increase in Consumer Products was 10.1%, partly explained by higher bulk volumes. The Group harvested a total of 435 904 tonnes gutted weight in the year ended December 31, 2019. This was 60 667 tonnes, or 16.2%, more than the year before, and volumes increased in all regions except the Faroes. In Norway, the increase in harvest volume of 6 453 tonnes was due to Region South and North on higher smolt stocking and improved biological performance, partly offset by lower volume in Region Mid as a consequence of biological issues. In Scotland, volumes increased by as much as 26 992 tonnes on higher smolt stocking and improved biological performance compared with the generation harvested in 2018. In Chile, volumes increased by 12 523 tonnes on higher smolt stocking. Volumes in Canada increased by 15 142 tonnes due to a full year of operations in Canada East and also early harvest in Canada West due to biological challenges. In Ireland and Faroes, volumes were relatively stable, with a change of 412 tonnes and -785 tonnes respectively.

Cost of materials

The cost of materials for the year ended December 31, 2019 totalled EUR 1 982.8 million compared with EUR 1 812.2 million in 2018, which is an increase of 9.4%. The main reason for the increase is higher volumes. Measured per kg, costs in Feed increased somewhat on higher raw material prices. In Farming, costs released from stock per kg increased somewhat on higher feed prices. In Sales & Marketing, costs per kg decreased in 2019.

Salary and personnel expenses

Total salaries and personnel expenses for the year ended December 31, 2019 totalled EUR 563.5 million. The increase from 2018 of 11.6% was due to more FTEs and increased cost per employee. The increase was partly explained by the first full year of operations in Canada East and also the start-up of Feed operations in Scotland. Measured in percentage of revenues, salary and personnel expenses were 13.6% in 2019 and 13.2% in 2018.

Other operating expenses

This line item was impacted by the implementation of IFRS 16 from 2019, as leasing costs which were previously reported as other operation expenses are part of depreciation costs and interest costs from 2019. When adjusting for the effects of IFRS 16, other operating expenses increased by EUR 117.6 million or 19.9% in 2019. Measured in percentage of revenues, other operating expenses increased to 17.1% in 2019 from 15.5% in 2018, mainly explained by higher maintenance costs and rentals costs, including wellboats. Costs are also negatively impacted by compliance costs and legal advisers.

Net fair value adjustment and onerous contacts provision

We recognised a net fair value adjustment of negative EUR -127.5 million for the year ended December 31, 2019, compared with positive EUR 146.4 million in 2018. The change in the onerous contracts provision in 2019 was positive in the amount of EUR 5.3 million compared with a negative effect of EUR -6.1 million in 2018. The net effect of these line items is a negative adjustment of EUR 122.3 million in 2019 compared with a positive adjustment

of EUR 140.3 million in 2018. This development is explained by lower forward prices and reduced biomass in sea per year-end. For more information, please refer to Note 6 to the Group financial statements.

Restructuring costs

In 2019, we recognised EUR 19.2 million in net restructuring costs, of which EUR 18.7 million in Kritsen, France related to the fire at the old plant and the subsequent reorganization of the business entity. For more information, please see Note 30 to the Group financial statements.

Income/loss from associated companies and joint ventures

Income from associated companies and joint ventures of EUR 48.7 million in 2019 was relatively stable compared with EUR 45.5 million in 2018. This is mainly related to our associated company Nova Sea AS in Norway. For more information, please see Note 21 to the Group financial statements.

Impairment losses

The main impairment losses recognised in 2019 relate to impairment of assets no longer in use in Chile, Canada West and Norway. The total cost for 2019 was EUR 4.5 million, which was a significant reduction from EUR 11.0 million in 2018 due to the fire in Kritsen in July 2018.

Earnings before financial items (EBIT)

As a result of the items described above, in addition to non-operating items and depreciations costs, our EBIT came to EUR 617.0 million in the year ended December 31, 2019, compared with EUR 925.4 million in 2018.

Operational EBIT

Group Operational EBIT decreased by 5.0% from EUR 752.8 million in 2018 to EUR 720.9 million for the year ended December 31, 2019. This change was mainly the result of lower achieved prices in Farming and fierce competition in the value-added segment in Europe.

Return on capital employed (ROCE)

We achieved a return on capital employed (ROCE) of 19.9% in 2019, well above our long-term target of 12.0%. The comparable figure for 2018 was 24.9%.

Financial items

Interest expenses increased from EUR 50.0 million in 2018 to EUR 70.2 million in 2019. Interests were impacted by the implementation IFRS 16. When adjusting for this effect, interest expenses amounted to EUR 58.9 million in 2019, i.e. an increase of 17.9% from the previous year. The average net interest-bearing debt for 2019 came to EUR 1 187.2 million compared with EUR 934.6 million in 2018, i.e. an increase of 27.0%. Net interest-bearing debt at year-end totalled EUR 1 337.2 million.

Net currency effects for the year ended December 31, 2019 amounted to EUR 31.6 million, compared with EUR -17.7 million in

2018. Adjusted for the implementation of IFRS 16, net currency effects in 2019 were EUR 28.4 million. The positive currency effect in 2019 was driven by revaluation of working capital items and unrealised currency gain on hedges.

For the year ended December 31, 2019, other financial items totalled EUR 29.0 million compared with negative EUR -125.5 million in 2018. The 2018 figure was impacted by the EUR 142.4 million negative change in fair value of the conversion liability component of the last convertible bond which was converted in 2018. The remaining increase from 2018 to 2019 of EUR 12.2 million is mainly explained by positive fair value development for the remaining interest swaps.

For more information about financial items, please see Note 12 to the Group financial statements.

Income taxes

For the year ended December 31, 2019, we recognised a tax expense in profit and loss of EUR 131.2 million, compared with EUR 165.0 million in 2018. The main driver for the lower tax expense was lower earnings. For more information, including a full reconciliation between earnings before taxes and the tax expense, please see Note 15 to the Group financial statements.

Profit and loss for the year

As a result of the foregoing, our profit and loss for 2019 came to EUR 476.3 million, down EUR 90.9 million from EUR 567.2 million for the year ended December 31, 2018.

BUSINESS AREAS AND SEGMENTS

Feed

Operational EBIT for Feed was EUR 22.4 million in 2019, which was higher than the previous year (EUR 9.6 million) on higher volume and improved margin from 2.3% in 2018 to 4.3% in 2019. Feed prices continued to increase in 2019, with the main driver being higher underlying raw material prices. In addition to increased costs related to input factors such as fish oil and fish meal, costs in 2019 have been negatively impacted by the construction phase of the new feed plant in Scotland.

Our Norwegian plant in Bjugn produced 353 310 tonnes of feed in 2019 (348 402 in 2018), which was record-high. Our Norwegian farming operations were 88% supplied by our own feed (97% in 2018), and the reduction from 2018 was due to an agreement with an external feed supplier in Norway related to the peak season. The new plant in Kyleakin, Scotland, opened in the summer of 2019 and produced 51 883 tonnes of feed in the second half of 2019. This ensured a 91% self-sufficiency rate in Scotland in the fourth quarter of 2019. Estimated production capacity is 240 000 tonnes for the new feed factory. Following our self-sufficiency strategy on feed, Mowi Feed continues to develop its range of products, including fresh water, organic and cleaner fish diets.

Farming

Farming’s Operational EBIT totalled EUR 602.2 million in the year ended December 31, 2019, compared with EUR 625.2 million in the year ended December 31, 2018. The decrease was mainly due to lower achieved prices. The volume harvested of 435 904 tonnes was all-time high and increased by 16.2% from 2018 to 2019. 2019 was the first year with full operations in Canada East, and in Norway, Mowi acquired the salmon farmer K. Strømmen Lakseoppdrett AS in Region Mid. 2019 was a year with several incidents in our Farming operations, the largest one being a mass mortality incident in Canada East due to a prolonged period of high seawater temperatures. This impacted costs and operations negatively. Total cost in box per kg for Mowi Farming increased by 3.3% due to higher feed prices and increased mortality costs. Cost in box per kg decreased in Scotland and Chile, and increased in the other regions.

For details of our farming entities' operational performance, please see the comments under Operational performance by country of origin in Part 2 of this Integrated Annual Report.

Sales & Marketing

Our Sales & Marketing operations consist of the reporting segments Markets and Consumer Products.

Markets

Markets’ Operational EBIT for the year ended December 31, 2019 came to EUR 75.2 million, compared with EUR 50.5 million in 2018. The 2019 Operational EBIT comprised EUR 50.3 million from Markets Europe, EUR 5.7 million from Markets Asia and EUR 19.2 million from Markets Americas, compared with EUR 37.9 million, EUR 1.5 million and EUR 11.2 million, respectively, in 2018. The improvements are mainly related to higher volumes from all origins. In Europe, this was mainly due to improved volumes in Scotland.

Consumer Products

Mowi Consumer Products is geographically organised, but constitutes one reporting segment. Consumer Products' Operational EBIT for the year ended December 31, 2019 came to EUR 38.6 million, compared with EUR 88.5 million in 2018. The main explanation for the decrease is fierce competition in the European value-added segment, partly offset by improved earnings in Americas. The volume sold increased by 10.1% compared with 2018, ending at 196 272 tonnes end-product weight. The increase is partly explained by higher bulk volumes. In 2019, the initial launch of the MOWI brand was performed in Poland and in France foodservice. While the MOWI roll-out is still in an early phase, this was an important milestone on the path of transforming Mowi from a producer of commodities to branded products.

LICENSES

The recognised book value of our fish farming licenses in our Statement of Financial Position was EUR 858.0 million and EUR 781.4 million at December 31, 2019 and 2018 respectively. The

increase is mainly attributable to the four licenses in K. Strømmen Lakseoppdrett AS following the acquisition in 2019, amounting to EUR 60.4 million. Measured in EUR per kg salmon harvested, book license values were EUR 2.0 and EUR 2.1 in 2019 and 2018 respectively. In Chile, we have significant unused license capacity. In other business units, our current harvest volumes are closer to the capacity under the current operating regime. The size of the smolt put to sea influences the production capacity of our sea water operations in the jurisdictions where maximum allowed biomass (MAB) regulations apply. Larger smolts will result in increased harvest per license in these regimes. We are currently in the process of increasing our smolt capacity to allow for the production of bigger smolt.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash on hand, revenues generated from our operations and, to a lesser extent, loans and other financing arrangements. Our principal needs for liquidity have been, and will probably continue to be, costs of raw materials, including fish feed, other working capital items and capital expenditures, to service our debt, and to fund dividend payments and acquisitions. We believe that our liquidity is sufficient to cover our working capital needs in the ordinary course of business.

In 2019, Mowi issued an unsecured 7-year EUR 150 million Schuldschein loan with coupon of EURIBOR + 170 bps. In January 2020, Mowi issued the first green bond in the seafood sector. The EUR 200 million senior unsecured 5-year green bond has a coupon of EURIBOR + 160 bps.

Our NIBD totalled EUR 1 337.2 million as of December 31, 2019, compared with EUR 1 037.2 million as of December 31, 2018. The long-term NIBD target remained unchanged in 2019 at EUR 1 400 million and Farming NIBD/kg of EUR 2.2.

CASH FLOW

Cash flow from operations

Cash flow from operations for the year ended December 31, 2019 came to EUR 759.0 million, compared with EUR 620.9 million for 2018. Adjusted for the effects of IFRS 16, cash flow from operations was EUR 625.6 million in 2019, i.e. relatively stable from the year before, as the effects of lower operational earnings and higher tax payments were offset by lower working capital tie-up and cash inflow from insurance payments related to Kritsen.

Cash flow from investments

Cash flow from investments for the year ended December 31, 2019 came to EUR -308.3 million, compared with cash flow from investments of EUR -563.7 million in 2018. Cash flow from investments in 2019 is mainly related to the cash settlement of the acquisition of K. Strømmen Lakseoppdrett AS for EUR 51 million, increased investment in the joint venture DESS Aqua for EUR 15 million and net capital expenditures of EUR 286.2 million, partly offset by

cash inflow of EUR 44.9 million from associated companies, mainly dividends from Nova Sea AS.

Cash flow from financing

Cash flow from financing for the year ended December 31, 2019 came to EUR -428.2 million, compared with EUR -22.0 million for 2018. The impact on cash flow from financing by the implementation of IFRS 16 is EUR -122.2 million. The other main change from 2018 is lower proceeds from new interest-bearing debt. In line with our dividend policy, dividends amounted to EUR 544.9 million in 2019 compared with EUR 532.4 million in 2018.

MOWI ASA PROFIT FOR THE YEAR

With effect from 2019, the parent company of the group, Mowi ASA, merged with Mowi Norway AS. The parent company made a profit for the year ended December 31, 2019 of EUR 727.9 million, compared with EUR 197.6 million in 2018. Net profit is allocated to other equity. Of total net profit for the merged company of 727.9 million, EUR 322.4 million is attributable to the Farming Norway part of the company. Net profit for the merged company also includes EUR 401 million in dividends from subsidiaries recognized over profit and loss as part of the internal merger process.

Operational earnings for salmon of Norwegian origin across the value-chain in 2019 was EUR 485.9 million (EUR 545.6 million in 2018). Of this amount, EUR 416.1 million (EUR 451.2 million in 2018) was related to operational earnings in Farming Norway which is part of Mowi ASA from 2019. The reduction from 2018 is mainly related to lower achieved salmon prices. For more comments related to the Norwegian farming operations, which represent the main part of operational activities in the parent company from 2019, please refer to the Operational Performance subsection of the Profit chapter in Part 2 of this report. Operational earnings for the Corporate segment was EUR -17.5 million in 2019 (EUR -21.0 million in 2018).

DIVIDEND

Mowi ASA paid a dividend per share of NOK 10.40 in 2019 and 2018.

Going Concern

The Board confirms that the financial statements have been prepared on the assumption that the Company is a going concern, in accordance with section 3-3a of the Norwegian Accounting Act, and that such an assumption is justified. This confirmation is based on the reported results, the Group’s business strategy, financial situation and established budgets.

Risk and Risk Management

We categorize risk based on the COSO enterprise risk framework, which divides risk into four categories:

1.

Operational risk
2.

Strategic risk
3.

Reporting risk
4.

Compliance risk

We consider our operational risk to cover several individually important subcategories, and have therefore chosen to divide our operational risks into the following sub-categories:

- a.

Risks related to the sale/supply of our products
- b.

Risks related to government regulations
- c.

Risks related to our fish farming operations
- d.

Risks related to our supply of fish feed and feed operations
- e.

Risks related to our industry
- f.

Risks related to our business
- g.

Risks related to our financial arrangements
- h.

Risks related to tax and legal matters
- i.

Risks related to climate change

All risk categories could, if not properly managed, have material adverse effects on our business operations and financial results. Each risk category includes one or more identified risks factors that individually and/or in combination with others could significantly affect our performance. For a complete overview of our identified risks, please see section Risk and Risk Management in Part 4 of this Integrated Annual Report.

RISKS RELATED TO OUR FINANCIAL ARRANGEMENTS

Financial risk

The Group monitors and manages the financial risks arising from its operations. These include currency risk, interest rate risk, credit risk and price/liquidity risk.

Currency risk

Several business units carry out a large number of business transactions in currencies other than their domestic currency. For the Group, the relative importance of these transactions is substantially larger on the revenue side than on the cost side. To mitigate potential fluctuation effects on our cash flows, we maintain a foreign exchange strategy designed to manage these exposures both in the short and long term. The Group has defined a hedging strategy for each of Mowi's units.

The Group's predominant currency is EUR, which accounts for more than 50% of net cash flow. Since the establishment of the Group in 2006, Mowi has managed its cash flow in EUR and has used EUR as its main financing currency. From January 1, 2016 the Group's financial reporting currency was changed from NOK to EUR, which has made the reporting currency consistent with a

significant portion of the Group's cash flow, cash flow management and financing. The functional currency of the parent company Mowi ASA was also changed from NOK to EUR at the same time. From January 1, 2018, all of our Norwegian subsidiaries apply EUR as their functional and reporting currency.

Interest rate risk

Our financing is generally at floating interest rates. It is Mowi ASA's policy to hedge the Group's long-term interest-bearing debt by currency, including external interest-bearing debt and leasing in the parent company or subsidiaries, through fixed-interest or interest-rate derivatives.

Over time, Mowi ASA shall hedge 0%-35% of the Group's long-term interest-bearing debt by currency through fixed-interest or interest-rate derivatives for the first 5 years, and 0% at fixed rates thereafter. Interest-bearing debt includes external interest-bearing debt and leasing in the parent company or subsidiaries. The interest rate hedges shall be based on the targeted currency composition. Interest rate exposure in currencies other than EUR, USD, GBP and NOK shall not be hedged. All interest-rate hedging shall be undertaken by the parent company. At year-end 2019 the Group had a portfolio of interest swaps with a net negative market value of EUR 29.5 million after a decrease in market value during 2019 of EUR 29.1 million (28.9 million).

Credit risk

We are exposed to the risk of losses if one or more contractual partners fail to meet their obligations. To mitigate this risk the Group trades only with recognised, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms be subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and as a rule the Group's trade receivables are fully credit insured. The Group monitors its exposure to individual customers closely and is not substantially exposed in relation to any individual customer or contractual partner as of December 31, 2019. The maximum exposure is disclosed in Note 17 to the Group financial statements.

The Group enters into derivative transactions only with counterpart with which it has an established business relationship.

Price/liquidity risk

The Group continuously monitors its liquidity, and estimates expected liquidity developments on the basis of budgets and monthly updated forecasts from the units. Mowi's financial position depends heavily on developments in the spot price for salmon, and these prices have historically been volatile. As such we are exposed to movements in supply and demand for salmon. We have to some extent mitigated our exposure to spot prices by entering into bilateral fixed-price/volume contracts with our customers. The contract share has normally varied between 20% and 50% of our sold volume, and the duration of the contracts has typically been three to twelve months. Furthermore, we reduce our exposure to spot price movements through value-added processing activities and the tailoring of products to specific customer requirements. Other key liquidity risks include fluctuations

in production and harvested volumes, biological issues, and changes in the feed price, which is the most important individual factor on the cost side. Feed costs are correlated to the commodity prices of the marine and agricultural ingredients.

Leverage and capital access risk

Leverage and capital access i.e. capital management refers to the process of acquiring and utilizing capital in the most efficient manner given the available alternatives.

Capital access risk

Feed production, salmon farming and seafood processing are capital-intensive industries. Our future development and growth may depend on access to external capital in the form of debt and/or equity capital. Access to borrowed capital is continuously monitored and we maintain a continuous dialog with our lenders.

Leverage risk

We have significant indebtedness. Our current debt is on favourable terms including the syndicated loan facility. The syndicated loan facility sets forth an equity ratio as the only financial covenant. The remaining portfolio of interest-bearing debt does not include more restrictive financial covenants. Mowi complied with the covenant in its loan agreements during 2019 and the close of the year. Details of the Group's main loan programs are described in Note 11 to the Group financial statements.

For further information about our financing arrangements, capital management and risk management, please see Notes 11 and 13 to the Group financial statements.

REPORTING RISK

On February 17, 2017, Mowi ASA's Board of Directors resolved to delist Mowi's American Depositary Shares (ADSs), from the New York Stock Exchange (NYSE) and to terminate the registration of the ADSs and shares under the U.S. Exchange Act. Since March 9, 2017, our shares have been listed on the Oslo Stock Exchange only. Following the delisting and deregistration from NYSE, Mowi remains subject to the rules of the Oslo Stock Exchange and other Norwegian and European Union financial market regulations, but is no longer subject to the Sarbanes-Oxley Act of 2002 section 404 - internal control over financial reporting.

For further information regarding the Group's internal control procedures, please refer to Corporate Governance in Part 3 of this Integrated Annual Report.

Sustainability

We live in a world that is facing major environmental challenges, including climate change and the depletion of natural resources, but also a world where future food production needs to match global demand. Fish farming can improve the world's standard of living by producing food that is both highly nutritious and of

high quality, while at the same time delivering a reduced carbon footprint. Fish farming is one of the most climate-friendly ways of producing protein from animal husbandry. Eating salmon instead of land-based animal proteins would, by itself make a difference to climate change.

Delivering continuous excellence means tackling environmental challenges in a holistic way. In 2019, we launched Mowi's sustainability strategy, Leading the Blue Revolution Plan. This strategy aims at aims at inspiring, leveraging and guiding our day-to-day actions and decision-making so that we can realize our vision of Leading the Blue Revolution. It includes our targets on key areas including GHG emissions, plastic reduction, eco.efficient value chain, freshwater use, waste management, sea lice, fish health and welfare, medicinal use, sourcing of feed raw materials and ASC certification. Our ASC-certification projects have helped us target improvements in key areas, including fish escapes, nutrient release, biodiversity, use of medicines and sustainable feed ingredients. In addition to environmental indicators, the ASC standard also contains numerous social indicators to ensure that salmon farming is undertaken not only in an environmentally responsible manner, but also in a socially acceptable one.

For a detailed review of how Mowi works to secure sustainable operations, please see Part 2 of this Integrated Annual Report and the Leading the Blue Revolution Plan available at mowi.com.

FACTORS THAT MIGHT INFLUENCE THE ENVIRONMENT

From a global perspective, the two most significant challenges related to food production are greenhouse gas emissions and the feed used for animal protein production. We consider these challenges to represent opportunities for the salmon farming industry, as farmed salmon utilizes significantly less feed than competing agricultural protein sources, and causes lower emissions of greenhouse gases.

Salmon farming is climate friendly food production

When comparing the carbon footprint of farmed salmon with that of traditional meat production, the salmon footprint comes out at 7.9 kg carbon equivalent per kg of edible product, whereas pork and beef produce, respectively, 12.2 kg and 39 kg carbon equivalent per kg of edible product. Farmed salmon is also an excellent protein and energy converter compared with alternative meat sources. Producing proteins by farming salmon with sustainable sourced feed is therefore good resource management.

The use of feed for animal protein production

Continuous access to sustainably managed feed ingredients is a prerequisite for the salmon farming industry. Over the past ten years, we have been able to reduce our dependence on marine raw materials (fish meal and fish oil) in salmon feeds by 50%. This is made possible by a significant substitution of marine raw materials by vegetable sources and the use of high-quality by-products from poultry in Chile and Canada. However, such an improvement brings new challenges, including the use of sustainably sourced

vegetable ingredients and a continuous effort to source marine ingredients from responsibly managed fisheries.

We believe the coming years will be key to finding alternative EPA and DHA-rich sources that could further reduce our dependence on fish oil. Our efforts to source sustainable feed ingredients will always go hand-in-hand with the goal of ensuring that our salmon remain a rich source of Omega-3 fatty acids.

Farming activities with a potentially negative environmental impact

We are committed to developing our business in a way that safeguards the planet's natural capital, including its biodiversity. Our fish farming operations may impact the environment as a result of sea lice, medicinal treatments, fish escapes and nutrient release. All farming systems have an impact, but it is up to us to ensure that ours is kept to a minimum, and that all impacts are measured and controlled.

Sea lice

Since we launched our updated strategy for sea lice management in 2015, we have significantly increased our R&D activities to find new and better ways to manage sea lice. In 2017 we established the Lice Action Team, tasked with developing novel solutions for safe and cost-efficient sea lice control. At operations with non-medicinal treatment systems, an average of 68% of all treated fish were treated using non-medicinal tools. We continuously track the average monthly percentage of sites above statutory sea lice limits in each business unit. The % of sites above national lice limits at any time for Mowi Group, Noway, Scotland and Canada were comparable with 2018. Increases were observed in Faroes and Chile, and to a lesser extent in Ireland, where several factors including environmental challenges, limited access to non-medicinal treatment systems and higher lice challenge pressure hampered integrated lice management.

We observed an unsatisfactory increase in losses associated with sea lice treatments in 2019, which further emphasises the need to strengthen our efforts to develop integrated approaches and more gentle non-medicinal treatment systems for lice control.

Medicinal treatments

Licensed medicines for sea lice control are prescribed and used only when required, and under the supervision of authorized veterinarians and fish health professionals. As a result of the broader implementation of our sea lice strategy and application of non-medicinal treatment systems, our medicine use continued to decrease in 2019. From 2018 to 2019, our total medicine use and total active substance use (g/t biomass produced) were reduced by 4% as a result of the success of our sea lice strategy and the increased use of non-medicinal methods.

Licensed medicines for bacterial infections are prescribed and used only when required, and under the supervision of authorized veterinarians and fish health professionals. In total, our use of antibiotics (gram of active substance per tonne produced) to combat bacterial infections increased from 40g in 2018 to 44g in

2019. No antibiotics were used in our operations in Norway and the Faroe Islands. A significant reduction was achieved in Canada, while use in Chile remained relatively low as a result of the new vaccination strategy against Salmonid Rickettsial Septicemia (SRS). A slight increase in use was observed in Scotland, for management of localised cases of Pastuerella. In Ireland, antimicrobial use increased over previous years to address challenges with SRS at four seawater sites.

Fish escapes

Our objective is zero escapes. It is our responsibility to control our fish stocks and eliminate the potential consequences of their escapes. There is, however, no simple solution to help us achieve this goal. Only an integrated approach that continuously assesses and improves our operations and equipment will bring effective results.

In 2019, the number of escaped fish has decreased to a total of 68 145 (16 escape incidents), mainly due to incidents in Norway, Scotland and Canada. Chile, Faroes and Ireland did not register any escape incident. The corresponding figures for 2018 were 10 escape incidents and a total of 783 323 escaped fish.

Nutrient release

For sites located in protected areas, we undertake annual monitoring of benthic populations. In 2019, we continued to measure the potential impact of organic loading from our farming operations on seabed communities in accordance with mandatory national surveys. Results show that on average 90% (92% in 2018) of our sea farms have a minimal impact (i.e. the impact is kept within the carrying capacity of the environment) on faunal communities and/or sediment chemistry in the proximity of fish pens. When the impact on the seabed is considered unsatisfactory (two sites in the Faroes, four in Scotland, three in Chile, three in Canada West, two in Canada East, three in Ireland and one in Norway), we take corrective action. This may include stopping or reducing production, repositioning the pens and/or increasing the fallowing period, i.e. the time between production cycles, to allow the seabed to recover from organic loading.

For more information about sustainability and the aspects of our farming operations that might influence the environment, please see the Planet section.

Other operating activities with a potentially negative environmental impact

The Group's other activities may also affect the environment and local communities. The continuous evaluation of potentially negative impacts is based on our experience as well as dialog with non-governmental organisations (NGOs), regulators, customers and the scientific community.

Being aware of the potentially negative effects our activities could have on the environment and local communities, we have incorporated measures to monitor and manage these in the ONE Mowi Operational Excellence Program We continue to work with regulators, industry partners and the scientific community to promote

environmental responsibility in the industry. For more information on how the Group works to understand and address stakeholder concerns, please see our Stakeholder engagement section in Part 1 (Leading the Blue Revolution).

Research and Development

We believe that successful growth of the industry within a sustainable framework is only possible by overcoming biological challenges and controlling sea lice. Research and development (R&D) at Mowi is an engine for sustainable growth, and is integral to our vision of Leading the Blue Revolution. We focus on creating sustainable value and competitive advantage by making improvements and breakthroughs in our Feed and Farming, as well as our Sales & Marketing business areas.

The specialists in our Global R&D and Technical Department work directly with technical staff at our operating units through participation in global technical teams and collaborative projects. This ensures that our work constantly benefits from a culture of shared expertise and knowledge. Through collaboration and the allocation of defined responsibilities, we ensure knowledge sharing and continuous improvement throughout the organisation.

Our commitment to R&D is reflected in our significant R&D spending. R&D costs for the group was EUR 46.5 million for 2019 compared with EUR 43.9 million in 2018. For more information about R&D in Mowi, please see the Research and development section.

People

HEALTH AND SAFETY

Mowi aims to have zero injuries among its staff. Employee safety and a healthy working environment are high on the Board's agenda, and safety will never be compromised for any other business priority. We foster a strong safety culture, in which our employees feel responsible for their own safety as well as the safety of their colleagues. In order to achieve our safety vision of zero injuries, we utilise a global safety program, BrainSafe. New employees are required to attend training in BrainSafe, and training is also provided to selected suppliers and contractors. We measure our progress in the area of safety through key indicators - lost time incidents (LTI) per million hours worked, as well as the rate of absenteeism. We reported 118 LTIs for our own employees in 2019, compared with 134 in 2018. The decrease was due to a reduction in LTIs at Morpol and other plants in Consumer Products Europe. The number of LTIs per million hours worked in the Group was reduced from 4.79 in 2018 to 4.3 in 2019.

Compared with the industry average, our rate of absenteeism has remained low for several years. Our rate of absenteeism decreased from 4.96% in 2018 to 4.7% in 2019. The rate is higher in value-added processing operations than in Farming and Feed,

which is largely attributable to ergonomic issues and stress. The Board continues to aim for an absentee rate of below 4%.

The Board will continue to emphasize the imperative of improved health and safety performance going forward. For more information about health and safety in Mowi, please see the People section.

PEOPLE AND ORGANISATION

At the end of 2019, the Group had 14 866 employees in 25 countries around the world.

DIVERSITY AND EQUAL RIGHTS

Mowi is committed to ensuring diversity in the Group, in accordance with the Norwegian Anti-Discrimination Act.

We strive to attract a diverse workforce and provide equal opportunities. We do not discriminate and we value everyone as an individual. The Group works actively in the area of recruitment including offering apprenticeships to young employees, as well as promotion and development opportunities. The Group also aims to attract female employees to all levels in our organisation.

The fish farming industry has traditionally had a majority of male employees. At the close of 2019, women accounted for 39.3 % of employees, compared with 41.2% in 2018.

In 2019, the senior management teams of most subsidiaries included one or more women. The Group continues to work actively to promote diversity in senior management positions globally. At the end of 2019, Mowi's Group Management team consisted of nine people, of whom two are women. Of the nine members of Mowi ASA's Board of Directors, four are women. For more information about diversity and equal rights in Mowi, please see the People section.

Future Prospects

2019 was another good year financially for Mowi. Record high full-year volumes in all business areas, good salmon prices and relatively stable costs resulted in strong earnings and dividend distributions.

The Board commends the organization for executing on the many cost initiatives in 2019 and the achievement of EUR 41 million in realised annualised savings. Several cost reduction measures have been achieved in recent years. Addressing cost remains a key priority going forward, and the Board is pleased that the organization has initiated another global cost improvement program for 2020 with a target of EUR 25 million savings per annum. In general, biological issues and production costs have increased in recent years. Mowi is addressing these challenges through new farming strategies and production processes, including amongst

other things investments in smolt facilities, improved treatment capacity and new open net pen technologies. In order to further increase the focus on the farming entities going forward, the Board is pleased that Mowi's organization structure and Group Management Team will be strengthened further with a separate Chief Operating Officer (COO) for each of the largest farming areas; Farming Norway, Farming Scotland & Ireland and Farming Americas & the Faroes.

Notwithstanding Norway's natural comparative advantage in salmon farming the region has seen almost doubled cost over the past eight years. Salmon farming is a global industry with increased geographical competition where Norway only accounts for 50% of global production. Further uncertainty or increase in the total tax burden for Norwegian salmon will increase the total cost even further, potentially reduce investments and reduce Norway's competitiveness on the global scene accordingly. In 2018, the Norwegian government was instructed by Parliament to appoint a committee to review taxation of the Norwegian salmon farming industry with a view to introducing a resource tax. If the committee's proposal is implemented as presented, it is the Board's strong view that this will have significant negative consequences for the industry, employment and local communities in Norway. Approximately 50% of the accumulated pre-tax profit for the Norwegian salmon farming industry in the past 50 years has been generated only in the past four years with a record weak Norwegian Krone. To fundamentally change the tax system and levy a resource tax on the industry based on such recent short-term earnings would be unwise. It is therefore encouraging that the parties in government have so far dismissed the introduction of a resource tax.

Salmon farming on the West Coast of Canada has recently been subject to political debate. In the 2019 election in Canada, the Liberal Party made an election campaign pledge to phase out ocean net pen salmon farming in British Columbia by 2025. In a recent interview, the new Minister of Fisheries nuanced the pledge and stated that it will take about five years to come up with a plan to phase out open net pen salmon farming on British Columbia's coast. If implemented, the proposal will have significant negative consequences also in this region for the industry, employment and local communities including First Nations. Mowi Canada will continue to seek constructive dialogue with the authorities. The Board is convinced that the misconceptions on which the above-mentioned proposal is based can be corrected through an informed discussion.

Feed had a good year with all-time high production volumes. The new feed plant in Kyleakin, Scotland produced 51 883 tonnes of feed in the year mainly for the Scottish operations, and is nearing the end of its commissioning phase. Feed production in the Norwegian plant was 353 310 tonnes in the year and delivered a good financial result.

Total volume sold in Consumer Products was record-high and driven by the Fresh segment. In Europe developments in the year were positive with increased sales into the major end-markets, being Germany, France, UK, Spain and Italy. The competition in the European market, in particular the Chilled segment, impacted profitability and is expected to continue to impact results in 2020. Focus on operational excellence in this competitive market environment is therefore of utmost importance. In the US, Mowi's processing plants continue to make good progress both in terms of volume and efficiency.



The launch of the MOWI brand is progressing, but is still in an early phase. In 2019, MOWI salmon was launched in Poland and also in the foodservice segment in France. With more than 500 stores now featuring the brand in Poland, we are now set to expand to other countries as well. In the first quarter of 2020, the MOWI brand will be launched in the retail segment in France and in e-commerce channels in the US.

To address the competitive processing market, Mowi will establish a Global Processing Excellence Team with the task of realizing improvements related to Mowi's processing plants. Mowi has 41 primary and secondary processing facilities in 19 countries. Being the largest global processor of salmon yields Mowi significant scale advantages. The Board believes that improvements within automation and digitalization can be realised with strong leadership and execution.

In 2020 Mowi will continue to invest across its value chain to support organic growth and strengthen the asset base. The capital expenditure budget for 2020 is approximately EUR 265 million. Freshwater investments continue; in Norway Region North, Sandøra is expected to be completed this year, and expansion projects of existing smolt facilities in Region Mid and Region South continue. The new hatchery in Canada East is in the construction phase and in Chile expansion investments have been sanctioned. Selected sea water expansions in Norway, Scotland and Canada will also be undertaken. Furthermore, Consumer Products expects to undertake several automation projects in Europe and the US, in addition to a new value-added processing facility in France.

Mowi has significant potential to further grow its farming volumes based on the existing license footprint. As such, expected working capital investments in the region of EUR 90 million relate to further biomass growth, and also growth in Consumer Products and Feed.

Mowi's financial position remains strong. To support further organic growth Mowi increased its financial flexibility in January 2020 by issuing a EUR 200 million green bond. The 5-year senior unsecured bond carries a coupon of 3 months EURIBOR + 1.60% p.a. The Board is pleased with the first green bond issuance by a seafood company and the attractive low financing cost.

DESS Aqua, 50% owned by Mowi, took delivery of several well-boats and landing craft vessels during 2019. To date, the operating fleet consists nine vessels; one harvest vessel, five well boats and three landing craft vessels. In addition, three well boats are under construction with expected delivery during 2020 and the beginning of 2021, which brings the total fleet to twelve vessels.

At the time of the release of the annual report, the world is facing a severe global Coronavirus pandemic of which we cannot yet know the consequences. This outbreak constitutes uncharted territory for Mowi, but we are monitoring the situation closely and will continue to take all possible mitigating actions. With Mowi's strong financial position and highly competent employees, we are well positioned to get through these challenging times. Mowi's mission to produce sustainable and healthy food is particularly important in times like these. Thus, we will do whatever we can to keep our operations running with as little disruption from the pandemic as possible, without compromising health and safety.

BERGEN, MARCH 24, 2020

 Ole-Eirik Lerøy Chair of the Board	 Lisbet K. Nærø Vice Chair of the Board	 Cecilie Fredriksen	 Paul Mulligan
 Jean-Pierre Bienfait	 Birgitte Ringstad Vartdal	 Kristian Melhuus	 Unni Sværen
 Anders Sæther	 Jørgen Wengard	 Ivan Vindheim Chief Executive Officer	

Board of Directors



Ole-Eirik Lerøy (1959)
Chair

Mr. Lerøy has been a board member of Mowi ASA since 2009. He is the Managing Director of the investment company Framar AS.

Number of shares held at year end: 1500 626
Number of options held at year end: 750 000

Mr. Lerøy has extensive experience in the seafood industry:

- *Chair of the Board of Bergen Chamber of Commerce, 2015–2017*
- *Member of the Board of the International Groundfish Forum, 2000–2015*
- *Vice Chair of DNB Supervisory Board, 2006–2008*
- *Chair of the Norwegian Seafood Federation (FHL), 2000–2006*
- *Chair of the Board of the Norwegian Seafood Export Council (NSEC), 1994–2000*
- *CEO of Lerøy Seafood Group ASA, 1991–2008*

Mr. Lerøy is educated at the Norwegian School of Management.



Lisbet K. Nærø (1963)
Deputy Chair
Chair of the Audit Committee

Ms. Nærø has been a board member of Mowi ASA since 2015 and is also the Chair of the Audit Committee. She is the CEO of Fana Sparebank.

Number of shares held at year end: 626

Ms. Nærø has comprehensive experience from banking and financial services:

- *Chair of the Board of Bergen Chamber of Commerce, 2017–2019*
- *CEO of Tide ASA, 2011–2014*
- *CEO of BN Bank ASA, 2009– 2011*
- *CFO of SpareBank 1 SR-Bank, 2006–2009*
- *CFO of Sparebanken Vest, 2003–2006*
- *CFO of BNR/Fjordline ASA, 2001–2003*

Ms. Nærø holds a Master of Science of Business from the Norwegian School of Economics, a Bachelor of Law from the University of Bergen, MBA from the University of Central Florida and the Advanced Management Program from Harvard Business School.



Kristian Melhuus (1981)

Mr. Melhuus has been a board member of Mowi ASA since January 2018. He is a Director of the Seatankers Group.

Number of shares held at year end: 626

Mr. Melhuus has held various positions:

- *Investment Director of HitecVision AS, 2013–2016*
- *CFO/COO of Liquid Barcodes AS , 2008–2013*
- *Analyst at ABG Sundal Collier, 2006–2008*

Mr. Melhuus holds a Master of Science in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU), and has also studied Finance, Derivatives and Econometrics at the University of Karlsruhe.



Cecilie Fredriksen (1983)

Ms. Fredriksen has been a board member of Mowi ASA since 2008. She is an Executive Officer at Frontline Corporate Services Ltd.

Number of shares held at year end: 626

Ms. Fredriksen has served on several boards:

- *Member of the Board of Norwegian Property ASA, since 2015*
- *Member of the Board of Ship Finance International Ltd., 2008–2015*
- *Member of the Board of Archer Ltd., 2008–2015*
- *Member of the Board of Northern Offshore Ltd., 2008–2015*
- *Member of the Board of Aktiv Kapital ASA, 2006–2015*

Ms. Fredriksen holds a degree in Business and Science from London Metropolitan University.



Paul Mulligan (1969)

Mr. Mulligan has been a board member of Mowi ASA since 2016. He is co-owner and CEO of Liberty Coca-Cola Beverages LLC, a franchise partner of The Cola-Cola Company.

Number of shares held at year end: 626

Mr. Mulligan has more than 20 years of experience in the Coca-Cola Company:

- *President of Coca-Cola Refreshments, North America, 2013–2018*
- *Member of the Board of the Retail Industry Leaders Association, 2014*
- *Member of the Boards of Tokyo Coca-Cola Bottling Company, the Tone Coca-Cola Bottling Company, Japan, and Solar Coca-Cola Bottling Company, Brazi, 2012–2013*
- *Region Director responsible for the Coca-Cola Company Bottling Investments Group's operations in Japan and Latin America, 2011–2013*
- *Several general management position in the Coca-Cola Hellenic Company, 1994–2008*

Mr. Mulligan holds a degree in Economics from the University of Dublin and a Master in Accounting and Finance from the Dublin City University, and graduated from the Harvard Business School AMP (Advanced Management Program).



Birgitte Ringstad Vartdal (1977)
Member of the Audit Committee

Ms. Vartdal has been a board member of Mowi ASA since 2016 and is also member of the Audit Committee. She is the EVP European Wind and Solar in Statkraft AS as of April 2020.

Number of shares held at year end: 626

Ms. Vartdal has held various positions with an expertise on financial analysis and risk management, including ESG considerations:

- *Member of the Board of Seadrill Ltd, since July 2018*
- *Member of the Corporate Assembly of Equinor ASA, since 2016*
- *CEO of Golden Ocean Management, 2016–2019*
- *Chair of the Board of Sevan Drilling Ltd, 2015–2016*
- *Member of the Board of Sevan Drilling ASA, 2013–2015*
- *CFO of Golden Ocean Management, 2010–2016*
- *Various positions, including Vice President Head of Commercial Controlling, Risk Manager and Financial Analyst, at Torvald Klaveness Group, 2004–2010*

Ms. Vartdal holds a Master of Science in Physics and Mathematics from the Norwegian University of Science and Technology, and a Master of Science in Financial Mathematics from Heriot-Watt University.



Board of Directors



Jean-Pierre Bienfait (1963)

Mr. Bienfait has been a board member of Mowi ASA since 2016. He acts as Board member and advisor in primarily Food Retail, Foodservice and FMCG.

Number of shares held at year end: 626

Mr. Bienfait has over 25 years of experience in the global retail and food service industries and held a variety of leadership positions:

- Co-owner of Creme de la Cream Company, a Netherlands based private label groceries production company, since June 2019
- Supervisory Board member of Panda Retail company, a Savola Group subsidiary (Saudi Arabia), since July 2018
- CEO International at Siam Makro, responsible for Asian Expansion, 2016–2017
- International Expansion Director at Unilever, 2015–2016
- CEO at Estro Group, 2014–2015
- CEO of Metro Egypt and the Netherlands, 2008–2013
- Vice President Sales and Operations Metro China, 2004–2008
- CEO of Makro China, 2001–2004
- Sales & Operations Director Makro Colombia and Makro Indonesia, 1998–2001

Mr. Bienfait holds a Master of Law from Utrecht University, a Master of Business Administration from Columbia University and attended the Advanced Management Program at Harvard Business School.



Jørgen Wenggaard (1991)
Employee representative

Mr. Wenggaard was elected to the Board of Directors as a representative of the employees in 2018. He is currently a fish farmer at Mowi ASA, Region South, and also hold Board positions in The Norwegian United Federation of Trade Unions (Fellesforbundet) and the Vocational Training Office for Fisheries.

Number of shares held at year end: 576

Mr. Wenggaard has been in the industry since 2007:

- Fish farmer at seawater site, since 2011
- Apprentice at freshwater site, 2007–2011

Mr. Wenggaard studied technical and general subjects (TAF Marin) at Fusa Vgs from 2007–2011. He holds the Certificate of completion as a fish farmer from 2011. In 2018 he completed the part-time course in Aquaculture Operations and Management at the Mowi University.



Unni Sværen (1971)
Employee representative

Ms. Sværen was elected to the Board of Directors as a representative of the employees in 2016. She is Long-term Planner at Mowi Markets Norway.

Number of shares held at year end: 1 029

Ms. Sværen has been with the Company since 1996:

- Long-term Planner at Mowi Markets Norway, since 2005
- Value Chain Manager at Mowi Norway, 2001–2004
- Logistic and Planning Coordinator at Hydro Seafood, the company that that was acquired by Nutreco and later changed name to Mowi, 1996–2000

Ms. Sværen holds a Master of Science in Business from Bodø Graduate School of Business.



Anders Sæther (1971)
Employee representative

Mr. Sæther was elected to the Board of Directors as a representative of the employees in 2018. He is Quality Manager at Mowi ASA, Region Mid.

Number of shares held at year end: 576

Mr. Sæther has worked in the company since 1999 and held various positions in both Mowi and Hydro Seafood, with an expertise on food quality and safety:

- Quality Manager, 2002–2005 and since 2017
- Quality & Technical Manager, 2014–2017
- Quality & HSE Manager, 2005–2014
- Site Manager, 1999–2002

Mr. Sæther holds a Degree of Siv.Ing. (MSc) in Mechanical Engineering from the Norwegian University of Science and Technology (NTNU), Department of Production and Quality Engineering.

Corporate Governance

Mowi ASA (“Mowi” or the “Company”) considers good corporate governance a prerequisite for generating shareholder value, as well as achieving a low cost of capital and merit investor confidence. Mowi strives to ensure that its internal control mechanisms and management structures comply with generally accepted principles for good corporate governance.



Mowi follows the Norwegian Code of Practice for Corporate Governance (the “Norwegian Code”). A full description of the Norwegian Code is available from the Oslo Stock Exchange’s website (oslobors.no).

The following sections explain how Mowi has addressed the various 15 issues covered by the Norwegian Code.

Mowi has reviewed our reporting on Corporate Governance based on the latest Code of Practice (17 October 2018). The company is fully compliant to the Norwegian Code, with the exception of section 14 regarding lack of explicit guidelines for dealing with takeover bids.

Issues covered by the Norwegian Code	Compliance to the Norwegian Code
1 Implementation and Reporting of Corporate Governance Principles	Compliant
2 Business	Compliant
3 Equity and Dividends	Compliant
4 Equal Treatment of Shareholders and Transactions with Related Parties	Compliant
5 Freely Negotiable Shares	Compliant
6 General Meetings	Compliant
7 Nomination Committee	Compliant
8 Corporate Assembly and Board of Directors: Composition and Independence	Compliant
9 The Work of the Board of Directors	Compliant
10 Risk Management and Internal Control	Compliant
11 Remuneration of the Board of Directors	Compliant
12 Remuneration of Executive Management	Compliant
13 Information and communications	Compliant
14 Takeovers	Partly Compliant *
15 Auditor	Compliant

* Lack of formalised takeover principles

1. Implementation and Reporting of Corporate Governance Principles

The Board of Directors of Mowi (the “Board”) is aware of its responsibility for the development and implementation of internal procedures and regulations to ensure that the Company and its subsidiaries (together, the “Group”) complies with applicable principles for good corporate governance. The Board reviews the overall position of the Group in relation to such principles annually, and reports thereon in the Company’s annual report in accordance with the requirements for listed companies and the Norwegian Code. The Board has defined the Group’s overall vision as “Leading the Blue Revolution”. Closely linked to the vision are the Group’s global values “Passion”, “Change”, “Trust” and “Share”.

- *Passion for the company and the product: passion is the key to our success and how we make a difference.*
- *Change is the new “normal”: we are ready for change and work continuously to improve our operations.*
- *Trust is essential in everything we do: our operations provide safe, delicious and healthy food, and we deliver on our promises.*
- *Share is the foundation for the performance of our over 15 000 employees: We share knowledge and experience, we are open and transparent, and we cooperate with key stakeholders globally.*

Mowi’s leadership principles were put in place to strengthen the link between individual management actions and our vision. Our leadership principles are:

- *Inspire people: we recruit the very best and build talent for the future. We strive to create winning teams and challenge people to succeed.*
- *Make it happen: we challenge existing thinking and promote change and innovation. We encourage people to propose solutions and learn from mistakes.*
- *Live the values: we want our leaders to be role models and build our culture; leaders should show direction and engage with stakeholders.*
- *Think and act: we want our leaders to think and act as if the company was their own. Leaders should do what is best for the company, bearing in mind short and long-term goals.*

The Group is made up of individuals with different backgrounds, nationalities, cultures and customs. Their conduct - what each and every employee does and says each day - determines the Group’s ability to succeed as an organisation. The Code of Conduct sets standards for behaviour that can be expected between colleagues, and that external parties can expect from employees of the Group. The Code of Conduct was updated in 2019. It has been communicated to employees, and it is expected that all employees make a personal commitment to abide by the Code of Conduct. Testing of each employee’s understanding has been, and will continue to be, carried out regularly. The most recent test was performed in 2019. The Code of Conduct is available at Mowi.com.

Our four guiding principles underpin our vision and guide our behaviour in a balanced way. Growth must be sustainable from an environmental, social and financial perspective. We need good financial results to drive the sustainable development of our operations. This interdependency is the foundation for our four important guiding principles: “Profit”, “Planet”, “Product” and “People”.

- *Profit: our profits hinge on our ability to provide customer value from healthy, tasty and nutritious seafood that is raised cost-effectively and in an environmentally sustainable way that maintains the aquatic environment and respects the needs of the wider society.*

- Planet: our operations and long-term profitability ultimately depend on sustainable and environmentally responsible interactions with the natural environment. We rely on qualified personnel to maintain fish health, avoid escapes and minimise the environmental impact of our operations.
- Product: we aim to continually deliver healthy, tasty and responsibly-produced seafood to our customers to deliver long-term financial profitability.
- People: the safety, self-respect and personal pride of our employees cannot be compromised if Mowi is to succeed as a company and maintain good relationships with local communities.

Mowi has defined specific ambitions for each principle, with corresponding key performance indicators. Defining targets is an integrated part of the budget and long-term planning processes, and achievements are reported in operational review meetings with the Business Units, and in business review meetings with the three Business Areas; Feed, Farming and Sales & Marketing. Development and implementation of best practice is achieved through the global quality system, Qmarine, which contains our standard operating procedures. In addition, a global set of policies has been drawn up to guide decisions, manage risk and achieve results. Mowi's governance and management structure is further described on the website at Mowi.com.

2. Business

Mowi's objective is defined in the company's articles of association: "The objective of the company is production, refinement, sale and distribution of seafood and goods used in seafood production, either directly or through participation in other companies and hereto-related activities."

The articles of association are available from the Group's website at Mowi.com. To achieve the objective set forth in the articles of association, the Board has adopted a corporate strategy whose ambitions and priorities lie within the framework of the Group's vision and four guiding principles. The vision "Leading the Blue Revolution" provides direction and shows possibilities. The Group's overall ambition is to grow organically as well as through acquisitions. In 2019, Mowi completed the strategically important purchase of K. Strømmen Lakseoppdrett AS, a salmon farmer located on the West Coast of Norway. Mowi had a record high production in all segments and had a successful brand launch in Poland.

At present, growth is focused on the whole salmon value chain, from feed to fork. In line with this strategy, we opened our second feed factory in Scotland in 2019. In Farming, the company aims to capitalize on the organic growth opportunities within the current license footprint, in addition to acquisitions such as K. Strømmen Lakseoppdrett AS in Norway.

We set a new record in sold volume from our value added business, Consumer Products, our ambition is to become a seafood category leader, with strong focus on quality, innovation, brand building and excellent customer service. We continue our work to improve efficiency in this segment by streamlining and use new technology.

The material aspects of the four guiding principles are systematically assessed at regular intervals by the Group Management Team. The process of defining material aspects is discussed in the section "Leading the Blue Revolution". The ambitions and the priorities set to achieve them are regularly reviewed and revised by the Board. Through its annual discussion of the long-term plan, the Board sets the targets for the Group for the following five years. Many of the targets are discussed in the relevant sections of this Integrated Annual Report.

3. Equity and Dividends

The shareholders' equity as of December 31, 2019 was EUR 2 892.2 million (2 877.2 million), which represents 49.5% (56.0%) of the Group's total assets. Mowi ASA's objective is to maintain an equity level that is appropriate for the company's strategy and risk profile. The Board's ambition is that Mowi ASA's shareholders will achieve a competitive return on their investment over time, through a combination of dividends and an appreciation of the value of the company's shares. The Board has defined the following long-term dividend policy:

- The quarterly dividend level shall reflect the Company's present and expected future cash flow generation of the company.
- To this end, a target level for net interest-bearing debt is determined, reviewed and updated on a regular basis.
- When the target is met, at least 75% of the annual free cash flow after operational and financial commitments will be distributed as dividends.

To facilitate quarterly distribution of dividends in an efficient and cost effective manner, the Board seeks a general authorisation from the General Meeting to distribute dividends. Such authorisations shall, however, be limited to a maximum aggregate amount, and limited in time to the next Annual General Meeting ("AGM"). At the 2019 AGM, the Board was granted the following authorisations:

- (1) To approve the distribution of dividends based on the Company's annual accounts for 2018. The authority may be used to approve the distribution of dividends up to an aggregate amount of NOK 7 500 000 000. The authority is valid for dividends from and including the second quarter of 2019 until the AGM in 2020, however no later than June 30, 2020.
- (2) To purchase up to 51 603 971 shares in the Company (representing 10% of the shares in issue at the time) during

- the period up until the AGM in 2020, however no later than June 30, 2020.
- (3a) To increase the Company's share capital by up to 51 603 971 shares (representing 10% of the shares in issue at the time) provided that the the combined number of shares that are issued pursuant to this authorisation and the authorisation in item 3b below shall not in aggregate exceed 10% of the Company's current share capital. The authority did not define the purpose(s) of such a capital increase. The authority expires at the AGM in 2020, however no later than June 30, 2020.
- (3b) To take up convertible bond loans of up to NOK 3,200 million (par value), convertible to a share capital equivalent by up to 51 603 971 shares provided that the the combined number of shares that are issued pursuant to this authorisation and the authorisation in item 3a above shall not in aggregate exceed 10% of the Company's current share capital. The authority expires at the AGM in 2020, however no later than June 30, 2020.

4. Equal Treatment of Shareholders and Transactions with Related Parties

Mowi ASA has one class of shares.

Any purchase or sale by the Company of its own shares will be carried out either through the Oslo Stock Exchange or at prices quoted on the Oslo Stock Exchange.

Mowi also has American Depositary Shares (ADSs) represented by American Depositary Receipts (ADRs), traded in the US over-the-counter.

Any transaction between the Company and a related party will be on arm's length terms or, if relevant, will rest on a valuation obtained from an independent third party. Mowi ASA will make sure that major transactions with related parties are approved by the AGM in accordance with the Norwegian Public Limited Liability Companies Act.

The Board is currently authorised to set aside the pre-emption rights of existing shareholders in capital increases if it exercises its authority to issue new shares, cf. above. This is to simplify the procedure in connection with capital increases to finance further growth and/or the offering of shares as consideration in acquisitions where this is deemed a favourable form of settlement. Members of the Board and the Global Management Team have an obligation, pursuant to the Company's Code of Conduct, to disclose to the Board any material interest in transactions to which the Group is a party. The Code of Conduct is available at Mowi.com.

5. Freely Negotiable Shares

All shares in the Company have equal rights and may be traded freely. Mowi also has American Depositary Shares (ADSs) represented by American Depositary Receipts (ADRs), traded in the US over-the-counter.

6. General Meetings

The interests of the company's shareholders are primarily exercised at the company's general meetings. It is the company's goal that as many shareholders as possible are given the opportunity to participate in its general meetings and that the general meetings are organised so as to ensure that they represent an effective forum for the company's shareholders to express their views.

Notices of general meetings are made available on the company's website, Mowi.com, and through a separate notice to the Oslo Stock Exchange at least 21 days in advance of the general meeting.

All shareholders with a known address are notified of general meetings a minimum of two weeks in advance. The notice contains detailed information on the resolutions proposed and matters to be considered at the general meeting. It includes the deadline for shareholders to register their intention to attend the general meeting, as well as instructions on how they can cast their votes by proxy. The deadline for registration is set as close to the date of the general meeting as possible.

When documents concerning matters that are to be dealt with at a general meeting have been made accessible to the shareholders on the company's website, the requirement stipulated by the Norwegian Public Companies Act that the documents shall be sent to shareholders by ordinary mail does not apply. This also applies to documents which, according to law, shall be included in or enclosed with the notice of a general meeting. A shareholder can, however, demand that documents concerning matters that are to be dealt with at a general meeting be sent to him or her by ordinary mail.

The notice of a general meeting shall contain a reference to the company's website, where shareholders can access relevant documents and, if appropriate, any other information that shareholders may need to gain access to such documents. The Chair of the Board, the CEO and the external auditor shall all be present at the AGM. Mowi does not have a policy that requires the other members of the Board to attend the AGM.

The AGM elects a chair to preside over the meeting and one person to sign the minutes of the meeting together with the elected chair. The minutes are published on the company's website.

The AGM approves the annual financial statements and annual report, the Board of Directors' report and any proposed dividend.

The AGM also approves the remuneration to be paid to the members of the Board, the Nomination Committee (as defined below) and the external auditor.

Other items on the agenda for the AGM may include authorization for the Board to acquire the Company’s shares and to increase the company’s share capital, to take up loans convertible into shares, and the election of the members of the Board and the Nomination Committee (please refer to section 3 Equity and Dividends).

Pursuant to Section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board has implemented guidelines for the determination of the remuneration payable to the company’s CEO and other senior executives. These guidelines are tabled for resolution at the AGM.

All shares carry an equal right to vote at general meetings. Resolutions at AGMs are normally passed by simple majority unless otherwise required by Norwegian law.

The Annual General Meeting was held on May 29, 2019.

7. Nomination Committee

The AGM elects the company’s nomination committee (the “Nomination Committee”). The Nomination Committee consists of three members, and the majority of the committee are independent of the Board and the company’s executive management. The current members of the Nomination Committee are: Robin Bakken (Chair), Ann Kristin Brautaset and Merete Haugli. The Nomination Committee submits its recommendations to the AGM regarding the election of members to the Board and the Nomination Committee and their respective remuneration.

The general meeting has approved a set of instructions defining the responsibilities of the Nomination Committee. These instructions are available at Mowi.com. All shareholders are invited to propose candidates to the Board and the Nomination Committee through the company’s website.

8. Corporate Assembly and Board of Directors: Composition and Independence

The company does not have a corporate assembly.

According to the company’s articles of association, the company shall have a Board consisting of a minimum of six and a maximum of 12 members. The Chair of the Board and the Deputy Chair of the Board are both elected by the general meeting based on a proposal from the Nomination Committee, as are the other members representing the shareholders. Board members are elected for a period of one or two years at a time. In order to ensure continuity, not all seats on the Board come up for election in the same year.

At present, the Board consists of ten members, of which seven are elected by the general meeting and three are representatives of the employees in Norway. All Board members are considered independent of the company’s executive management and material business partners. More than the minimum required of two Board members, including the Chair of the Audit Committee, elected by the shareholders are independent of the Company’s largest shareholders. No executives are members of the Board.

The members of the Board are presented in this Integrated Annual Report. The shareholdings of Board members are listed in Note 24. The Board is of the opinion that it has sufficient expertise and capacity to perform its duties in a satisfactory manner.

9. The Work of the Board of Directors

According to the Norwegian Public Limited Liability Companies Act, the Board has overall responsibility to oversee the management of the company, while the CEO is responsible for day-to-day management. The Board is responsible for ensuring that the Group’s activities are soundly Organised, and for approving all plans and budgets for the activities of the Group. The Board approves a statement of the CEO’s duties, responsibilities and authorisations.

The Board keeps itself informed about the Group’s activities and financial situation, and is under an obligation to ensure that its activities, financial statements and asset management are subject to adequate control through the review and approval of the Group’s monthly and quarterly reports and financial statements. The Board shall also ensure that the Group has satisfactory internal control systems.

The CEO is in charge of the day-to-day management of the Group, and is responsible for ensuring that the Group is organised in accordance with applicable laws, the company’s articles of association and the decisions adopted by the Board and the company’s general meeting. The CEO has particular responsibility for ensuring that the Board receives accurate, relevant and timely information in order to enable it to carry out its duties. The CEO shall also ensure that the Group’s financial statements comply with Norwegian legislation and regulations and that the assets of the company are soundly managed.

The Board has formally assessed its performance and expertise in 2019 as recommended by the Norwegian Code.

The Board conducted 19 meetings during 2019, of which eight were held in person. The attendance rate was 97% in all the meetings. In 2019 the Board continued to spend significant time on the strategic positioning of the company following the decision to transform the Group from a production-driven farming company into an integrated producer of protein from the ocean.

The Board has chosen not to appoint a remuneration committee. Matters relating to the remuneration of executive personnel are discussed by the Board without presence of the CEO or other management representatives.

The Board has one subcommittee: The Audit Committee.

THE BOARD’S AUDIT COMMITTEE

The Board’s Audit Committee consists of two members: Lisbet K. Nærø (Chair) and Birgitte Ringstad Vartdal (the “Audit Committee”).

The responsibility of the Audit Committee is to monitor the company’s financial reporting process and the effectiveness of its systems for internal control and risk management. The Audit Committee shall also keep in regular contact with the company’s auditor regarding the auditing of the annual accounts, and shall evaluate and oversee the auditor’s independence. The Audit Committee reviews ethical and compliance issues. The members of the Audit Committee are deemed to be independent of the company’s management. The Audit Committee reports to the Board. The Audit Committee conducted seven meetings during 2019.

The Audit Committee has formally assessed its performance and expertise in 2019 as part of the Board’s assessment.

10. Risk Management and Internal Control

The Board and management attach great importance to the quality of the Group’s risk management and internal control systems, including ESG risks. Risk management and internal control systems are important to enable the Group to meet its strategic goals. These systems form an integrated part of management’s decision-making processes and are central elements in the organisation of the Group and the development of routines.

By means of a materiality assessment we have identified areas of opportunity and risk that could influence our ability to achieve our goals and deliver on our strategy.

Risk management is what the company does to manage risk in order to provide reasonable assurance to stakeholders that it will achieve its goals. The COSO enterprise risk framework, dividing risk into four categories is applied:

- 1. Operational risk
- 2. Strategic risk
- 3. Reporting risk
- 4. Compliance risk

As the company considers its operational risk to cover several individually important sub categories of risk, a more detailed risk categorization has been chosen. The operational risk category therefore includes the following sub categories:

- a. Risks related to the sale/supply of our products
- b. Risks related to governmental regulations
- c. Risks related to our fish farming operations
- d. Risks related to our supply of fish feed and feed operations
- e. Risks related to our industry
- f. Risks related to our business
- g. Risks related to our financial arrangements
- h. Risks related to tax and legal matters
- i. Risks related to climate change

The company believes that this risk categorization addresses the main risk areas that could influence the ability to deliver on the strategy. The company works continuously to mitigate identified risks and capitalize on opportunities by tracking and following up key performance indicators within the framework of the guiding principles. The company believes that the long-term success depends on its ability to manage the risks associated with its operations, strategy, reporting and compliance.

For more detailed descriptions of the risks associated with the company’s operations, please see the section Risk Management and the sections Profit, Planet, Product and People. For a more detailed description of the risks related to the financing arrangements, please refer to the Board of Directors report and Note 13 to the Group financial statements.

A continuous risk management process, including analysis, management and follow-up of significant risks, is performed to ensure that the Group is managed in accordance with the risk profile and strategies approved by the Board. This process encompasses the Group’s guiding principles and ethical guidelines. The Board reviews the Group’s overall risk profile in relation to strategic, operational and transaction-related issues at least once every year. The status of the overall risk situation is reported and discussed with the Board in connection with the annual budget process. The Audit Committee assists the Board and functions as a preparatory body with regards to surveillance of the company’s systems for internal control, internal audit and risk management.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board and Group management are responsible for establishing and maintaining adequate internal control over financial reporting. The process for internal control is developed under the supervision of the Chief Financial Officer. The process is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group’s Financial Statements for external reporting purposes in accordance with International Financial Reporting Standards and the interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU IFRS) and the Norwegian Accounting Act.

The Audit Committee monitors financial reporting and its related internal controls, including application of accounting principles and informed judgements. Group management and the Audit

Committee have regular meetings with the external auditor present to discuss issues related to financial reporting.

Financial reporting in Mowi is an integrated part of the Group's corporate governance. Distinct roles, responsibilities and duties have been established. Requirements with regard to content and deadlines, including accounting policies, checks and validations, have been clearly defined. A key element in the financial reporting process is risk assessment. A risk assessment is performed at least annually, and key controls and control procedures are established to mitigate identified risks. Compliance is reported to the Audit Committee. The Group's applied accounting principles are described in an online accounting manual.

All Business Units periodically upload their financial statements into a common consolidation system, based on a common chart of accounts. All subsidiaries are responsible for the accuracy of their reported figures, and for ensuring that their financial reporting is in compliance with the Group's accounting principles. In addition, general and analytical controls of the reported figures are performed at corporate level.

Additional information is disclosed in connection with quarterly and annual reporting. Extended controls are carried out as part of the quarterly and the year-end reporting processes.

The Group has sufficient expertise to complete proper and efficient financial reporting in accordance with IFRS and the Norwegian Accounting Act.

CODE OF CONDUCT AND ETHICAL GUIDELINES

The Code of Conduct describes Mowi ASA's commitment and requirements in connection with ethical issues relevant to business practice and personal conduct. Mowi ASA will, in its business activities, comply with applicable laws and regulations, and act in an ethical, sustainable and socially responsible manner. The Code of Conduct has been communicated to employees, and each employee is expected to make a personal commitment to abide by the Code of Conduct. The third-party-operated whistleblower channel facilitates the reporting of concerns about potential violations of the law and breaches of Mowi's Code of Conduct in all areas. On whistleblowing, 23 cases were reported through our whistleblower channel in 2019. Twenty-one of the cases are closed, while the remaining two are currently being investigated in collaboration with Human Resources. None of the reported cases are related to corruption.

Mowi has also established a group-wide policy to combat fraud and corruption as part of its risk management, internal control and corporate governance process. The internal audit function, which is outsourced to a professional audit firm KPMG, also has a specific focus on fraudulent and unethical behaviour.

11. Remuneration of the Board of Directors

Remuneration for the members of the Board is determined by the AGM based on a proposal from the Nomination Committee. The remuneration reflects the Board's responsibility, expertise, time, commitment and the complexity of the Company's activities. Remuneration is not linked to the Company's performance. All members of the Board, with the exception of the Chair, the Deputy Chair and Paul Mulligan, receive the same remuneration. The members of the Audit Committee receive separate, additional remuneration. The fee paid to the members of the Board is fixed for each 12-month period (from AGM to AGM). The remuneration paid to members of the Board is disclosed in Note 14 to the Mowi ASA financial statements.

12. Remuneration of Executive Management

The Board of Mowi ASA determines the principles applicable to the Group's policy for compensation of senior executives. The Board is directly responsible for determining the CEO's salary and other benefits. The CEO is, in consultation with the Chair of the Board, responsible for determining the salary and other benefits for the Group's other senior executives. The Group's senior executives include the management team of each Business Area as well as the senior members of the corporate staff.

The following guidelines underpin the determination of compensation payable to the Group's senior executives:

- *The total compensation offered to senior executives shall be competitive, both nationally and internationally.*
- *The compensation shall contain elements providing necessary financial security following termination of the employment relationship, both before and after retirement.*
- *The compensation shall be motivating, both for the individual and for the senior executives as a group.*
- *Variable elements in the overall compensation package shall be linked to the value generated by the Group for Mowi ASA's shareholders.*
- *The system of compensation shall be understandable and meet general acceptance internally in the Group, among the company's shareholders and with the public.*
- *The system of compensation shall be flexible and contain mechanisms that make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Group.*

Remuneration of the company's CEO and the executive management team is disclosed in Note 14 to the Mowi ASA financial statements. In compliance with the Norwegian Public Limited Liability

Companies Act, the Board prepares a statement regarding the remuneration of the executive management team for consideration by the AGM. The remuneration package for corporate executive staff consists of the following main elements:

- *Fixed salary*
- *Benefits-in-kind*
- *Pension*
- *Termination payment*
- *Bonus*

In addition, the Group has a Share Option Scheme ("Scheme") for key employees. The Scheme is limited to two years' salary for each individual. The details of the Scheme are described in Note 14 to the Mowi Group Financial Statements, and in Note 14 to the Mowi ASA financial statements.

13. Information and communications

The company publishes its financial calendar every year, identifying the dates on which it will present its quarterly reports, Annual Report and when the AGM will be held.

All information concerning major events and acquisitions is publicly disclosed in line with the requirements of the Oslo Stock Exchange, and posted on the Company's website (Mowi.com). All financial reports and other information are prepared and disclosed in such a way as to ensure that shareholders, investors and others receive correct, clear, relevant and up-to-date information equally and in a timely manner.

The Company holds public presentations of its results quarterly.

The Board has formalised guidelines for dialogue with the company's shareholders outside the AGM. Mowi ASA is entitled by the Norwegian Securities Trading Act to publish all information (including its annual financial statements) in English only.

14. Takeovers

The Board will not seek to hinder or obstruct any public bid for the company's activities or shares unless there are particular reasons for doing so. In the event of a takeover bid for the company's shares, the Board will not exercise mandates or pass

any resolutions with the intention of obstructing the takeover bid, unless this is approved by the company's general meeting following the announcement of such a bid.

The Board acknowledges that it has a particular responsibility to ensure that the company's shareholders are given sufficient information and time to form a view of any public offer for the company's shares. If an offer is made for a significant and controlling stake of the shares, the Board will issue a statement evaluating the offer and will make a recommendation as to whether or not shareholders should accept it.

The Board has not established explicit guiding principles for dealing with takeover bids as recommended by the Norwegian code.

15. Auditor

The company's elected external auditor is EY. The auditor is independent of Mowi ASA and is appointed by the AGM. The auditor's fee is approved by the AGM.

The auditor presents a plan to the Audit Committee for the audit, and is present at Board meetings dealing with the preparation of the annual accounts where the audited financial statements are reviewed and approved. The auditor is also present at all meetings with the Audit Committee.

When evaluating the independent auditor, emphasis is placed on the firm's competence, capacity, local and international availability and the level of the fee expected.

The auditor submits a summary document to the Audit Committee and the Board following its audit of the Group's and the company's annual financial statements. The summary document, in addition to describing the audit review, includes an evaluation of the Group's internal control systems.

The Board and the Audit Committee hold regular meetings with the auditor without the presence of management. The auditor also participates in the AGM. Information about the fee paid to the auditor is stated in Note 32 to the Group financial statements. The independent auditor's remuneration is split between the audit fee, other authorisation services, tax advisory services and other non-audit related services. To the extent that the auditor provides services other than the regular audit, this is discussed separately on a case-by-case basis, to ensure that there are no conflicts of interest.



Special note

Regarding forward - looking statements

This annual report contains forward-looking statements that reflect our current expectations and views of future events. Some of these forward-looking statements can be identified by terms and phrases such as “anticipate,” “should,” “likely,” “foresee,” “believe,” “estimate,” “expect,” “intend,” “continue,” “could,” “may,” “plan,” “project,” “predict,” “will” and similar expressions. These forward-looking statements include statements relating to:

- our goals and strategies;
- our plans with respect to construction and opening of new production facilities, and the expected cost, capacity and timing for such projects;
- our plans with respect to the aquaculture shipping associated company;
- our ability to increase or otherwise vary our harvest volume in the short or long term and our expected investments in working capital;
- the expected trends in global demand for seafood;
- our expected sales of fish feed;
- the expected trends in consumer preferences;
- capacity to expand salmon farming in Norway or elsewhere;
- the expected trends in the seafood industry, globally and regionally;
- the expected trends in human population growth;
- the expected trends in income growth in emerging markets;
- our ability to control or mitigate biological risks, including fish diseases and sea lice, through the use of vaccines, treatment or otherwise, and other risks to our fish stocks;
- expected developments in the cost and availability of fish feed ingredients;
- climate change;
- our dividend policy;
- updates with respect to our legal proceedings;
- our expected capital expenditures and commitments;
- our ability to maintain access to and produce quality fish feed;
- future movements in the price of salmon and other seafood;
- our ability to effectively manage the impact of escapes and predation on our stock;

- our ability to continue to develop new and attractive high quality products;
- our ability to overcome any interruptions to the operations of our farms, our feed plant or our primary or secondary processing facilities;
- our expected biological costs;
- our expected investments, including our project pipeline and other expansion efforts;
- competition in our industry and from other protein sources, such as beef, pork and chicken;
- the prospects of the Chilean and North American salmon industry;
- our restructuring efforts;
- our research and development plans and expectations; and
- developments in, or changes to, the laws, regulations and governmental policies governing our business and industry, including the developments with respect to licenses.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, such factors are described in the relevant sections in this Integrated Annual Report.

These forward-looking statements speak only as of the date of this annual report. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The factors set forth in Risk and Risk Management could cause our actual results to differ materially from those contemplated in any forward-looking.

Mowi Group

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STATEMENT OF COMPREHENSIVE INCOME

MOWI GROUP (EUR MILLION)	NOTE	2019	2018
Revenue		4 074.2	3 749.8
Other income		61.4	62.1
Revenue and other income	4/5	4 135.6	3 811.9
Cost of materials	7/33	-1 982.8	-1 812.2
Net fair value adjustment biomass	6	-127.5	146.4
Salary and personnel expenses	14	-563.5	-505.0
Other operating expenses	28	-585.6	-589.9
Depreciation and amortization	9/10/29	-287.1	-153.4
Onerous contracts provision	30	5.3	-6.1
Restructuring costs	30	-19.2	0.3
Other non-operational items	27	-2.4	-1.0
Income/loss from associated companies and joint ventures	21	48.7	45.5
Impairment losses	9/10	-4.5	-11.0
Earnings before financial items (EBIT)		617.0	925.4
Interest expenses	12	-70.2	-50.0
Net currency effects	12	31.6	-17.7
Other financial items	12	29.0	-125.5
Earnings before taxes		607.4	732.2
Income taxes	15	-131.2	-165.0
Net earnings from continuing operations		476.3	567.2
Profit after tax from discontinued operations		—	—
Profit or loss for the year		476.3	567.2
Other comprehensive income			
Currency translation differences		64.2	1.7
Currency translation associated companies and joint ventures		2.1	-2.3
Total items to be reclassified to profit or loss in subsequent periods		66.3	-0.6
Actuarial gains (losses) on defined benefit plans net of tax	15	-3.8	0.2
Total items not to be reclassified to profit or loss		-3.8	0.2
Total other comprehensive income		62.5	-0.4
Comprehensive income for the year		538.7	566.8
Profit or loss for the year attributable to			
Non-controlling interests		-1.3	0.6
Owners of Mowi ASA		477.6	566.6
Comprehensive income for the year attributable to			
Non-controlling interests		-1.3	0.6
Owners of Mowi ASA		540.1	566.2
Earnings per share - basic (EUR)	25	0.92	1.15
Earnings per share - diluted (EUR)	25	0.92	1.15
Earnings per share for continuing operations - basic (EUR)	25	0.92	1.15
Earnings per share for continuing operations - diluted (EUR)	25	0.92	1.15

STATEMENT OF FINANCIAL POSITION

MOWI GROUP (EUR MILLION)	NOTE	2019	2018
ASSETS			
Non-current assets			
Licenses	8/9	858.0	781.4
Goodwill	8/9	317.9	289.3
Deferred tax assets	15	19.9	22.9
Other intangible assets	9	24.8	26.2
Total intangible assets		1 220.6	1 119.8
Property, plant and equipment	10	1 361.6	1 216.1
Right-of-use assets	29	386.8	—
Investments in associated companies and joint ventures	21	238.5	220.6
Other non-current financial assets	12	1.9	0.4
Other non-current assets		1.0	1.2
Total non-current assets		3 210.4	2 558.1
Current assets			
Inventory	7	320.7	285.5
Biological assets	6	1 522.4	1 559.3
Trade receivables	17	504.8	493.3
Other receivables	17	146.2	142.8
Other current financial assets	12	6.9	0.8
Restricted cash	16	11.1	11.4
Cash in bank	16	117.5	93.9
Total current assets		2 629.6	2 587.1
Total assets		5 840.1	5 145.1

Mowi GROUP (EUR MILLION)	NOTE	2019	2018
EQUITY AND LIABILITIES			
Equity			
Share capital and reserves attributable to owners of Mowi ASA	24	2 892.2	2 877.2
Non-controlling interests	23	0.4	1.7
Total equity		2 892.6	2 879.0
Non-current liabilities			
Deferred tax liabilities	15	436.0	413.6
Non-current interest-bearing debt	11	1 465.8	1 142.5
Non-current leasing liabilities	29	258.9	—
Other non-current liabilities	20	10.5	11.0
Total non-current liabilities		2 171.2	1 567.1
Current liabilities			
Current tax liabilities	15	99.6	120.1
Current interest-bearing debt	11/18	—	0.1
Current leasing liabilities	29	127.1	—
Trade payables	18	296.8	280.2
Other current financial liabilities	12	34.1	77.3
Provisions	30	18.7	13.0
Other current liabilities	18	199.9	208.5
Total current liabilities		776.3	699.1
Total equity and liabilities		5 840.1	5 145.1

BERGEN, MARCH 24, 2020


Ole-Eirik Lerøy
Chair of the Board


Lisbet K. Nærø
Vice Chair of the Board


Cecilie Fredriksen


Paul Mulligan


Jean-Pierre Bienfait


Birgitte Ringstad Vartdal


Kristian Melhuus


Unni Sværen
Employee representative


Anders Sæther
Employee representative


Jørgen Wenggaard
Employee representative


Ivan Vindheim
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

MOWI GROUP (EUR MILLION)	ATTRIBUTABLE TO OWNERS OF Mowi ASA							NON- CON- TROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	OTHER PAID-IN CAPITAL	SHARE BASED PAYMENT	FOREIGN CURRENCY TRANSLATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE ASSOCIATED COMPANIES	OTHER EQUITY	TOTAL		
2019									
Equity 01.01.19	404.0	1 251.0	5.9	81.8	-7.5	1 141.9	2 877.2	1.7	2 879.0
<i>Comprehensive income</i>									
Profit	—	—	—	—	—	477.6	477.6	-1.3	476.3
Other comprehensive income	—	—	—	64.2	2.1	-3.8	62.5	—	62.5
<i>Transactions with owners</i>									
Share-based payment	—	—	-0.5	—	—	-4.2	-4.7	—	-4.7
Dividend	—	—	—	—	—	-544.9	-544.9	—	-544.9
New shares	0.8	23.7	—	—	—	—	24.5	—	24.5
Total equity 31.12.19	404.8	1 274.7	5.4	146.0	-5.4	1 066.6	2 892.2	0.4	2 892.6

Dividend declared and paid of NOK 10.40 per share in 2019.

MOWI GROUP (EUR MILLION)	ATTRIBUTABLE TO OWNERS OF Mowi ASA							NON- CON- TROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	OTHER PAID-IN CAPITAL	SHARE BASED PAYMENT	FOREIGN CURRENCY TRANSLATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE ASSOCIATED COMPANIES	OTHER EQUITY	TOTAL		
2018									
Equity 01.01.18	383.8	931.5	5.4	51.3	-5.2	947.3	2 314.2	1.2	2 315.4
<i>Comprehensive income</i>									
Profit	—	—	—	—	—	566.6	566.6	0.6	567.2
Other comprehensive income	—	—	—	30.5	-2.3	-28.6	-0.4	—	-0.4
<i>Transactions with owners</i>									
Share-based payment	—	—	0.5	—	—	-5.2	-4.7	—	-4.7
Dividend	—	—	—	—	—	-532.4	-532.4	—	-532.4
Bond conversion	20.1	319.5	—	—	—	194.2	533.8	—	533.8
Total equity 31.12.18	404.0	1 251.0	5.9	81.8	-7.5	1 141.9	2 877.2	1.7	2 879.0

Dividend declared and paid NOK 10.40 per share in 2018.

STATEMENT OF CASH FLOW

MOWI GROUP (EUR MILLION)	NOTE	2019	2018
<i>Cash flow from operations</i>			
Earnings before taxes		607.4	732.2
Interest expenses	12	70.2	50.0
Net currency effects	12	-31.6	17.7
Other financial items	12	-29.0	125.5
Impairment losses, depreciation and amortization	9/10	291.6	164.4
Net fair value adjustment on biological assets and onerous contracts	6/30	122.3	-140.2
Income from associated companies and joint ventures	21	-48.7	-45.5
Taxes paid	15	-156.2	-129.8
Change in inventory, trade payables and trade receivables		-103.9	-147.7
Restructuring and other provisions		40.4	-2.4
Other adjustments		-3.4	-3.4
Cash flow from operations		759.0	620.9
<i>Cash flow from investments</i>			
Sale of fixed assets		6.6	6.5
Purchase of fixed assets and additions to intangible assets	4	-292.7	-346.2
Proceeds and dividend from associates and other investments		44.9	29.0
Purchase of shares and other investments		-67.1	-253.1
Cash flow from investments		-308.3	-563.7
<i>Cash flow from financing</i>			
Proceeds from new interest-bearing debt (current and non-current)	11	314.6	534.8
Down payment leasing debt	29	-122.2	—
Interest received		1.5	3.0
Interest paid		-70.1	-41.4
Realised currency effects		-7.1	14.1
Dividend		-544.9	-532.4
Cash flow from financing		-428.2	-22.0
Currency effects on cash		1.0	-0.3
Net change in cash in period		23.5	34.9
Cash - opening balance		94.0	59.1
Cash - closing balance total	16	117.5	94.0

NOTE 1 - GENERAL INFORMATION

Mowi ASA is a Norwegian company headquartered at Sandviksboder 77A/B, 5035 Bergen. Mowi ASA is a publicly listed company on the Oslo Stock Exchange, with the ticker symbol MOWI.

The Group’s operations are described in Note 4. Mowi has operations in 25 countries and has structured its operations in three Business Areas: Feed, Farming and Sales & Marketing. The Feed factories are located in Norway and Scotland. The Group’s farming activities are located in Norway, Scotland, Canada, Chile, Ireland

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are described below. These policies have been consistently applied to all periods presented.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

As of December 31, 2019, the consolidated financial statements of Mowi ASA and its subsidiaries (“the Group” or “Mowi”) have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. In compliance with the Norwegian Accounting Act, additional disclosures are included in the notes to the financial statements of Mowi ASA.

New standards and amendments adopted by the Group in 2019 are described in Note 34. At the end of 2019, new standards and changes to existing standards and interpretations have been enacted but are not yet effective. Relevant effects for Mowi are further described in Note 34.

The consolidated financial statements have been prepared on the historical cost basis, except when IFRS requires recognition at fair value. This relates to the measurement of certain financial instruments and valuation of the biomass as further described below. The reporting period follows the calendar year.

CONSOLIDATION

Consolidated financial statements present the Group’s financial position, comprehensive income, changes in equity and cash flow. All intragroup transactions, receivables and liabilities are eliminated. Unrealized gains from intragroup transactions are eliminated. Unrealized losses from intragroup transactions are also eliminated, but are considered an indicator of impairment with respect to the asset transferred.

and the Faroe Islands. Sales & Marketing comprises the global market organisation, in addition to Consumer Products.

Comparable information for one year is presented in this years Annual Report.

The financial statements were authorized by the Board of Directors on March 24, 2020.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

Subsidiaries

The Group’s consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2019. Control is achieved when the Group is exposed, or is entitled, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- *Power over the investee (i.e., existing rights that enable the Group to direct the relevant activities of the investee).*
- *Exposure, or rights, to variable returns from its involvement with the investee.*
- *The ability to use its power over the investee to affect its returns.*

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights in an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

INVESTMENT IN ASSOCIATED COMPANIES AND JOINT VENTURES

Associated companies are companies in which the Group has a significant non-controlling interest (normally ownership of 20-50%). Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not to exercise control or joint control over those policies.

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights with respect to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group’s investments in its associated companies and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of the associate or joint venture’s net assets since the acquisition date. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring their accounting policies in line with those of the Group.

The statement of profit or loss reflects the Group’s share of the results deriving from the associate or joint venture’s operations.

FOREIGN CURRENCY TRANSLATION

The financial statements for the Group are presented in EUR, which is the functional currency of the parent company. The functional currency of the subsidiaries is their local currency, with the exception of the holding companies in Norway, Mowi Markets Norway AS, Mowi Feed AS and Waynor Trading AS which use EUR as their functional currency, and subsidiaries in Chile, Singapore and Vietnam, which use USD as their functional currency.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Translation of transactions in foreign subsidiaries

Profit or loss transactions in foreign subsidiaries are translated to the presentation currency using the average exchange rate for the reporting month, unless exchange rates in the period have fluctuated significantly, in which case the exchange rates in effect on the transaction dates are applied. Assets and liabilities of foreign subsidiaries are translated at the exchange rate at the end of the reporting month.

Transactions in foreign currencies

Foreign currency transactions are translated using the exchange rate at the time of the transaction. Receivables, debt and other monetary items in foreign currency are measured at the exchange rate at the end of the reporting period, and the translation differences are recognised in profit or loss. Other assets in foreign currencies are translated at the exchange rate in effect on the transaction date.

FINANCIAL INSTRUMENTS - INITIAL AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group’s financial assets are: derivatives, non-listed equity instruments, trade receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group classified its financial assets within 2 categories; financial assets at amortized cost and financial asset at fair value through profit and loss.

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- *The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,*
- *The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortized cost includes trade receivables and other short-term deposit. Trade receivables are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers. No significant financing components are identified.

Derivatives at fair value through profit and loss

Financial assets at fair value through profit and loss include financial assets held for trading, financial assets designated through profit of loss, or financial assets mandatorily required to

be measured at fair value. Financial assets are classified held for trading if they are acquired for the purpose of selling or repurchasing in the near terms. Derivatives, including separately embedded derivatives, are also classified as held for trading unless they are designed as effective hedging instruments.

Derivatives at fair value are carried in the statement of financial position at fair value with net changes in fair value in profit and loss.

The category includes derivatives instruments as foreign exchange contracts, interest rate swaps and salmon derivatives. The Group trades in salmon derivatives, both as an operational hedging activity and a financial activity. Operational trading of salmon derivatives is presented as other operating income, while financial trading of salmon derivatives is presented as other financial items.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- *The rights to receive cash flows from the asset have expired, or*
- *The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either*
 - a. *the Group has transferred substantially all the risks and rewards of the asset, or*
 - b. *the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.*

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as financial liabilities at fair value through profit and loss (derivatives), as appropriate. Derivatives are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

The equity conversion rights of the EUR 340 million bond (converted in 2018) was separated from the debt instruments and accounted for as a derivative liability due to cash settlement option (option of the issuer to settle the fair value of the conversion rights in cash instead of own equity instruments), in accordance with IAS 32.26. See Note 11.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ELC). For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

REVENUE

Revenue from contracts with customers as defined in IFRS 15 is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its

revenue arrangements, because it typically controls the goods before transferring them to the customer.

Sale of fish products

Revenue for the Group derives mainly from the sale of fish and elaborated fish products either on spot sales or from contracts. The Group recognises revenue from the sale of fish and elaborated fish products at the point in time when control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. Revenue is generally recognised on delivery of the goods (i.e. a certain point in time). Based on group business of sale of fish and elaborated fish products the customers do not pay any advances. The normal credit term is 30 days upon delivery, and based on the nature of the product there is generally no right of return or warranties. Refund is only given if delivered goods is damaged or delivered with discrepancy compared to agreement, such is immaterial.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated, currently no multiple performance obligations have been identified. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components and consideration payable to the customer (if any). At the balance sheet date the group has no outstanding performance obligations in contracts that have original duration of more than 1 year. Therefore no additional disclosures is provided on performance obligations.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contracts for the sale of goods may provide customers with retrospective volume rebates. The retrospective volume rebates give rise to variable consideration.

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contracts. Rebates are presented as reduction of revenue in the statement of comprehensive income, and other current liabilities in the statement of financial position. To estimate expected rebates, the Group applies the expected value method at the end of each reporting period. The amount of unsettled rebates in the statement of financial position per year-end is immaterial.

Balances related to revenue

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables: A receivable represents the Group’s right to an amount of consideration that is unconditional.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group fulfils the performance obligation(s) under the contract.

Refer to note 17 and 18, contract assets and liabilities are immaterial.

The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense such costs when the related revenue is expected to be recognised within one year, as such no assets have been presented in the statement of financial position.

Biomass

Changes in the estimated fair value of the biomass are recognised in profit or loss. The fair value adjustment is presented in the statement of comprehensive income as “Net fair value adjustment biomass”. The net fair value adjustment consists of “fair value adjustment on biological assets”, “fair value adjustment on harvested fish” and “fair value on incident based mortality”, see Note 6. The fair value adjustment on biological assets represents the change in fair value of the biomass less the change in accumulated cost of production for the biomass. The fair value adjustment on harvested fish is the release from stock of the fair value adjustment related to the fish harvested in the period. The fair value adjustment on incident based mortality is the release from stock of the fair value adjustment related to the fish recognised as incident based mortality in the period. The accumulated cost of incident based mortality is included in “cost of materials” in the statement of comprehensive income.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in other financial items in the statement of comprehensive income.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when the dividend is approved by investments general meeting.

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and where the Company will be in compliance with all conditions attached thereto. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs that it is intended to compensate are expensed. When the grant relates to an asset, it is deducted from the carrying amount of the asset. The grant is then recognised in profit or loss over the useful life of a depreciable asset by way of a reduced depreciation charge.

GOODWILL AND LICENSES

Goodwill

Goodwill is initially measured at cost, and is the excess of the aggregate of the consideration transferred and the amount recognised for a non-controlling interest in the net identifiable assets acquired and liabilities assumed through a business combination.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in such circumstance is measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained. Goodwill is tested for impairment annually as at December 31, and when circumstances otherwise indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets (licenses)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. The value of licenses acquired by Mowi (mainly licenses for salmon farming) in Norway, Chile, Ireland, the Faroe Islands, Scotland and Canada are considered indefinite. Intangible

assets with indefinite useful lives are not amortized, but are tested for impairment annually or when circumstances otherwise indicate that the carrying value may be impaired, either individually or at the cash-generating unit level. The indefinite life classification is reviewed annually to determine whether it continues to be appropriate. If not, the change in useful life from indefinite to finite is made on a prospective basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment. Costs associated with normal maintenance and repairs are expensed as incurred. Costs of major replacements and renewals that substantially extend the economic life and functionality of the asset are capitalized. Assets are normally considered property, plant and equipment if the useful economic life exceeds one year. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Straight-line depreciation is applied over the useful life of property, plant and equipment, based on the asset's historical cost and estimated residual value at disposal. If a substantial part of an asset has an individual and different useful life, this part is depreciated separately. The asset's residual value and useful life are evaluated annually. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

At the end of the reporting period, the carrying amounts of the Group's assets are reviewed to determine whether there are indications that specific assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of net present value of discounted cash flows (value in use).

IMPAIRMENT OF NON-CURRENT ASSETS

Annually or upon indication, each cash generating unit,CGU, is tested for impairment. If the recoverable amount of a cash-generating unit is estimated to be less than the carrying amount of the net assets of the cash-generating unit, impairment to the recoverable amount is recognised. If impairment is required, goodwill is written down first, thereafter other intangible assets. If further impairment is required, other assets will be written down on a pro-rata basis.

Impairment losses recognised in previous periods are reversed if the recoverable amount in a later period exceeds the carrying amount. The reversal will not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

LEASING

The determination of whether a contract is, or contains, a lease is assessed at the inception of the lease and is based on whether the contract conveys a right to control the use of an identified asset or assets for a period of time in exchange for consideration. For

contracts where the Group is the lessee, right-of-use assets and lease liabilities are recognized at the commencement of the lease.

Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the asset. When a purchase option has been included in the cost at recognition, the right-of-use asset is depreciated over the estimated useful life of the asset.

The lease liabilities at commencement date is measured at the present value of the lease payments. The lease payments are discounted using the Group's incremental borrowing rate as the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate for each business unit is based on LIBOR with an addition of a country specific margin.

Short term leases (lease term less than 12 months) and leases of low-value assets are not recognized as right-of-use assets and lease liabilities, as the recognition exemptions for these leases is applied. Lease payments of such leases are recognized as expense over the lease term.

The Group has lease contracts for various assets used in its operation, the main asset group being transportation. Lease terms and other conditions vary. Refer to note 29 for further information.

Prior to implementing IFRS 16, 1 January 2019, leases were treated according to IAS 17. As the Group has used the modified retrospective approach when implementing the new standard, comparative figures are based on accounting principles in the below paragraphs:

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the commencement of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are presented as finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

INVENTORY

Inventories mainly comprise feed, goods in progress, packaging materials and finished goods. Inventories of goods are measured at the lower of cost and net realizable value.

The cost of finished goods includes direct material costs, direct personnel expenses and indirect processing costs (full production cost). Interest costs are not included in the inventory value. The cost price of purchased goods is the actual purchase price. The cost is based on the principle of first-in first-out, except for feed and value-added-products, where a weighted average is used.

If fish farmed by the Group is included in inventory as a raw material for further processing in one of the Group's processing entities, such fish is included in inventory at fair value less cost to sell at harvest.

BIOLOGICAL ASSETS

Fair value of biological assets is calculated based on a present value model which does not rely on historical cost. Fish ready for harvest (mature fish), are valued at expected sales price with a deduction of cost related to harvest, transport etc. Sales costs are not deducted. For fish not ready for harvest (immature fish), cost to completion is also deducted. The model uses an interpolation methodology where the known data points are the value of the fish when put to sea and when recognised as mature fish. Technically, the interpolation is calculated per location. The effect of this is that fish that have the same weight and quality are valued similarly. The interpolation model has a natural interpretation in the form of a present value calculation where an imputed rent of assets (i.e. theoretical license rent) per location is included as part of the rate of return. Thus, the value is to a lesser degree affected by the site because low production cost at a high quality site is offset by a higher imputed rent and vice versa. All surplus return in the future is assigned to the licenses through a similarly high imputed rent of assets, and where any shortage in return is recognised in profit and loss immediately. The interpolation model is updated every month, with best estimates for time of harvest, remaining months at sea, expected price at time of harvest and estimated residual cost to grow the fish to harvest weight. The methodology has the effect that any changes in price will have full effect on the biomass at hand, while the price effect on increased weight going forward will be allocated to the license and recognised over time as remaining time at sea decreases. An effect of this is that even with high salmon prices there is no profit at the time the fish is put to sea because all surplus return is assigned to future periods (licenses). Correspondingly the fair value of small fish is rather insensitive to price fluctuations.

An interpolation model as described works best if important variables such as pace of growth, mortality and feed conversion ratios are constant per unit of time or weight increase. Experience shows

that in particular there is a deviation from an even development the first period in sea relating to increased value among other due to reduced risk after handling of the fish, vaccination and mortality related to the transfer to sea. This has been adjusted for.

Biological assets comprise eggs, juveniles, smolt and fish in the sea. Biological assets are, in accordance with IAS 41 and IFRS 13, measured at fair value less cost to sell. In line with IFRS 13, the highest and best use of the biological assets is applied for the valuation. In accordance with the principle for highest and best use, the fish is considered to have optimal harvest weight at 4 kg gutted. This corresponds to that a live weight of approximately 4.8 kg (there may be regional variances) or more are classified as mature fish, while fish that have still not achieved this weight are classified as immature fish. All fish at sea are subject to a fair value calculation, while broodstock and smolt are measured at cost less impairment losses. Cost is deemed a reasonable approximation for fair value for broodstock and smolt. Historically the market prices for eggs (broodstock are not traded) and smolt have not departed significantly from own production cost.

Transactions with live fish rarely take place, partly due to regulatory constraints, so the valuation of live fish under IAS 41 implies the establishment of an estimated fair value of the fish in a hypothetical market. The calculation of the estimated fair value is based on market prices for harvested fish and adjusted for estimated differences in accordance with IFRS 13. The prices are reduced for harvesting costs and freight costs to market, to arrive at a net value back to farm. The valuation reflects the expected quality grading and size distribution. The valuation is completed for each Business Unit and is based on the biomass in sea for each seawater site and the estimated market price in each market derived from the development in recent contracts as well as spot prices. Where reliable forward prices are available, those have been used. The change in estimated fair value is recognised in profit or loss based on measurement as of each period, and is classified separately. At harvest, the fair value adjustment is classified as fair value adjustment on harvested fish. In cases of incident based mortality, the fair value adjustment is classified as fair value adjustment on incident based mortality when occurring. Both are included in net fair value adjustment of biological assets in the statement of comprehensive income.

ONEROUS CONTRACTS

At each reporting date, management assesses if there are contracts in which the unavoidable costs of meeting the Group's obligations under the contract exceed the economic benefits expected to be received in accordance with IAS 37. Fair value adjustment of biological assets is included in the unavoidable cost. This implies that the contract may be considered onerous even though the actual production cost of the products sold is lower than the contract price. Volumes used in the calculation is based on estimated remaining volumes for the contracts. Onerous contracts are classified as provisions in the statement of financial position.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets and disposal groups as held for sale or for distribution parent company shareholders if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value, less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to distribution, excluding finance costs and income tax expenses.

The criteria for classification as held for sale are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

A disposal group qualifies as a discontinued operation if all of the above are met:

- A component of the Group that is a CGU or a group of CGUs, and
- Classified as held for sale or distribution or already disposed in such a way, and
- A major line of business or major geographical area.

Discontinued operations are excluded from the results of continuing operations and are presented separately as a single amount under profit or loss after tax from discontinued operations in the statement of comprehensive income.

TAXES

Income taxes comprise taxes on the taxable profit for the year, changes in deferred taxes and any adjustments in prior years' taxes. Taxes on transactions that are recorded in other comprehensive income or directly in equity do not form part of the tax expense in profit or loss.

Tax payable is calculated using the nominal tax rate for the relevant tax jurisdiction at the end of the reporting period.

Deferred tax is calculated on the basis of temporary differences between accounting and taxation values at the close of the accounting year. Deferred tax assets arise from temporary differences that give rise to future tax deductions. Deferred tax assets are recognised to the extent that it is probable that a taxable profit will arise, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized.

Tax increasing and tax decreasing temporary differences are offset against each other to the extent that the taxes can be netted within one tax regime.

PROVISIONS

A provision is recognised if the Company has a legal or constructive obligation related to a past event, and it is likely that the obligation will lead to a financial outflow for the Company. Long-term provisions are valued on the basis of discounted expected cash flows.

RESTRUCTURING COSTS

Provisions for restructuring costs will be recognised if the Company has, within the reporting period, published or initiated a restructuring plan, which identifies which parts of the Company and approximately how many employees will be affected, the actions that will be taken and when the plan will be implemented. Provisions are recognised only for costs that cannot be associated with future earnings. Costs related to restructuring are presented on a separate line in the statement of profit or loss.

NOTE 3 - ESTIMATES AND JUDGMENTS

ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make accounting estimates and judgments that affect the recognised amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and information perceived to be relevant and probable when the judgments are made. Estimates are reviewed on an on-going basis and actual values and results may deviate from these estimates. Adjustments to accounting estimates are recognised in the period in which the estimates are revised.

Mowi is exposed to a number of underlying economic factors which affect the overall results, such as salmon prices, foreign exchange rates and interest rates, as well as financial instruments with fair values derived from changes in these factors.

The matters described below are considered to be the most important in understanding the key sources of estimation uncertainty that are involved in preparing these consolidated financial statements and the uncertainties that could most significantly impact the amounts reported on the result of operations, financial position and cash flows.

SHARE-BASED BONUS SCHEME AND SHARE OPTION SCHEMES

The Group has share option schemes from 2016, 2017, 2018 and 2019 which will be settled in shares (equity settlement). The cost of equity-settled transactions is recognised as a payroll expense over the vesting period. The cumulative expense is recognised in other equity reserves within equity.

CASH FLOW STATEMENT AND CASH

The cash flow statement is prepared in accordance with the indirect method. Cash comprises cash and bank deposits, except restricted funds.

INTANGIBLE ASSETS - GOODWILL AND FARMING LICENSES

The annual impairment test on intangible assets is based on a discounted cash flow model per cash-generating unit (CGU). The cash flows used in the calculations represent management's best estimate at the time of reporting. The assumptions used rest on uncertainty with regard to product prices, input prices, biological performance and future regulatory frameworks. Costs can normally be estimated with a higher degree of accuracy than income.

As profitability in the salmon farming industry historically has been very volatile, depending on developments in the price of salmon, Mowi uses budgets and long-term plans for the analysis. For further information on this CGU, refer to Note 8.

The WACC model is used for estimating the discount rate. The input data for the model is updated every year for the annual impairment test. The choice of input data for the model significantly influences the outcome of the model, and to ensure that there is as little uncertainty as possible with regards to the calculation of the WACC, third-party sources are used where available (interest, inflation, beta). The WACC is calculated separately for the different CGUs. Indications of impairment that initiate testing beyond the year-end test include a significant reduction in the profitability of the CGU compared to previous periods, negative deviations from budgets, changes in the use of assets, market changes and regulatory changes.

For further information about uncertainty in the valuation of intangible assets and impairment testing, please see Note 8, Impairment testing. Note 9, Intangible assets, illustrates the specification of intangible assets in the Group.

BIOLOGICAL ASSETS

Biological assets comprise eggs, juveniles, smolt and fish in the sea. These assets are measured at fair value less cost to sell, unless the fair value cannot be measured reliably. The estimation of the fair value relies on a series of uncertain assumptions, e.g., biomass volume, biomass quality, size distribution, market prices, expected future costs, remaining time to harvest and total time to harvest.

Mowi measures all deviations in biomass volume compared to estimates when a site is harvested out. Except for situations where there has been an incident causing mass mortality, particularly early in the cycle, combined with an inability to count and weigh fish after the event in fear of further stressing the fish, volume deviations are normally minor. Similarly, excluding the effects of soft flesh and melanin, the quality of the fish can normally be estimated with a relatively high degree of accuracy. Categorization of quality is normally set per country based on averages, but can be set individually per site when needed. The size distribution shows some degree of variation but normally not to an extent that significantly changes the estimated value of the biomass (the value of two fish at five kg is very similar to the value of two fish weighing four and six kg, respectively).

The accumulated cost of the fish per kg will only deviate from the estimate if the volume is different from the estimate. For the estimation of future costs, there is uncertainty with regard to feed prices, other input costs and biological development. Mowi measures cost deviations vs. budget as part of the follow up of Business Units. Excluding special situations (incidents etc.), the deviations in costs vs budgets are normally limited for a group of sites, although individual sites might show deviations. The estimation of costs influences the biomass value through the recognised fair value adjustment in the statements of comprehensive income and financial position (calculated as fair value less accumulated biological costs).

The key element in the estimation of fair value is the assumed market price. The assumed market price is the price that we expect to receive on the future date when the live fish is harvested. We derive these prices from a variety of sources, normally a combination of the prices achieved in the previous month and the contracts most recently entered into. For salmon of Norwegian, Scottish and Faroese origin, quoted forward prices (Nasdaq) are used in the estimation, see Note 2. The use of third-party forward prices improves the reliability and comparability of the price estimation.

For further information about biological asset values please see Note 6, Biological assets.

JUDGMENTS

The matters described below are considered to be the most important in understanding the key sources of judgments that are involved in preparing these consolidated financial statements and the uncertainties that could most significantly impact the amounts reported on the result of operations, financial position and cash flows.

LICENSES

The Group has assessed that all fish farming licenses have indefinite lives and, as such, are not amortized. Most of the jurisdictions in which the Group operates require us to obtain a license for each fish farm owned and operated in that jurisdiction. The Group has obtained and currently holds a license to own and operate each of our fish farms where a license is required. These licenses have indefinite lives or require renewal after a specific time period, but normally with automatic renewal and, as such, we have assessed that they have indefinite lives. However, the Group's licenses in each country are subject to certain requirements, and we risk penalties (including, in some cases, criminal charges), sanctions or even license revocation if we fail to comply with license requirements or related regulations. Also, local government may change the way licenses are renewed.

SUPPLY CHAIN FINANCING

Two companies in the Group hold Supply Chain Finance (SCF) agreements meaning that some vendors will indirectly offer extended credit terms to the company through a separate agreement with a financial institution. The vendors sell their trade receivables to the financial institution in order to receive payment immediately. Payment terms under the SCF agreement are in line with industry practice. The transaction is still between the company and its suppliers, and the company does not waive the right to claim any refund on quality issues, return goods etc. towards the supplier.

The refinancing by vendors has no cash-flow impact on the company, and only when the trade payable is settled with the bank will the cash flow statement be impacted, with a operating cash flow charge. The group's assessment is that the liabilities under these SCF agreements are presented as trade payables.

NOTE 4 - BUSINESS SEGMENTS

For management purposes, Mowi is organized into three Business Areas: Feed, Farming and Sales & Marketing.

Business segments are components of a business that are regularly reviewed by its chief operating decision-makers for the purpose of assessing performance and allocating resources. The term business segments corresponds to operating segments as defined in IFRS 8. The Group Management Team is the Group's chief operating decision-maker.

In Mowi the Feed Business Area consist of the feed factories in Norway and Scotland. Feed is considered to be a separate business segment due to the nature of the business (different economic characteristics(e.g similar long term average gross margin) compared to other business segments in the Group and separate management follow up).

The Farming Business Area consists of the farming and primary processing operations in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands. The Farming operations are, due to similar production processes, a global market for both salmon feed and sales of salmon, in addition to similar biological risk factors, considered to have similar economic characteristics.(e.g similar long term average gross margin) The farming units are therefore aggregated into one business segment.

The Sales & Marketing Business Area consists of the Markets operations in the Americas, Asia- and Europe, as well as Consumer Products. As the Markets operations are considered to have similar economic characteristics (e.g similar long term average gross margin), due to similar production processes and operational risk factors, and a common set of key performance indicators, they are presented as one reporting segment.

Consumer Products, which comprises the value-added operations in Europe, Asia and America, is presented as a single separate reporting segment due to similar production processes, operational risk factors and a common set of key performance indicators(e.g similar long term average gross margin). From 2019 the Consumer Products reporting segment includes additional value-added operations in Americas which were previously included in the Markets reporting segment. Comparison figures have been re-presented accordingly.

The business segment “Other” consists of corporate functions and holding companies.

The business segments' performance is monitored in order to achieve the overall objective of maximizing the operational EBIT per kg and margins. Consequently, reporting focuses on measuring and illustrating the overall profitability of the harvested volume, based on source of origin (operational EBIT per kg) and operational EBIT margin for the business segments Markets and Consumer Products. Legal entities with activities in both Farming and Sales & Marketing do not split their financial items or their statement of financial position. The net effects of Investments in these entities are recognised in the business segment Farming.

The pricing principle between Feed and Farming is set at market terms and benchmarked against third parties. The pricing principle between Farming and Sales & Marketing is based on market reference prices for spot sales, while contracts are at market terms, with the target for Sales & Marketing to maximize profit beyond these terms.

The same accounting principles as described for the consolidated financial statements have been applied to the business segment reporting. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions, and the measurements used in the business segment reporting are the same as those used for the third-party transactions.

In the business segment reporting internal profit related to unrealized gains from intra-group transactions are included in Operational EBIT for the relevant business segments, but eliminated in EBIT.

Operational EBIT and Operational EBITDA are non-IFRS financial measures. Operational EBIT is calculated by excluding certain items, according to the reconciliation below, from earnings before financial items and taxes (EBIT). Operational EBITDA is calculated by adding depreciation and amortization to Operational EBIT, however Operational EBITDA excludes the effects of IFRS 16. For further explanations, see section Analytical information in this report.

KEY BUSINESS SEGMENT FIGURES (EUR MILLION)							
2019	FEED	FARMING	MARKETS	CONSUMER PRODUCTS	OTHER	ELIMINA- TIONS	TOTAL
External revenue	30.6	102.3	1 606.2	2 396.3	—	—	4 135.4
Internal revenue	488.8	2 521.6	1 215.3	20.1	28.5	-4 274.3	—
Operational revenue	519.4	2 623.8	2 821.5	2 416.4	28.5	-4 274.3	4 135.4
Derivatives and other items	—	-7.6	1.9	—	—	6.0	0.3
Revenue and other income	519.4	2 616.2	2 823.4	2 416.4	28.5	-4 268.2	4 135.6
Operational EBITDA	32.8	719.7	75.8	60.5	-14.3	—	874.5
Operational EBIT	22.4	602.2	75.2	38.6	-17.5	—	720.9
Change in unrealized internal margin	—	—	—	—	—	-5.1	-5.1
Gain/loss from derivatives	—	-6.0	2.1	6.0	0.4	—	2.5
Net fair value adjustment biomass	0.1	-127.7	—	—	—	—	-127.5
Onerous contract provisions	—	5.3	—	—	—	—	5.3
Restructuring cost	—	—	—	-18.9	-0.3	—	-19.2
Other non-operational items	—	-1.6	—	-0.9	-1.4	—	-2.4
Income from associated companies and joint ventures	—	48.2	—	0.3	0.1	—	48.7
Impairment losses	—	-4.2	-0.1	-0.3	—	—	-4.5
EBIT	22.6	516.2	77.2	24.8	-18.7	-5.1	617.0
Gross investments	26.2	217.4	—	48.3	0.9	—	292.7
Number of employees 31.12 (FTE)	172	5 156	264	9 202	72	—	14 866

KEY BUSINESS SEGMENT FIGURES (EUR MILLION)							
2018	FEED	FARMING	MARKETS	CONSUMER PRODUCTS	OTHER	ELIMINA- TIONS	TOTAL
External revenue	15.5	119.5	1 454.2	2 225.2	—	—	3 814.5
Internal revenue	403.8	2 174.7	1 079.3	30.0	18.8	-3 706.7	—
Operational revenue	419.3	2 294.3	2 533.5	2 255.2	18.8	-3 706.7	3 814.4
Derivatives and other items	—	-0.5	-2.6	—	—	0.5	-2.6
Revenue and other income	419.3	2 292.8	2 530.9	2 255.2	18.8	-3 706.3	3 811.9
Operational EBITDA	17.1	742.9	51.0	112.8	-17.6	—	906.2
Operational EBIT	9.6	625.2	50.5	88.6	-21.0	—	752.8
Change in unrealized internal margin	—	—	—	—	—	-5.9	-5.9
Gain/loss from derivatives	—	-0.5	-2.6	0.5	7.0	—	4.4
Net fair value adjustment biomass	0.5	145.8	—	—	—	—	146.4
Onerous contract provisions	—	-6.1	—	—	—	—	-6.1
Restructuring cost	—	-0.1	0.5	—	—	—	0.3
Other non-operational items	—	-0.8	—	-0.1	—	—	-1.0
Income from associated companies and joint ventures	—	45.7	—	—	-0.2	—	45.5
Impairment losses	—	-2.8	—	-8.2	—	—	-11.0
EBIT	10.2	806.3	48.3	80.8	-14.1	-5.9	925.4
Gross investments	78.5	230.3	0.7	34.4	2.2	—	346.2
Number of employees 31.12 (FTE)	110	4 718	255	9 152	62	—	14 297

NON-CURRENT ASSETS BY COUNTRY LOCATION (EUR MILLION)	2019	2018
Norway	1 631.3	1 285.5
Poland	127.4	116.2
Scotland	508.1	355.7
Belgium	78.7	78.6
France	40.0	37.9
Rest of Europe	88.2	76.5
Chile	224.1	212.9
Canada/USA	477.2	361.7
Asia	13.6	9.8
Non-current assets	3 188.6	2 534.8
Other non-current assets ¹⁾	21.8	23.3
Total non-current assets	3 210.4	2 558.1

1) Deferred tax assets and other non-current financial assets

NOTE 5 - DISAGGREGATION OF REVENUE

BUSINESS AREAS		Feed		Farming		Sales & Marketing		Total	
(EUR MILLION)	Note	2019	2018	2019	2018	2019	2018	2019	2018
Geographical markets									
Europe		29.2	13.9	60.4	45.4	2 658.5	2 599.4	2 748.1	2 658.8
Americas		—	—	1.9	50.0	868.9	644.6	870.8	694.6
Asia		—	—	—	—	371.7	350.9	371.7	350.9
Rest of the world		—	—	0.7	0.7	82.8	47.5	83.4	48.2
Revenue from contracts with customers		29.2	13.9	62.9	96.1	3 981.9	3 642.4	4 074.0	3 752.5
Other income		1.4	1.6	39.4	23.4	20.6	37.1	61.4	62.1
Operational revenue	4	30.6	15.5	102.3	119.5	4 002.5	3 679.5	4 135.4	3 814.5

SOURCE OF REVENUE

The main source of revenue for the Group is sales of Atlantic salmon, including elaborated products.

The business area Sales & Marketing represents the majority of the Group's external revenue.

The revenue distribution for Sales & Marketing according to product categories was as follows in 2019 (2018): Fresh bulk 39% (38%), smoked/marinated 18% (21%), fresh MAP 14% (13%), fresh prepared 14% (11%), frozen prepared 5% (6%), frozen bulk 1% (2%) and other 8% (9%). The revenue distribution for Sales & Marketing according to customer categories was as follows in 2019 (2018):

Retail 50% (51%), Distributors 31% (30%), Industry 9% (10%), Foodservice 7% (5%) and Smoke houses 4% (4%).

The majority of revenue from customers in the Business Area Farming is related to sales of Atlantic Salmon (EUR 35.8 million in 2019 and EUR 78.3 million in 2018), while revenue from customers in the Business Area Feed is related to sales of feed to external parties.

No customers accounts for 10% or more of the Group's revenues.

NOTE 6 - BIOLOGICAL ASSETS

VALUATION OF BIOLOGICAL ASSETS

Biological assets are, in accordance with IAS 41, measured at fair value less cost to sell. All fish at sea are subject to a fair value calculation, while broodstock and smolt are measured at cost less impairment losses. Cost is deemed a reasonable approximation for fair value for broodstock and smolt as there is little biological transformation (IAS 41.24).

Biomass measured at fair value, is categorized at Level 3 in the fair value hierarchy, as the input is mostly unobservable. In line with IFRS 13, the highest and best use of the biological assets is applied for the valuation. In accordance with the principle for highest and best use, we consider that the fish have optimal harvest weight when they have a live weight corresponding to 4 kg gutted weight. This corresponds to a live weight of 4.8 kg (there may be regional variances). Fish of this weight or above are classified as ready for harvest (mature fish), while fish that have still not achieved this weight are classified as not ready for harvest (immature fish). The valuations are carried out at business unit level based on a common model and basis for assumptions established at group level. All assumptions are subject to monthly quality assurance and analysis at the group level.

The valuations are based on an income approach and takes into consideration unobservable input based on biomass in the sea, the estimated growth rate and cost to completion at site level. Mortality, quality of the fish going forward and market price are considered at business unit level. A special assessment is performed for sites with high/low performance due to disease or other deviating factors. The market prices are derived from observable market prices where available.

ASSUMPTIONS USED FOR DETERMINING FAIR VALUE OF LIVE FISH

The estimated fair value of the biomass will always be based on uncertain assumptions, even though the group has built substantial expertise in assessing these factors. Estimates are applied to the following factors; biomass volume, the quality of the biomass, size distribution, cost, mortality and market prices.

Biomass volume: The biomass volume is in itself an estimate based on the number of smolt released into the sea, the estimated growth from the time of stocking, estimated mortality based on observed mortality in the period, etc. There is normally little uncertainty with regard to biomass volume.

The level of uncertainty will, however, be higher if an incident has resulted in mass mortality, especially early in the cycle, or if the fish's health status restricts handling. If the total biomass at sea was 1% lower than our estimates, this would result in an decrease in value of EUR 5.7 million.

The quality of the biomass: The quality of the biomass can be difficult to assess prior to harvesting, if the reason for downgrading is related to muscle quality (e.g. the effect of Kudoa in Canada). In Norway downgraded fish is normally priced according to standard rates of deduction compared to a Superior quality fish. For fish classified as Ordinary grade, the standard rate of reduction is EUR 0.15 to EUR 0.21 per kg gutted weight. For fish classified as Production grade, the standard rate of reduction is EUR 0.5 to EUR 1.5 per kg gutted weight, depending on the reason for downgrading. In our fair value model for salmon of Norwegian origin, we have used EUR 0.21 and EUR 0.61 as deductions from Superior grade for Ordinary and Production grade quality respectively. In other countries the price deductions related to quality are not as standardized. The quality of harvested fish has been good in 2019. For the Group as a whole, 91% of the fish were graded as Superior quality. A one percentage point change from Superior quality to Production grade quality would result in a change in value of EUR -0.9 million.

The size distribution: Fish in sea grow at different rates, and even in a situation with good estimates for the average weight of the fish there can be a considerable spread in the quality and weight of the fish. The size distribution affects the price achieved for the fish, as each size category of fish is priced separately in the market. When estimating the biomass value, a normal size distribution is applied.

Cost: For the estimation of future costs, there is uncertainty with regard to feed prices, other input costs and biological development. Mowi measures cost deviations vs. budget as part of the follow up of business units. Excluding special situations (incidents etc.), the deviations in costs vs budgets are normally limited for a group of sites, although individual sites might show deviations. The estimation of costs influences the biomass value through the recognised fair value adjustment in the statements of comprehensive income and financial position (calculated as fair value less accumulated biological costs).

Mortality: Normalized mortality will affect the fair value estimates both as a reduction of estimated harvesting volumes and because cost to completion includes cost incurred on fish that eventually will perish.

Market price: The market price assumption is very important for the valuation and even minor changes in the market price will result in significant changes in the valuation. The methodology used for establishing the market price is explained in Note 2. A EUR 0.1 decrease in the market price would result in a decrease in value of EUR 15.6 million.

The market price risk is reduced through fixed price/volume customer contracts and financial contracts, as well as our downstream integration as explained in Note 13.

WRITE-DOWN OF BIOMASS AND INCIDENT-BASED MORTALITY

Incident-based mortality is accounted for when a site either experiences elevated mortality over time or substantial mortality due to an incident at the farm (outbreak of disease, lack of oxygen etc). The cost of incident based mortality is included in "cost of

materials" in the statement of comprehensive income, see Note 33. The fair value element is adjusted through fair value adjustment on incident based mortality, and included in net fair value adjustment in the statement of comprehensive income.

RECONCILIATION OF CHANGES IN THE CARRYING AMOUNT OF BIOLOGICAL ASSETS (EUR MILLION)	2019	2018
Carrying amount as of 01.01	1 559.3	1 200.5
Cost to stock	1 685.0	1 471.0
Net fair value adjustment	-127.5	146.4
Mortality for fish in sea	-86.2	-42.8
Cost of harvested fish	-1 551.8	-1 290.7
Effects of business combinations	11.7	78.0
Currency translation differences	31.8	-3.0
Total carrying amount of biological assets as of 31.12	1 522.4	1 559.3

FAIR VALUE ADJUSTMENT ON BIOLOGICAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	2019	2018
Mowi Norway	236.1	278.0
Mowi Chile	10.8	38.1
Mowi Canada	33.0	69.0
Mowi Scotland	41.1	60.0
Mowi Faroe Islands	9.5	6.5
Mowi Ireland	11.2	7.2
Mowi Fish Feed	0.5	0.3
Total fair value adjustment included in carrying amount in the statement of financial position	342.2	459.1
Biomass at cost	1 180.2	1 100.2
Total biological assets	1 522.4	1 559.3

FAIR VALUE ADJUSTMENT ON BIOLOGICAL ASSETS IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR MILLION)	2019	2018
Mowi Norway	414.6	574.8
Mowi Chile	56.6	87.3
Mowi Canada	27.8	83.6
Mowi Scotland	94.0	95.2
Mowi Faroe Islands	9.3	15.7
Mowi Ireland	26.3	16.7
Mowi Fish Feed	0.3	0.3
Total fair value adjustment in the statement of comprehensive income	628.9	873.5

FAIR VALUE ADJUSTMENT ON HARVESTED FISH IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR MILLION)	2019	2018
Mowi Norway	-452.0	-480.7
Mowi Chile	-84.1	-69.7
Mowi Canada	-72.3	-80.9
Mowi Scotland	-111.7	-54.5
Mowi Faroe Islands	-6.3	-14.2
Mowi Ireland	-18.3	-18.1
Mowi Fish Feed	-0.1	0.2
Total fair value uplift in the statement of comprehensive income	-744.9	-717.8

FAIR VALUE ADJUSTMENT ON INCIDENT BASED MORTALITY IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR MILLION)	2019	2018
Mowi Norway	-7.6	-3.9
Mowi Chile	-0.7	—
Mowi Canada	4.5	-2.9
Mowi Scotland	-3.8	-0.6
Mowi Faroe Islands	—	—
Mowi Ireland	-4.0	-2.0
Mowi Fish Feed	—	—
Total fair value uplift in the statement of comprehensive income	-11.6	-9.4

NET FAIR VALUE ADJUSTMENT IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR MILLION)	2019	2018
Mowi Norway	-45.0	90.2
Mowi Chile	-28.1	17.6
Mowi Canada	-40.0	-0.3
Mowi Scotland	-21.5	40.2
Mowi Faroe Islands	3.0	1.6
Mowi Ireland	4.0	-3.4
Mowi Fish Feed	0.2	0.5
Total fair value uplift in the statement of comprehensive income	-127.5	146.4

VOLUMES OF BIOMASS (TONNES)	2019	2018
Volume of biomass harvested during the year (gutted weight)	435 904	375 237
Volume of biomass in the sea at year-end (live weight)	289 824	304 980

SENSITIVITY EFFECT ON FAIR VALUE (SALMON ONLY) AT YEAR-END (EUR MILLION)	PRICE -0.1 EUR	BIOMASS -1% LWT	QUALITY -1% SUP
Mowi Norway	-8.6	-3.6	-0.2
Mowi Chile	-2.2	-0.2	-0.1
Mowi Canada	-2.2	-0.7	-0.4
Mowi Scotland	-1.7	-0.4	-0.1
Mowi Faroe Islands	-0.6	-0.7	-0.1
Mowi Ireland	-0.3	-0.1	—
Mowi Fish Feed	—	—	—
Total sensitivity effect on fair value	-15.6	-5.7	-0.9

INCIDENT-BASED MORTALITY 2019 (SALMON ONLY)	INCIDENT-BASED MORTALITY (1000 TONNES)	INCIDENT-BASED MORTALITY IN % OF TOTAL MORTALITY (VOLUME)
Mowi Norway	5.9	20.0%
Mowi Chile	0.6	19.7%
Mowi Canada	6.8	46.0%
Mowi Scotland	5.8	58.4%
Mowi Faroe Islands	—	—
Mowi Ireland	2.1	61.7%
Mowi Fish Feed	—	—
Mowi Group	21.2	34.8%

FORWARD PRICES USED IN FAIR VALUE CALCULATION ¹⁾ QUARTER	EUR/KG
Q1 2020	6.72
Q2 2020	6.75
Q3 2020	5.51
Q4 2020	5.62
Q1 2021	5.89
Q2 2021	5.89

1) Norway and Faroe Islands only. Before reduction of export costs.

NOTE 7 - INVENTORY

INVENTORY (EUR MILLION)	2019	2018
Raw materials and goods in process	148.5	129.3
Finished goods	172.1	156.2
Total inventory	320.7	285.5

The amounts above are net after provision for obsolete goods, EUR 7.1 million (2018: EUR 3.1 million). The amount of inventory recognised as an expense during the period totaled EUR 1 602.0 million (2018: EUR 1 491.1 million).

NOTE 8 - IMPAIRMENT TESTING OF INTANGIBLE ASSETS

At year-end 2019, the market value of the Group's equity was significantly higher than the carrying amount of equity, which is an indication that the market considers the value of the Group's assets to exceed the carrying amount. For all cash generating units (CGUs), the recoverable amount has been determined based on a value-in-use calculation using cash flow projections based on approved budgets for the first year. The three next years are based on the approved long-term plan. The cash flow projections beyond the fourth year and beyond the fifth year are estimated by extrapolating the projections reflecting steady-state operations. The net present value of the cash flow is compared to the carrying amount in the CGU. If the carrying amount is higher than the calculated value in use, an impairment loss is recognised in profit or loss, reducing the asset value to the calculated value in use. The estimated cash flows are based on the assumption of continued operation as part of the Mowi Group.

There has been no changes in the identified CGUs for the year 2019.

KEY ASSUMPTIONS

The key assumptions used in the calculation of value in use are harvested volume, EBIT(DA)/margins, capital expenditure, discount rates and the terminal growth rates. Please see the table below for a summary of the key assumptions for each CGU.

Harvest volume

The expected harvest volume is based on the fish currently being held at sea, forward stocking plan and adjusted for the expected future increase in production given today's licenses. This evaluation has been performed CGU by CGU and is updated yearly.

EBIT(DA)/Margins

The key profit target for salmon farming and sales is EBIT per kg, while value-added operations are measured in terms of EBIT/EBITDA in % of sales. EBIT per kg is highly volatile due to fluctuations in the price of salmon. Costs can under normal circumstances be forecast with a relatively high level of accuracy. As Mowi has entered into long-term sales contracts for a proportion of the volume to be harvested in 2020, the margin for 2020 can be forecasted with a higher level of accuracy than the margin for the years beyond (2021-2024). With regards to the terminal, an expected Long term EBIT pr kg has been used in the farming entities and an expected EBIT in % of sales has been used for other operations. In the calculation we have used the EBIT margin from the Long Term plan per entity, and reduced this to 90 %. This principle has been applied in all farming entities for the terminal value.

Capital expenditure

In the five-year forecast period, the capital expenditure necessary to meet the expected growth in revenue and profit is taken into consideration. Consistent with the Group's plan, the capital expenditure level for 2020 is high to further grow the operations. Beyond 2020, capital expenditures are aligned with growth and replacement plans. Capital expenditure to comply with current laws and regulations has been included. Capital expenditure related to committed and approved efficiency improvement programs has also been included to support the inclusion of the benefits in the applied margin.

Changes in applicable laws and regulations may affect future estimated capital expenditure needs; this is not reflected in the figures used in the impairment test. Beyond the forecast period, capital expenditure will in general equal depreciation and relate to maintenance investments.

Discount rate

The discount rates are based on the Weighted Average Cost of Capital (WACC) methodology. The cost of equity is based on Capital Asset Pricing Model (CAPM). The cost of debt is based on the risk-free rate in the applicable country. In the model, a five-year average of the ten-year risk-free rate has been used. Calculation of the final discount rates (WACC) also takes into account market risk premium, debt risk premium, gearing and beta value. In the calculations, the Group has applied estimated cash flows before tax and the corresponding discount rates before tax.

Terminal growth rates

Growth after the five-year forecast period has in general been set independently for each cash-generating unit based on the five year average historic inflation rate. The maximum growth rate applied beyond the forecast period is 1.51%. This is lower than the expected growth rates in the first five years and lower than the historic growth rate in salmon demand.

Sensitivity

With regard to the assessment of recoverable amount, the Group is of the view that no reasonably likely change in any of the above key assumptions would cause the carrying value to materially exceed the recoverable amount for any of the CGUs.

The significant key assumptions with regards to sensitivity are expected harvest volumes and EBIT(DA)/Margins.

ASSUMPTIONS	HARVEST VOLUME 2019 (GWT)		WACC			TERMINAL	
			BEFORE TAX			VALUE GROWTH %	
			2019	2018		2019	2018
CASH GENERATING UNITS							
Mowi Norway Farming	236 880		9.1%	10.0%		0.8%	1.0%
Mowi Chile Farming	65 688		11.7%	11.7%		1.5%	1.5%
Mowi Canada Farming	54 408		9.7%	10.0%		0.8%	1.1%
Mowi Scotland Farming	65 365		8.5%	9.1%		0.6%	0.9%
Mowi Ireland Farming	6 650		7.4%	8.1%		0.3%	0.2%
Mowi Faroe Islands Farming	6 913		8.8%	9.2%		0.8%	1.0%
Mowi Consumer Products	—		8.6%	9.2%		0.2%	0.2%
Mowi Asia	—		9.2%	9.4%		0.8%	1.0%
Mowi USA sale and smoked	—		10.9%	12.8%		1.5%	1.5%
Mowi Fish Feed	—		9.1%	9.2%		0.8%	1.0%
Total	435 904						

Please see table below for an overview of the CGU's with allocated intangible assets as of December 31, 2019 and 2018.

CASH GENERATING UNITS (EUR MILLION)	GOODWILL		LICENSES	
	2019	2018	2019	2018
Mowi Norway Farming	181.6	161.7	498.0	435.5
Mowi Scotland Farming	6.9	0.8	65.2	61.6
Mowi Canada Farming	38.6	36.1	162.0	151.7
Mowi Chile Farming	—	—	124.1	123.8
Mowi Ireland Farming	—	—	2.2	2.2
Mowi Faroe Islands Farming	—	—	6.5	6.5
Mowi Consumer Products	90.9	90.7	—	—
Total	317.9	289.3	858.0	781.4

NOTE 9 - INTANGIBLE ASSETS

SPECIFICATION OF INTANGIBLE ASSETS 2019 (EUR MILLION)	GOODWILL	LICENSES	OTHER INTANGIBLE ASSETS ¹⁾	TOTAL
Acquisition cost as of 01.01	552.7	949.5	65.0	1 567.1
Additions in the year as a result of acquisitions ²⁾	25.8	60.9	—	86.7
Additions in the year ³⁾	—	1.8	2.8	4.6
Divestment ⁴⁾	-0.2	—	-0.1	-0.4
Foreign currency adjustments	5.4	18.4	0.6	24.4
Total acquisition cost as of 31.12	583.7	1 030.5	68.3	1 682.4
Accumulated amortization and impairment losses as of 01.01	263.4	168.0	38.8	470.2
Amortization in the year	—	0.2	4.3	4.5
Impairment losses in the year	—	2.2	0.3	2.5
Divestment	-0.1	—	-0.1	-0.2
Foreign currency adjustments	2.5	2.0	0.3	4.8
Total accumulated amortization and impairment losses as of 31.12	265.8	172.5	43.4	481.7
Total carrying amount as of 31.12	317.9	858.0	24.8	1 200.7
Estimated lifetime			3 - 25 years	
Amortization method			Linear	

1) Other intangible assets includes assets under construction.
2) Mainly related to the acquisition of K.Strømmen Lakseoppdrett AS. See note 22 for more information.
3) Additions on Licenses are mainly related to the purchase of increased capacity in farming Norway.
4)Divestment is related to the sale of the entity Mowi Lorient SAS.

SPECIFICATION OF INTANGIBLE ASSETS 2018 (EUR MILLION)	GOODWILL	LICENSES	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost as of 01.01	514.4	778.5	61.1	1 353.9
Additions in the year as a result of acquisitions	34.9	98.7	—	133.6
Additions in the year	—	66.8	3.0	69.8
Reclassification	—	—	0.9	0.9
Disposals / scrapping in the year	—	—	-0.3	-0.3
Foreign currency adjustments	3.3	5.5	0.3	9.1
Total acquisition cost as of 31.12	552.7	949.5	65.0	1 567.1
Accumulated amortization and impairment losses as of 01.01	258.7	163.3	34.9	456.9
Amortization in the year	—	0.2	3.9	4.1
Impairment losses in the year	—	0.1	0.1	0.2
Accumulated amortization and impairment losses on disposals	—	—	-0.4	-0.4
Foreign currency adjustments	4.7	4.4	0.2	9.3
Total accumulated amortization and impairment losses as of 31.12	263.4	168.0	38.8	470.2
Total carrying amount as of 31.12	289.3	781.4	26.2	1 096.9
Estimated lifetime			3 - 25 years	
Amortization method			Linear	

SPECIFICATION OF SEAWATER LICENSES	NUMBER OF LICENSES/ TENURES	NUMBER OF LICENSES/ TENURES IN USE	TOTAL CURRENT PRODUCTION CAPACITY ³⁾ (T TONNES)	OTHER LIMITATIONS
Mowi Norway ¹⁾	235.5	235.5	260-280	MAB limitation per license
Mowi Chile	186	30-40	120-130	
Mowi Scotland	76	48	95	MAB limitation per license
Mowi Canada	103	63	101	MAB limitation per license
Mowi Ireland	24	17	13	
Mowi Faroe Islands ²⁾	3	3	11	

1) CAC licenses not included.
2) Total capacity is 15 tonnes over a two year cycle.
3) Total production capacity HOG, full utilization.

SPECIFICATION LICENSES 2019	TOTAL CURRENT PRODUCTION CAPACITY ²⁾ (T TONNES)	HARVEST VOLUME (SALMON ONLY)	UTILIZATION BASED ON PRODUCTION CAPACITY	BOOK VALUE (EUR MILLION) ¹⁾	BOOK VALUE PER PRODUCTION VOLUME
Mowi Norway	260-280	236.9	85% -91%	498.0	2.1
Mowi Chile	120-130	65.7	51% -55%	124.1	1.9
Mowi Scotland	95	65.4	69%	65.2	1.0
Mowi Canada	101	54.4	54%	162.0	3.0
Mowi Ireland	13	6.6	51%	2.2	0.3
Mowi Faroe Islands	11	6.9	65%	6.5	0.9
Total		435.9		858.0	2.0

1) Book value includes freshwater licenses in addition to seawater licenses.
2) Total production capacity HOG, full utilization.

The recognised value of our fish farming licenses in our Statement of Financial Position was EUR 858.0 million and EUR 781.4 million in December 31, 2019 and 2018 respectively. Measured in EUR per kg salmon harvested the values were EUR 2.0 and EUR 2.1 respectively.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

SPECIFICATION OF PPE 2019 (EUR MILLION)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	UNDER CONSTRUCTION /PREPAYMENTS	OTHER TANGIBLE	TOTAL
Acquisition cost as of 01.01	661.5	1 052.1	209.8	358.1	301.0	58.3	2 640.7
Acquisitions through business combinations ¹⁾	1.0	3.2	0.3	—	—	—	4.5
Additions in the year	2.7	15.9	0.4	0.2	252.0	3.5	274.6
Reclassification	146.9	103.8	32.3	59.3	-354.6	10.7	-1.6
Disposals / scrapping in the year	-8.3	-41.5	-2.5	-36.4	—	-2.6	-91.3
Divestments ²⁾	-3.1	-3.9	-1.2	-1.4	—	-0.1	-9.7
Foreign currency adjustments	13.0	22.6	3.1	10.7	13.0	0.9	63.3
Total acquisition cost as of 31.12	813.6	1 152.1	242.2	390.5	211.3	70.6	2 880.4
Accumulated depreciation and impairment losses as of 01.01	277.6	764.6	101.3	228.9	2.6	49.6	1 424.7
Depreciation in the year	30.6	70.0	17.1	36.6	—	3.4	157.8
Impairment losses and reversal of previous write-downs in the year	0.8	0.2	0.8	—	0.2	—	2.0
Reclassification	0.2	-5.3	-1.0	0.1	—	6.0	—
Accumulated depreciation and impairment losses on disposals	-7.7	-41.2	-1.9	-35.8	—	-2.5	-89.1
Divestments ²⁾	-2.0	-3.3	-1.2	-1.4	—	-0.1	-8.0
Foreign currency adjustments	3.5	14.1	1.7	6.7	4.5	0.9	31.4
Total accumulated depreciation and impairment losses as of 31.12	303.1	799.2	116.8	235.1	7.3	57.3	1 518.8
Total carrying amount as of 31.12	510.5	352.9	125.4	155.4	204.0	13.3	1 361.6
Estimated lifetime	Land; infinite Buildings; 0-20 years	5-20 years	3-10 years	5-10 years	NA	3-10 years	
Depreciation method	Linear	Linear	Linear	Linear	NA	Linear	

1) Mainly related to acquisition of K. Strømmen Lakseoppdrett AS. See note 22 for more information.
2)Divestment is related to the sale of the entity Mowi Lorient SAS.

SPECIFICATION OF PPE 2018 (EUR MILLION)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	UNDER CONSTRUCTION /PREPAYMENTS	OTHER TANGIBLE	TOTAL
Acquisition cost as of 01.01	623.2	985.3	185.8	342.0	212.7	56.6	2 405.6
Acquisitions through business combinations	12.8	5.5	6.1	7.8	5.6	0.1	38.0
Additions in the year	3.9	14.3	4.0	0.2	242.2	1.2	265.8
Reclassification	35.1	67.8	15.4	33.7	-156.7	0.8	-4.0
Disposals / scrapping in the year	-12.9	-24.5	-0.5	-26.5	—	-1.2	-65.6
Foreign currency adjustments	-0.6	3.7	-1.0	0.9	-2.8	0.8	1.0
Total acquisition cost as of 31.12	661.5	1 052.1	209.8	358.1	301.0	58.3	2 640.7
Accumulated depreciation and impairment losses as of 01.01	256.2	709.0	88.7	220.7	2.8	45.6	1 323.0
Depreciation in the year	27.2	69.8	13.5	34.2	—	4.5	149.3
Impairment losses and reversal of previous write-downs in the year	5.6	4.8	—	0.3	-0.2	0.3	10.8
Reclassification	0.1	—	—	-1.4	—	-0.3	-1.7
Accumulated depreciation and impairment losses on disposals	-12.3	-23.9	-0.5	-25.4	—	-1.2	-63.4
Foreign currency adjustments	0.9	4.9	-0.5	0.6	—	0.8	6.6
Total accumulated depreciation and impairment losses as of 31.12	277.6	764.6	101.3	228.9	2.6	49.6	1 424.7
Total carrying amount as of 31.12	383.8	287.4	108.6	129.2	298.4	8.7	1 216.1
Estimated lifetime	Land; infinite Buildings; 0-20 years	5-20 years	3-10 years	5-10 years	NA	3-10 years	
Depreciation method	Linear	Linear	Linear	Linear	NA	Linear	

Sale of non-current assets

Non-current tangible assets have been sold during the year, and the net gain on the sale of assets (included in the line item Other operating expenses in the consolidated statement of comprehensive income) amounts to EUR 4.7 million in 2019. The corresponding figure for 2018 is EUR 1.9 million.

Impairment testing of non-current assets

Impairment tests for specific non-current assets are performed when there are indications of impairment. In 2019, a net loss in fixed assets of EUR 2.4 million was booked in Chile, EUR 1.0 million in Canada, EUR 0.9 million in Norway and EUR 0.3 million in Poland.

Contractual commitments

Mowi has entered into significant contractual commitments for the acquisition of property, plant and equipment at year-end 2019. The commitments have been entered into in Farming Norway (EUR 54.9 million), Farming Scotland (EUR 1.3 million), Farming Canada (EUR 3.3 million), Feed Scotland (EUR 1.5 million) and Consumer Products (EUR 16.2 million).

NOTE 11 - INTEREST-BEARING DEBT

INTEREST-BEARING DEBT (EUR MILLION)	2019	2018
Non-current interest-bearing debt	1 119.0	944.4
Bond	198.6	198.1
Schuldschein loan	148.2	—
Total non-current interest-bearing debt	1 465.8	1 142.5
Current interest-bearing debt	—	0.1
Total interest-bearing debt	1 465.8	1 142.6

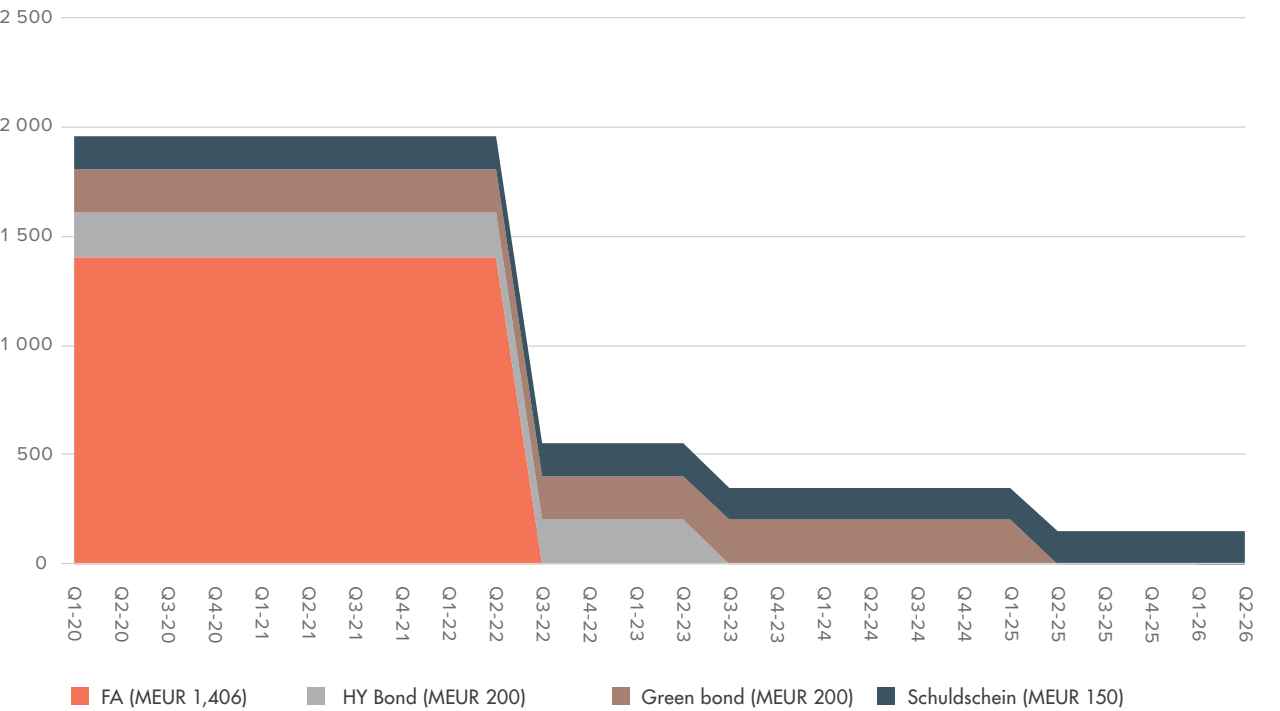
Financing of the Mowi Group is mainly carried out through the parent company Mowi ASA. External financing is obtained by subsidiaries only if this is optimal for the Group. Mowi complied with its covenants at the end of 2019.

The following programs are the main sources of financing for the Mowi Group as of December 31, 2019:

EUR 1,406 MILLION SYNDICATED CREDIT FACILITY

In June 2017, Mowi signed a senior secured five-year, EUR 1,206 million multicurrency revolving credit facility (the "Facility Agreement") with DNB, Nordea, ABN Amro, Rabobank, Danske Bank and SEB. The Facility Agreement included an accordion increase option, which was executed in December 2018, increasing the size of the Facility Agreement by an additional EUR 200 million to EUR 1,406 million. The principal financial covenant of the Facility Agreement is an equity ratio of minimum 35%, but the calculation of the ratio is to be adjusted for the effects of IFRS 16. Furthermore, the ability of the Group to take on new debt is regulated by the loan agreement. The facility has final maturity in June 2022.

Financing lines available (committed) and maturity



The facility is available to Mowi ASA and selected subsidiaries. In addition, part of the revolving credit facility may be allocated as bilateral credits (including overdraft facilities and facilities for the issuance of guarantees) between syndicate banks and group companies.

Drawings at year end 2019 on the syndicated credit facility amounts to EUR 1,118.3 million, up from 943.5 million at year end 2018.

EUR 200 MILLION BOND

In June 2018, Mowi issued an unsecured bond with a principal amount of EUR 200 million. The bond issue carries a coupon of three-month EURIBOR (floored at 0%) plus 2.15% p.a., payable quarterly, and the sole financial covenant is an equity ratio of minimum 30%. The bond is repayable in June 2023 with no interim instalments. The bond is listed on the Oslo Stock Exchange with ISIN : NO 0010824006.

EUR 150 MILLION SCHULDSCHEIN LOAN

In May 2019, Mowi entered into a EUR 120 million, seven-year senior unsecured loan in the German Schuldschein market, increased to EUR 150 million in August 2019. The loan consists of two floating-rate tranches of EUR 99 million and EUR 30 million and a fixed-rate tranche of EUR 21 million whose sole financial covenant is an equity ratio of minimum 30%. Mowi pays semi-annual interest of six-month EURIBOR (floored at 0%) plus 1.70% p.a. on the floating-rate tranches and, through a corresponding interest rate swap, six-month EURIBOR plus 1.705% p.a. on the fixed-rate tranche. All tranches are non-amortizing and mature in May 2026.

In January 2020, Mowi issued a EUR 200 million Green Bond , for details see Note 35 Subsequent events

CASH MOVEMENTS FINANCING ACTIVITIES

CASH MOVEMENTS FINANCING ACTIVITIES (EUR MILLION)	NON-CURRENT INTEREST-BEARING DEBT	DERIVATIVES
Balance at January 1, 2019	1 142.5	77.3
Proceeds from loans and borrowings	318.3	—
Transaction cost related to loans and borrowings	-1.9	—
Total changes from financing cash flows	316.4	—
The effect of changes in foreign exchange rates	3.5	—
Changes in fair value	—	-43.2
Liability-related	3.5	-43.2
Capitalized borrowing cost	3.1	-0.1
Interest expense	21.4	33.1
Interest paid	-21.1	-33.0
Total liability-related other changes	3.4	—
Balance at December 31, 2019	1 465.8	34.1

CASH MOVEMENTS FINANCING ACTIVITIES (EUR MILLION)	NON-CURRENT INTEREST-BEARING DEBT	DERIVATIVES
Balance at January 1, 2018	903.6	91.8
Proceeds from loans and borrowings	668.6	—
Transaction cost related to loans and borrowings	-3.0	—
Converted/redeemed	-470.3	—
Total changes from financing cash flows	195.3	—
The effect of changes in foreign exchange rates	10.3	—
Changes in fair value	—	-14.7
Liability-related	10.3	-14.7
Capitalized borrowing cost	23.8	—
Interest expense	27.7	19.0
Interest paid	-18.1	-18.8
Total liability-related other changes	33.4	0.2
Balance at December 31, 2018	1 142.6	77.3

NOTE 12 - FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS IMPACT ON COMPREHENSIVE INCOME (EUR MILLION)	2019	2018
Interest expenses	-55.8	-37.8
Interest expenses leasing (IFRS 16)	-11.3	—
Amortized interest cost	-3.1	-12.1
Interest expenses	-70.2	-50.0
Net currency effects on interest-bearing debt	-8.4	-2.0
Net currency effects on cash, trade receivables and trade payables	21.0	-11.9
Gain/loss on short-term currency swaps	5.8	-4.2
Gain/loss on long-term currency swaps	10.0	0.5
Currency effects on leasing (IFRS 16)	3.3	—
Net currency effects	31.6	-17.7
Interest income	1.5	3.0
Gain/loss on salmon derivatives non-operational	-1.0	0.4
Change in fair value other financial instruments	29.4	14.6
Change in fair value conversion liability component of convertible bonds	—	-142.3
Net other financial items	-0.8	-1.1
Other financial items	29.0	-125.5
Total financial items	-9.5	-193.2

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	FINANCIAL ASSETS AND LIABILITIES			
	DEBT INSTRUMENTS AT AMORTIZED COST	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	NON-FINANCIAL ASSETS AND LIABILITIES	TOTAL
DECEMBER 31, 2019				
Non-current assets				
Other non-current financial assets	—	1.9	—	1.9
Current assets				
Trade receivables	504.8	—	—	504.8
Other receivables	113.1	—	33.1	146.2
Other current financial assets	—	6.9	—	6.9
Cash	128.6	—	—	128.6
Non-current liabilities				
Non-current interest-bearing debt	-1 465.8	—	—	-1 465.8
Current liabilities				
Current interest-bearing debt	—	—	—	—
Trade payables	-296.8	—	—	-296.8
Other current financial liabilities	—	-34.1	—	-34.1
Other current liabilities	-70.4	—	-129.5	-199.9
Total	-1 086.5	-25.3		
Fair value ¹⁾	-1 091.2	-25.3		

1) Difference in fair value is related to Non-current interest-bearing debt (Bond).

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	FINANCIAL ASSETS AND LIABILITIES			
	DEBT INSTRUMENTS AT AMORTIZED COST	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	NON-FINANCIAL ASSETS AND LIABILITIES	TOTAL
DECEMBER 31, 2018				
Non-current assets				
Other non-current financial assets	—	0.4	—	0.4
Current assets				
Trade receivables	493.3	—	—	493.3
Other receivables	111.5	—	31.3	142.8
Other current financial assets	—	0.8	—	0.8
Cash	105.3	—	—	105.3
Non-current liabilities				
Non-current interest-bearing debt	-1 142.5	—	—	-1 142.5
Other non-current financial liabilities	—	—	—	—
Current liabilities				
Current interest-bearing debt	-0.1	—	—	-0.1
Trade payables	-280.2	—	—	-280.2
Other current financial liabilities	—	-77.3	—	-77.3
Other current liabilities	-64.8	—	-143.7	-208.5
Total	-777.5	-76.1		
Fair value ¹⁾	-781.5	-76.1		

1) Difference in fair value is related to Non-current interest-bearing debt (Bond).

There has not been any reclassification between the categories of financial assets or liabilities in 2019, or 2018. Details regarding the criteria for recognition and the basis for measurement of each class of financial instrument are disclosed in Note 2 Significant accounting principles.

OTHER CURRENT FINANCIAL ASSETS (EUR MILLION)	2019	2018
Market value of other financial instruments	0.2	—
Currency swaps	6.8	0.8
Other current financial assets as of 31.12	6.9	0.8

OTHER CURRENT FINANCIAL LIABILITIES (EUR MILLION)	2019	2018
Currency swaps	4.6	18.8
Interest rate swaps	29.5	58.6
Other current financial liabilities as of 31.12	34.1	77.3

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments carried at amortized cost

The Group considers that the carrying amount of financial assets and liabilities recognised at amortized cost in the financial statements approximates their fair value.

Fair value measurements recognised in the statement of financial position

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy of three different levels, based on the degree to which the fair value is observable:

- Level 1:

Fair value determined directly by reference to published quotations.
- Level 2:

Fair value estimated using valuation technique based on input other than quoted prices included in level 1 that are observable
- Level 3:

Fair value estimated using a valuation technique based on unobservable data.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (EUR MILLION)	2019			2018		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets/liabilities to fair value through profit or loss:						
Other financial instruments	—	0.2	—	—	—	—
Current currency swaps	—	6.8	—	—	0.8	—
Interest swaps	—	-29.5	—	—	-58.6	—
Current currency swaps	—	-4.6	—	—	-18.8	—
BONDS AT AMORTIZED COST, FAIR VALUE	—	-354.7	—	—	-202.1	—

The own non-performance risk as at December 31, 2019 was assessed to be insignificant. There were no transfers between the levels in 2019 or 2018.

NOTE 13 - CAPITAL MANAGEMENT AND RISK MANAGEMENT

LEVERAGE AND CAPITAL ACCESS

Leverage and Capital access (i.e. Capital management) refers to the process of acquiring and utilizing capital in the most efficient manner compared to the available alternatives. The primary objective of the Group's capital management is to ensure access to capital contributing to satisfactory operations and maximum generation of shareholder value. The Group manages its capital structure and makes adjustments in light of changes in underlying economic conditions. Access to borrowed capital is continuously monitored and the Group has a continuous dialogue with its lenders. The syndicated loan facility sets forth an equity ratio as the only financial covenant. The remaining portfolio of interest bearing debt does not include more restrictive financial covenants. Mowi complied with the covenant in its loan agreements during and at the end of 2019. Details relating to the main loan programs in the Group are described in Note 11.

Mowi intends to maintain an equity base suited to the characteristics of the operations, taking into consideration that fish farming is a cyclical business. Capital not deemed necessary for further growth will be returned to shareholders as dividends or repurchase of shares. At year-end 2019, the equity of Mowi amounted to EUR 2 892.6 million. The equity share, defined by equity/total assets, was at the same time 49.5%. Net interest bearing debt, defined as total interest-bearing debt less cash was EUR 1 337.2 million at year-end, below the long-term target of EUR 1 400 million, excluding effects of IFRS 16. The Board of Directors of Mowi ASA considers the equity in the Group appropriate for the scale of the operation.

- A dividend policy has been resolved by the Board of Directors. The policy states that:
- The quarterly dividend level shall reflect the present and expected future cash flow generation of the Company.
 - To this end, a target level for net interest bearing debt is determined, reviewed and updated on a regular basis.
 - When the target is met, at least 75% of the annual free cash flow after operational and financial commitments will be distributed as dividends.

The Board of Directors has further adopted guidelines targeting quarterly dividend distribution, whereby each dividend proposal shall be dimensioned with a view to manage net interest bearing debt around a target level. The target level is dimensioned relative to the scope of the Group's operations and was at year end 2019 equalling a NIBD target of EUR 1 400 million.

- The Board of Directors of Mowi ASA has been given proxies from the Annual General Meeting in June 2019 to:
- (1) To approve the distribution of dividends based on the Company's annual accounts for 2018. The authority may be used to approve the distribution of dividends up to an

- aggregate amount of NOK 7 500 000 000. The authority is valid for dividends from and including the second quarter of 2019 until the AGM in 2020, however no later than June 30, 2020.
- (2) To purchase up to 51 603 971 shares in the Company (representing 10% of the shares in issue at the time) during the period up until the AGM in 2020, however no later than June 30, 2020.
- (3a) To increase the Company's share capital by up to 51 603 971 shares (representing 10% of the shares in issue at the time) provided that the the combined number of shares that are issued pursuant to this authorisation and the authorisation in item 3b below shall not in aggregate exceed 10% of the Company's current share capital. The authority did not define the purpose(s) of such a capital increase. The authority expires at the AGM in 2020, however no later than June 30, 2020.
- (3b) To take up convertible bond loans of up to NOK 3,200 million (par value), convertible to a share capital equivalent by up to 51 603 971 shares provided that the the combined number of shares that are issued pursuant to this authorisation and the authorisation in item 3a above shall not in aggregate exceed 10% of the Company's current share capital. The authority expires at the AGM in 2020, however no later than June 30, 2020.

The Group's principal financial liabilities, other than loans, consist of non-convertible bonds, derivatives and trade payables. These financial liabilities constitute the majority of the Group's third party financing. The Group holds financial assets such as trade receivables, cash and shares.

The Group uses financial derivatives, mainly currency forward contracts, interest rate swaps and financial salmon futures, using large international banks and Fish Pool ASA as counterparts. The purpose of these derivatives is to manage the interest rate, currency and salmon price risks arising from the operations of the Group. With the exception of financial salmon futures, no trading activities in financial instruments are undertaken. On a selective basis, the Group also enters into other financial derivatives such as equity forward contracts.

Details regarding significant accounting policies for financial assets and liabilities are disclosed in Note 2 Significant accounting policies.

FINANCIAL RISK MANAGEMENT

- The Group monitors and manages the financial risks arising from the operations. These include currency risks, interest rate risk, credit risk and price/liquidity risk.
- The Group seeks to manage these risks through operational measures or (where such measures are not available) through the use of financial derivatives.

A policy on the management of these risks has been approved by the Board of Directors. The policy includes principles on currency risk, interest rate risk, price risk, the use of financial instruments and other operational means as well as limits on the maximum and minimum levels of these exposures.

CURRENCY RISK

In the Mowi Group, several Business Units carry out a large number of business transactions in currencies different from the domestic currency. For the Group, the relative importance of these transactions is substantially larger on the revenue side than on the cost side. To mitigate the potential fluctuation effects on its cash flows, the Group maintains a foreign exchange strategy designated to manage these exposures both in the short and long term. For each of Mowi’s units, the Group has defined a hedging strategy. According to the hedging strategy, units located in the following regions generate cash flow in currencies (main hedging currencies) according to the below table.

REGION	HEDGING CURRENCY
Norway	EUR
Chile	USD
Canada	USD
Scotland	GBP
Ireland	EUR
The Faroe Islands	EUR
Consumer Products	EUR
Asia	USD
Feed	EUR

For some units the main hedging currency is different from the functional currency.

Transaction exposures arise from firm commitments made to transact in a currency different from the main currency. The transaction exposure depends on the duration of the commitment, but

CURRENCY STRUCTURE OF NET INTEREST-BEARING DEBT (EUR MILLION)	NOK	USD	EUR	GBP	JPY	DKK	CAD	PLN	OTHER	TOTAL
Cash and cash equivalents	38.5	20.4	72.2	-21.1	7.8	2.1	1.0	1.2	6.4	128.5
Current interest-bearing debt	—	—	—	0.1	—	—	—	—	—	0.1
Non-current interest-bearing debt	81.3	53.5	1 284.0	47.1	—	—	—	—	—	1 465.9
Net interest-bearing debt	42.8	33.1	1 211.8	68.3	-7.8	-2.1	-1.0	-1.2	-6.4	1 337.5

will normally be of relatively short duration. Hedging transactions designated to manage transaction exposures are referred to as transaction hedges.

Through hedging of transaction exposures, each Business Unit aims to ensure that its net cash flows in currencies other than its main hedging currency are hedged towards this currency. Further exposures arise from structural imbalances between the main currencies on the revenue side versus the expense side. These imbalances are predominantly a result of production taking place in a country different from where the product is sold. Due to their structural nature, the exposures are of a longer horizon than for transaction exposures and are therefore quantified on the basis of estimates for future revenues and expenses. In this estimation, focus is kept on the underlying currency structure of the individual revenue and cost item and the actual currency in which transactions are invoiced is of lesser importance.

The Mowi Group normally has a net positive cash flow exposure towards EUR, GBP, USD and JPY and a net negative cash flow exposure towards NOK, CAD and CLP. To hedge Group cash flows against exchange rate fluctuations Mowi has a policy for long-term hedging of the most predominant net exposures. The Group currently hedges up to 30% of its underlying exposure between EUR/ NOK and USD/CAD with a horizon of two years.

As of December 31, 2019 the Group held a portfolio of hedging instruments designed to mitigate transaction and cash flow exposure with a total contract value of EUR 628.7 million (762.9 million). Instruments equivalent to 61% of the contract value mature in 2020 and no instrument matures beyond December 2021. The portfolio had a net positive market value of EUR 2.2 million (negative 18.0 million) at year-end.

Currency exposure in the statement of financial position

As a consequence of the Group’s net cash flows being generated in EUR, GBP and USD, the interest-bearing debt should reflect this currency structure. On December 31, 2019, the portfolio was in line with policy.

The carrying amount of interest-bearing debt has been reduced by EUR 6.6 million (7.8 million) in transaction costs. There are no significant differences between the carrying amount and the fair value of non-current interest-bearing debt and leasing.

SENSITIVITY ANALYSIS - CHANGE IN EXCHANGE RATES IMPACT ON RESULT

The main sources of sensitivity to exchange rate movements are the long-term hedges of exposure to EUR/NOK and USD/CAD and loans in NOK, USD and GBP under the multicurrency revolving credit facility. Based on the exposure as of December 31, 2019, the effect of a 15% change in exchange rates on the long-term currency hedges and the multicurrency loan positions has been estimated:

CURRENCY PAIR (EUR MILLION)	EUR/ NOK	EUR/ USD	EUR/ GBP	USD/ CAD
Effect in EUR from a 15% increase in the value of	EUR	EUR	EUR	CAD
Financial items	-42.8	7.0	6.1	8.8

INTEREST RATE RISK

Mowi ASA shall over time hedge 0%-35% of the Group’s long-term interest bearing debt by currency with fixed interest or interest rate derivatives for the first 5 years, and 0% thereafter. Interest-bearing debt includes external interest-bearing debt and leasing in the parent company or subsidiaries. The interest rate hedges shall be based on the targeted currency composition. Interest rate exposure in other currencies than EUR, USD, GBP and NOK shall not be hedged. All interest rate hedging shall be executed from the parent company. At year-end 2019 the Group had a portfolio of interest rate swaps with a net negative market value of EUR -29.8 million (-58.6 million).

The portfolio held at the end of 2019, will ensure the payment of the following weighted fixed rates against receipt of three month EURIBOR/LIBOR for each of the below currencies and periods:

NOMINAL AMOUNT OF INTEREST RATE SWAPS AND WEIGHTED AVERAGE FIXED RATE (EUR MILLION)	EUR		USD		GBP	
	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE	NOMINAL VALUE	WEIGHTED FIXED RATE
UNTIL MARCH 2020	970.5	3.27%	167.5	2.93%	34.0	3.13%
MARCH 2020- MARCH 2021	380.0	2.13%	78.3	2.31%	23.5	2.83%
MARCH 2021- MARCH 2022	380.0	2.20%	78.3	2.31%	23.5	2.83%
MARCH 2022- MARCH 2023	—	—%	60.0	4.13%	—	—%

MARKET VALUE (EUR MILLION)	2019
EUR	-27.4
USD	-1.1
GBP	-1.2
TOTAL	-29.8

A 0.50% point parallel increase in all relevant yield curves will cause a EUR 5.0 million (11.4 million) increase in the market value. This change would be recognised through profit and loss. Based on the long-term debt and interest rate swaps outstanding as of December 31, 2019 a 0.50% point parallel increase in all relevant yield curves would result in an estimated increase in the Group’s annual interest cost of EUR 3.7 million.

CREDIT RISK

The Group trades only with recognised, creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and as a main rule the Group’s trade receivables are fully credit insured. The Group is monitoring exposure towards individual customers closely and is not substantially exposed in relation to any individual customer or contractual partner as of December 31, 2019. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables, with reference to Note 17. The Group considers concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in different markets.

The Group only enters into derivative transactions with counterparties with an established business relationship to the Group.

PRICE/LIQUIDITY RISK

The Group is continuously monitoring liquidity and estimates expected liquidity development on the basis of budgets and monthly updated forecasts from the units. Mowi’s financial position and development depend significantly on the spot price developments for salmon, and these prices have historically been volatile. As such Mowi is exposed to movements in supply and demand for

salmon. Mowi has to some extent mitigated its exposure to spot prices by entering into bilateral fixed price/volume contracts with its’ customers. The contract share has normally varied between 20% and 50% of our sold volume, however hedged volumes can increase up to 65% under special circumstances, and the duration of the contracts has typically been three to eighteen months. Furthermore Mowi is reducing the exposure to spot price movements through the value added processing activities and tailoring

of products for its customers. Other key liquidity risks are fluctuations in production and harvest volumes, biological issues, and changes in the feed price, which is the most important individual factor on the cost side. Feed costs are correlated to the marine and agricultural commodity prices of the ingredients.

Mowi’s aim is to maintain a balance between long-term financing and flexibility by using credit facilities, new borrowings and bonds.

2019: MATURITY PROFILE OF THE FINANCIAL LIABILITIES AND DERIVATIVES BASED ON CONTRACTUAL UNDISCOUNTED PAYMENTS, INCLUDING INTEREST (EUR MILLION)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	WITHIN 1 YEAR	1 -2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
<i>Non-derivative financial liabilities</i>						
Syndicated loan	1 119.0	-1 162.9	-16.1	-16.1	-1 130.6	—
Unsecured bond	198.9	-215.3	-4.3	-4.3	-206.7	—
Unsecured Schuldschein loan	148.8	-166.1	-2.5	-2.5	-7.4	-153.7
Other debt	0.7	-0.7	-0.6	—	—	—
Trade payables and other liabilities	296.4	-296.4	-296.4	—	—	—
<i>Derivative financial liabilities</i>						
Interest rate swaps	29.5	-31.7	-17.3	-10.6	-3.8	—
Cash flow instruments	2.5	-2.5	-1.7	-0.8	—	—
Transaction instruments	2.1	-2.1	-1.9	-0.3	—	—
Total financial liabilities	1 797.8	-1 877.6	-340.8	-34.6	-1 348.5	-153.7

2018 : MATURITY PROFILE OF THE FINANCIAL LIABILITIES AND DERIVATIVES BASED ON CONTRACTUAL UNDISCOUNTED PAYMENTS, INCLUDING INTEREST (EUR MILLION)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	WITHIN 1 YEAR	1 -2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
<i>Non-derivative financial liabilities</i>						
Syndicated loan	944.3	-995.8	-13.0	-13.0	-969.7	—
Unsecured bond	198.3	-219.6	-4.3	-4.3	—	—
Other debt	0.1	-0.1	-0.1	—	—	—
Trade payables and other liabilities	280.3	-280.9	-280.9	—	—	—
<i>Derivative financial liabilities</i>						
Interest rate swaps	58.6	-62.7	-32.7	-16.5	-13.5	—
Cash flow instruments	16.8	-10.1	-8.7	-1.4		—
Transaction instruments	1.9	-1.6	-1.5	-0.1		—
Total financial liabilities	1 500.3	-1 570.8	-341.3	-35.3	-1 194.2	—

NOTE 14 - REMUNERATION

SALARY AND PERSONNEL EXPENSES (EUR MILLION)	2019	2018
Salaries	-376.6	-341.0
Cash bonuses	-23.5	-20.7
Social security taxes	-53.0	-49.5
Pension expenses	-15.5	-14.6
Share price based bonus	-1.5	-2.8
Temporary labor	-68.4	-55.5
Other benefits	-25.1	-20.9
Total salary and personnel expenses	-563.5	-505.0
Average number of employees	14 701	13 885

At year-end 2019 there were 14 866 full-time employee equivalent in the Group.

REMUNERATION TO SENIOR EXECUTIVES ¹⁾ (EUR MILLION)	2019	2018
Salaries and other short-term employee benefits	4.3	4.2
Post-employment benefits	0.1	0.3
Share-based payments	3.5	4.0
Total remuneration to senior executives	7.9	8.5

¹⁾ See Note 15 to the financial statements for Mowi ASA for a specification of senior executives.

SHARE OPTION SCHEME

Mowi Group has a share-price based bonus scheme for Senior Executives, and management and key experts of Business Areas, subsidiaries and group functions:

OUTSTANDING OPTIONS PER ALLOTMENT	2019-ALLOTMENT OF CALL OPTIONS	2018-ALLOTMENT OF CALL OPTIONS	2017-ALLOTMENT OF CALL OPTIONS	2016-ALLOTMENT OF CALL OPTIONS
Distributed options	1 470 000	1 500 000	1 460 000	1 499 993
Forfeited options	-200 000	-345 000	-445 000	-618 461
Dividend adjustment	82 208	92 711	167 856	231 222
Total options outstanding at year end ¹⁾	1 352 208	1 247 711	1 182 856	1 112 754
Strike price December 31, 2019 (NOK)	208.89	164.88	138.80	121.24
Number of employees in the scheme at year end	28	24	19	15

¹⁾ None of the options were exercisable at year-end 2019.

The Share-Price-Based Bonus Scheme comprises annual allocations by the Board of Directors of a number of European call options with a strike price of 107.5% of the share price of Mowi's shares at the date of the annual general meeting authorizing allocations under the scheme. The options have a term of four years but will become exercisable immediately if a mandatory bid is made for all of the shares in Mowi or if Mowi is the non-surviving entity in a merger with another company. If the holder of the options exercises the options, the company may settle its obligation through the issue of new shares or, alternatively, by selling treasury shares to the option holder. There will be no lock-up obligation on the shares the option holder receives through the exercise of the option. The exercise of the option is conditional upon the option holder being employed in a non-terminated position in the Group on the date of exercise.

The number of shares and the strike price will be adjusted for dividends and changes in equity capital during the term of the option in accordance with Oslo Stock Exchange derivative rules (A.2.2.8(1)b). Total profit through the exercise of the option in a year is capped at two years' salary for the option holder. If the profit exceeds this limit, the number of shares to be issued will be reduced accordingly. Following the 2019 annual general meeting (the "AGM"), the Board of Directors allocated 1 470 000 options with a strike price corresponding to 107.5% of the volume-weighted average share price on the OSE on the day of the AGM (NOK 222.4108) to a total of 29 individuals.

Eligibility to the senior executive share option scheme is limited to: Group CEO, other Senior Executives and management and

key experts of Business Areas, subsidiaries and group functions, based on the following criteria:

- *the position and individual is important in realizing the Mowi Group ambitions;*
- *the individual is considered critical for the Business Unit(s);*
- *the individual is expected to continue in a role covered by the scheme;*
- *the individual will not retire during the first year of the scheme*

SHARE PURCHASE PROGRAM

All permanent employees in Mowi ASA and its Norwegian subsidiaries have the opportunity to acquire shares in the Company within the scope of the Norwegian Tax Act Section 5-14. These provisions entitle this group of employees to receive a tax-free benefit of NOK 3 000 in connection with their participation in such a scheme.

Permanent employees in Mowi Scotland and Mowi Canada have also been offered the opportunity to buy shares, though without any element of tax-free discount. No loans or guaranties have been granted to key management personnel.

PENSION PLANS

Pension plans in the Group are mainly defined contribution plans. There are a few defined benefits plans, which are considered to be immaterial for the Group's financial statements.

PENSION PLANS (EUR MILLION)	PENSION COST	PENSION NET LIABILITY (FUND) 31.12
Mowi Norway ¹⁾	8.3	4.9
Mowi Scotland	1.8	-7.4
Mowi Canada	2.2	—
Other entities	3.2	3.1
Total 2019	15.5	0.6
Total 2018	14.6	-1.0

1) The term Mowi Norway includes all norwegian entities including corporate.

NOTE 15 - TAXES

INCOME TAXES FOR THE YEAR IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR MILLION)	2019	2018
Norway	-91.1	-117.9
Foreign units	-39.4	-39.2
Tax on profits (current tax)	-130.5	-157.1
Norway	-3.5	-2.7
Foreign units	2.9	-5.2
Change in deferred tax	-0.6	-7.9
Total income taxes related to profit for the year	-131.2	-165.0

RECONCILIATION BETWEEN NOMINAL AND EFFECTIVE TAX RATES (EUR MILLION)	2019	2018
Profit before tax	607.4	732.2
Nominal tax rate	22%	23%
Tax calculated with nominal tax rate	-133.6	-168.4
Non-taxable income/loss on sale of shares	-0.1	—
Change in value of conversion liability component	—	-31.6
Amortization borrowing costs	—	-2.0
Non-taxable income/loss from associated companies and joint ventures	20.2	15.9
Effect of changed tax rate on deferred tax positions	-2.3	12.1
Effect of adjustment of income tax from previous years	-0.9	-0.9
Effect of recognition of previously non-recognised tax assets	—	19.6
Effect of non-recognition of losses and tax assets	-1.2	-1.3
Withholding tax	-2.5	-3.1
Other permanent differences	-15.7	-9.4
Effect of different tax rates compared to nominal rate	5.0	4.0
Total income taxes	-131.2	-165.0

TAX FOR THE YEAR recognised IN OTHER COMPREHENSIVE INCOME (EUR MILLION)	2019	2018
Deferred tax related to income/cost recognised as other comprehensive income	—	—
Deferred tax related to actuarial gains/losses in other comprehensive income	—	-0.2
Total tax for the year recognised in other comprehensive income	—	-0.2

TAX PREPAID/RECEIVABLE IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	2019	2018
Tax prepaid/receivable in Norway	5.4	—
Tax prepaid/receivable in foreign units	—	4.1
Total tax prepaid/receivable in the statement of financial position	5.4	4.1

TAX PAYABLE IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	2019	2018
Tax payable in Norway	95.8	112.0
Tax payable in foreign units	3.8	8.1
Total tax payable in the statement of financial position	99.6	120.1

SPECIFICATION OF DEFERRED TAX AND BASIS FOR DEFERRED TAX/TAX ASSETS TAX INCREASING/REDUCING TEMPORARY DIFFERENCES (EUR MILLION)	2019	2018
Non-current assets	612.1	389.9
Current assets	1 294.5	226.0
Debt	-23.5	-39.9
Pension obligation	-6.8	-7.6
Tax losses carried forward	-70.7	-85.1
Other differences	-2.2	41.2
Total temporary differences	1 803.4	524.6
Tax losses carried forward in Norway	-19.7	-4.9
Other temporary differences in Norway	1 273.6	101.0
Tax losses carried forward abroad	-51.0	-80.2
Other temporary differences abroad	600.5	508.7
Total temporary differences	1 803.4	524.6

TOTAL DEFERRED TAX ASSET/LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION (EUR MILLION)	2019	2018
Deferred tax assets	19.9	22.9
Deferred tax liabilities	-436.0	-413.6
Net deferred tax in the statement of financial position	-416.1	-390.8

Mowi has recognised deferred tax assets related to tax losses carried forward. This is based on the expectation of probable sufficient earnings in the future. The expectations are based on current earnings and approved budgets. Deferred tax assets related to tax losses carried forward at a total of EUR 100.6 million have not been recognised due to uncertain utilization.

Deferred tax assets linked to tax losses are offset against deferred tax liabilities in the tax jurisdictions, where acceptable.

MATURITY OF TAX LOSSES WHERE DEFERRED TAX LOSS IS RECOGNISED TO YEAR (EUR MILLION)	NORWAY	ABROAD	TOTAL
2020	—	—	—
2021	—	—	—
2022	—	—	—
2023	—	0.3	0.3
2024	—	12.0	12.0
2025	—	—	—
2026	—	—	—
2027	—	—	—
2028	—	—	—
2029+	—	5.5	5.5
Unlimited	19.7	33.2	52.9
Total 2019	19.7	51.0	70.7
Total 2018	4.9	80.2	85.1

MATURITY OF TAX LOSSES FOR WHICH NO DEFERRED TAX ASSET IS RECOGNISED TO YEAR (EUR MILLION)	NORWAY	ABROAD
2020	—	—
2021	—	—
2022	—	—
2023	—	0.4
2024	—	—
2025	—	0.2
2026	—	4.3
2027	—	18.5
2028	—	1.9
2029+	—	1.6
Unlimited	—	73.7
Total 2019	—	100.6
Total 2018	—	79.5

TAX RATES APPLIED (SELECTED COUNTRIES)	2019	2018
Japan	30.6%	30.5%
USA	21.0%	35.0%
Belgium	29.6%	29.6%
Germany	29.3%	29.0%
France	31.0%	33.3%
Norway	22.0%	23.0%
China	25.0%	25.0%
Netherlands	25.0%	25.0%
Scotland	19.0%	19.0%
Canada West	27.0%	27.0%
Canada East	29.0%	29.6%
Faroe Islands	18.0%	18.0%
Chile	27.0%	27.0%
Poland	19.0%	19.0%
Ireland	12.5%	12.5%

NOTE 16 - CASH

CASH (EUR MILLION)	2019	2018
Cash in bank	117.5	93.9
Employees' tax deduction	6.4	5.4
Other restricted cash ¹⁾	4.7	6.0
Total cash	128.6	105.3

1) Other restricted cash is mainly composed of deposits to fulfil collateral requirements for financial instruments.

NOTE 17 - TRADE RECEIVABLES AND OTHER RECEIVABLES

SPECIFICATION OF RECEIVABLES (EUR MILLION)	2019	2018
Trade receivables	509.3	497.6
Provisions for expected credit losses	-4.5	-4.3
Net trade receivables	504.8	493.3
Prepayments	18.8	18.1
Pension fund	8.1	10.2
Tax prepaid/receivable	5.5	3.5
Other	113.9	111.0
Other receivables	146.2	142.8
Total trade receivables and other receivables	651.0	636.1

Based on the nature of business, the Group does not have any material contract assets.

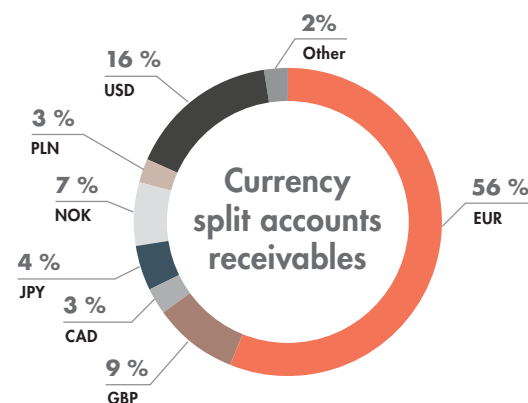
AGE DISTRIBUTION OF TRADE RECEIVABLES (EUR MILLION)	2019	2018
Receivables not overdue	444.4	434.8
Overdue 0-6 months	59.4	57.5
Overdue more than 6 months	5.5	5.4
Total trade receivables	509.3	497.6

MOVEMENT IN PROVISIONS FOR CREDIT LOSSES (TRADE RECEIVABLES)

At the beginning of 2019, provisions for credit losses amounted to EUR 4.3 million. During 2019, EUR 2.5 million were considered lost. Adjusted for additional provisions for credit losses of EUR 2.7 million the provision at year-end amounted to EUR 4.5 million for 2019. See also Note 13.

CURRENCY EXPOSURE TO TRADE RECEIVABLES

The Business Units generally complete their sales in the main trading currency in the country of destination. The carrying amount of trade receivables per currency is presented below.



NOTE 18 - TRADE PAYABLES AND OTHER CURRENT LIABILITIES

CURRENT LIABILITIES (EUR MILLION)	2019	2018
Trade payables¹⁾	296.8	280.2
Other current liabilities		
Salaries and vacation pay due	44.5	44.4
Social security and other taxes	23.7	23.4
Accrued expenses	68.3	63.2
Other liabilities	63.4	77.4
Total other current liabilities	199.9	208.5

1) As of year-end 2019 the payable related to the Supply Chain Financing was 39.6 million EUR (40.3 million EUR at year-end 2018).

Based on the nature of business, the Group does not have any material contract liabilities.

CURRENT INTEREST-BEARING DEBT TO FINANCIAL INSTITUTIONS (EUR MILLION)	2019	2018
Other current interest-bearing debt	—	0.1
Current part (first year) financial leases	127.1	—
Total current interest-bearing debt	127.1	0.1

UNUSED DRAWING RIGHTS (EUR MILLION)	2019	2018
Unused part of bank overdraft facility (to be renewed within one year)	7.0	7.0
Unused part of bank overdraft facility (to be renewed in more than one year)	47.6	47.6
Unused part of other drawing rights (to be renewed in more than one year)	224.2	396.6
Total unused drawing rights	278.8	451.2

NOTE 19 - SECURED LIABILITIES AND GUARANTEES

DEBT SECURED BY MORTGAGES AND PLEDGES (EUR MILLION)	2019	2018
Debt to financial institutions	1 169.6	984.4
Leasing debt	0.7	0.1
Total debt secured by mortgages and pledges	1 170.3	984.5
Guarantee commitments ¹⁾	19.1	28.3

1) In addition Mowi ASA has provided an ultimate parent company guarantee for commitments that may arise under the contract with the main supplier to the construction of the new feed factory in Scotland.

The Mowi Group syndicated loan facility has been established with security in current assets, licenses (where applicable), fixed assets and guarantees from some of the entities in the Group. In addition the shares in larger subsidiaries have been pledged in favor of the bank syndicate.

ASSETS PLEDGED AS SECURITY FOR DEBT (EUR MILLION)	2019	2018
Tangible non-current assets and licenses	1 395.5	1 166.5
Inventory and biological assets	1 557.3	1 546.1
Trade receivables	322.4	316.3
Other assets	199.4	186.0
Total assets pledged as security	3 474.7	3 214.9

NOTE 20 - OTHER NON-CURRENT LIABILITIES

OTHER NON-CURRENT LIABILITIES (EUR MILLION)	2019	2018
Net pension obligations	8.6	9.1
Other non-current liabilities	1.9	1.8
Total other non-current liabilities	10.5	11.0

NOTE 21 - INVESTMENTS IN ASSOCIATED COMPANIES AND INTEREST IN JOINT VENTURES

Associated companies are recorded in Mowi Group statements in accordance with the equity method. None of the associated companies are listed.

ASSOCIATED COMPANIES ²⁾ (EUR MILLION)	HEAD OFFICE	OWNER- SHIP	OWNED BY	AQUI- SITION COST	CARRYING AMOUNT 01.01.19	SHARE OF PROFIT 2019	DIVIDENDS RECEIVED 2019	OTHER CHANGES 2019 ¹⁾	CARRYING AMOUNT 31.12.19
Nova Sea AS	Lovund	48%	Marine Harvest Holding AS	28.2	164.6	46.7	-43.7	1.4	169
Finnøy Fisk AS	Finnøy	45%	Mowi ASA	2.4	11.2	0.9	-0.7	-3.3	8.1
Others				0.3	2.4	0,9	-0.7	-0.1	2.6
Total				30.9	178.3	48.6	-45.1	-2.0	179.8

1) Other changes relates to foreign currency adjustments and movements in loans.

2) The investment in DESS Aquaculture Shipping AS has been reclassified from an investment in associated companies to a joint venture due to changes in the shareholder structure in 2019.

ASSOCIATED COMPANIES 100 % BASIS (EUR MILLION)	DIVIDEND RECEIVED	FAIR VALUE ADJUSTMENT BIOMASS ¹⁾	TOTAL REVENUE	TOTAL PROFIT AND LOSS	TOTAL NON- CURRENT ASSETS	TOTAL BIOLOGICAL ASSETS	TOTAL OTHER CURRENT ASSETS	TOTAL NON- CURRENT LIABILITIES	TOTAL CURRENT LIABILITIES
2019									
Nova Sea AS	43.7	18.4	297.8	89.3	177.9	76.3	84.0	25.1	51.1
Finnøy Fisk AS	0.7	0.6	6.8	3.5	2.1	1.9	7.6	0.5	3.4
2018									
Nova Sea AS	25.5	15.9	265.7	83.1	178.2	75.0	74.8	27.3	41.5
Finnøy Fisk AS	1.7	2.0	4.3	1.6	2.4	1.8	4.7	0.5	2.7

1) Effect of adjusting Mowi's share of total biological assets as of December 31 presented above to fair value. The effect is shown after tax.

Mowi Group has a 50% interest in DESS Aquaculture Shipping AS, a joint venture that provides shipping services to the aquaculture industry. DESS Aquaculture Shipping AS is located in Grimstad, Norway. The investment has been reclassified from an investment in associated companies to a joint venture due to changes in the

shareholder structure in 2019. The interest in DESS Aquaculture Shipping AS is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the consolidated joint venture and reconciliation with the carrying amount of the investment are set out below:

DESS Aquaculture Shipping AS - Summarised statement of Financial position (EUR MILLION)	2019	2018
Non-current assets	190.4	95.4
Cash and cash equivalents	23.3	18.7
Other current assets	5.0	1.9
Non-current liabilities	91.1	28.8
Current liabilities	10.2	3.5
Equity	117.4	83.7
Mowi group's share in equity (50%)	58.7	41.8
Group's carrying amount of the investment	58.7	41.8

Summarised statement of profit or loss: (EUR MILLION)	2019	2018
Revenue	13.1	3.4
Operating expenses	-9.1	-2.4
Depreciation and amortization	-2.6	-0.6
Net financial items	-1.5	-0.7
Profit before tax	—	-0.4
Income tax expense	-0.2	—
Profit for the year (continuing operations)	-0.2	-0.4
Total comprehensive income for the year (continuing operations)	-0.2	-0.4
Group's share of profit for the year	-0.1	-0.2
Dividend received	—	—

The joint venture has entered into significant contractual commitments for the acquisition of vessels. At year-end 2019 the contractual commitments amounted to EUR 72 million. Mowi has provided guarantees for the commitments that may arise under these contracts (see group Note 19).

NOTE 22 - BUSINESS COMBINATIONS, ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

BUSINESS COMBINATIONS

In July 2019, Mowi entered into a share purchase agreement to acquire 100% of the shares in the salmon farmer K. Strømmen Lakseoppdrett AS, for EUR 79 million (equivalent to NOK 790 million) on a cash and debt free basis. K Strømmen Lakseoppdrett AS is a Norwegian salmon farming company with four licenses, each with a maximum allowed biomass of 780 tonnes, for sea-based salmon production in Bremanger municipality, Sogn og Fjordane. In August, the acquisition was cleared by the Norwegian

competition authorities. The transaction was closed on 22 August 2019, and this date has been identified as the acquisition date.

The value of the four licenses, excluding biomass, equipment and sites, is approximately NOK 600 million, equivalent to approximately NOK 150 million per license.

30% of the purchase price was settled through issuing new Mowi shares, and 70% of the purchase price was settled in cash. The subscription price was set at NOK 226.7855 per share to settle the

30% of the purchase price, corresponding to the volume weighted average trading price of Mowi's shares on Oslo Børs on the five business days prior to the closing date.

K. Strømmen Lakseoppdrett AS is in the process of being integrated in the operations of Mowi Norway Region Mid. Mowi expects synergies through the combination our existing business with the acquired company.

The aggregated goodwill of EUR 19.8 million relates primarily to the following factors:

- A technical effect related to deferred tax: IFRS accounting regulations require recognition of deferred tax at nominal value on the difference between fair values and tax base values of net assets acquired, and goodwill is the offsetting entry to this deferred tax.
- Expected synergies from combining the assets and activities of K. Strømmen Lakseoppdrett AS with Mowi and the value of operable sites.

Goodwill is not deductible for income tax purposes. The table below summarizes the consideration paid for K. Strømmen Lakseoppdrett AS and the assessed fair value of the assets acquired and liabilities assumed, recognized at the acquisition date.

RECOGNIZED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	NOK MILLION	EUR MILLION
Fair value		
Licenses	600.0	60.4
Property, plant and equipment	26.0	2.6
Inventory	1.5	0.2
Biological assets	115.6	11.6
Investments in other shares	11.4	1.1
Trade receivables	7.3	0.7
Other receivables	2.5	0.3
Cash and cash equivalents	56.4	5.7
Deferred tax liabilities	-175.3	-17.7
Other long term debt	-17.0	-1.7
Other current liabilities	-14.7	-1.5
Total identifiable net assets	613.6	61.8
Goodwill	196.3	19.8
Consideration	809.9	81.6

*) See comment regarding goodwill above.

If K. Strømmen Lakseoppdrett AS had been consolidated from January 1, 2019, revenue for the Group would have been increased by EUR 13.3 million and profit before fair value adjustment would have been increased by EUR 2.5 million in the consolidated statement of comprehensive income. Fair value adjustment prior to august set to 0. Acquisition-related costs of EUR 0.3 million have been recognized as other operating expenses in the consolidated statement of comprehensive income in accordance with IFRS 3.

ASSETS HELD FOR SALE

Mowi had no Asset held for sale as of December 31, 2019 or at year end in 2018.

DISCONTINUED OPERATIONS

Mowi had no results from discontinued operations in 2019 and 2018.

NOTE 23 - CONSOLIDATED ENTITIES

The consolidated financial statements include the following companies:

PARENT COMPANY	COUNTRY	
Mowi ASA*	Norway	
SUBSIDIARIES - NORWAY	COUNTRY	OWNERSHIP %
Mowi AS	Norway	100.00%
Mowi Feed AS	Norway	100.00%
Mowi Genetics AS	Norway	100.00%
Marine Harvest Holding AS	Norway	100.00%
Marine Harvest Minority Holding AS	Norway	100.00%
Mowi Markets Norway AS	Norway	100.00%
Mowi Norway FOU AS	Norway	100.00%
Waynor Trading AS	Norway	100.00%
K. Strømmen Lakseoppdrett AS*	Norway	100.00%
Center for Aquaculture Competence AS	Norway	33.30%

SUBSIDIARIES - AMERICAS	COUNTRY	OWNERSHIP %
Mowi North America Inc.	Canada	100.00%
Mowi Canada West Inc.	Canada	100.00%
Marine Harvest Atlantic Canada Inc.	Canada	100.00%
Nothern Harvest Sea Farms New Foundland Inc.	Canada	100.00%
Northern Harvest Smolt Inc	Canada	100.00%
Englewood Packing Company Ltd.	Canada	100.00%
Mowi Chile S.A	Chile	100.00%
Salmones Tecmar S.A	Chile	100.00%
Processadora De Productos Marinos Delifish S.A	Chile	100.00%
Salmoamerica Corp.	Panama	100.00%
Mowi Ducktrap LLC	USA	100.00%
Mowi USA Holding LLC	USA	100.00%
Mowi USA LLC	USA	100.00%

SUBSIDIARIES - ASIA	COUNTRY	OWNERSHIP %
Mowi China Co. Ltd	China	100.00%
Marine Harvest Hong Kong Ltd	Hong Kong	100.00%
Mowi Japan Co. Ltd	Japan	100.00%
Mowi Japan Food Service Co. Ltd	Japan	100.00%
Mowi Korea Co. Ltd	Korea	100.00%
Mowi Singapore Pte Ltd	Singapore	100.00%
Morpol Holdings Singapore Pte Ltd	Singapore	100.00%
Mowi Taiwan Co. Ltd	Taiwan	100.00%
Mowi Vietnam Company Ltd	Vietnam	100.00%

SUBSIDIARIES - EUROPE	COUNTRY	OWNERSHIP %
Mowi Belgium NV	Belgium	100.00%
Mowi Czech s.r.o.	Czech Republic	100.00%
Mowi Faroe Islands P/F	Faroes	100.00%
Mowi France SAS	France	100.00%
Mowi Dunkerque SAS	France	100.00%
Mowi Boulogne SAS	France	100.00%
Marine Harvest Kritsen SAS	France	100.00%
Mowi Rennes SAS	France	100.00%
Mowi Cuisery SAS	France	100.00%
Laschinger Seafood GmbH	Germany	100.00%
Mowi Harsum DACH GmbH	Germany	100.00%
Belisco Ehf	Iceland	100.00%
Comhlucht Iascaireachta Fanad Teoranta	Ireland	100.00%
Bradan (Maoil Rua) Teoranta	Ireland	100.00%
Bradan Fanad Teoranta	Ireland	100.00%
Fanad Pettigo Teoranta	Ireland	100.00%
Feirm Farraiqe Oilean Chliara Teoranta	Ireland	92.03%
Silverking Seafoods Ltd	Ireland	100.00%
Mowi Italia S.R.L.	Italy	100.00%
Marine Harvest International BV	Netherlands	100.00%
Marine Harvest Holland BV	Netherlands	100.00%
Mowi Netherlands BV	Netherlands	100.00%
Mowi Lemmer BV	Netherlands	100.00%
Mowi Poland S.A	Poland	100.00%
Mowi Lebork Sp. z.o.o.	Poland	100.00%
Mowi Technology Sp. z.o.o.	Poland	100.00%
Mowi Strzelino Sp. z.o.o.	Poland	100.00%
Mowi Poland Sales SA	Poland	100.00%
Mowi Turkey Su Ürünleri Ticaret A.Ş.	Turkey	100.00%
Mowi Scotland Ltd	UK	100.00%
Meridian Salmon Group Ltd	UK	100.00%
Meridian Salmon Processing Ltd	UK	100.00%
Meridian Salmon Farms (Argyll) Ltd	UK	100.00%
Lakeland Smolt Ltd	UK	100.00%
Mowi Consumer Products UK Ltd	UK	100.00%
Dorseth Cleanerfish Ltd	UK	51.00%
Anglesey Aquaculture Ltd	UK	100.00%
Ocean Matters Ltd	UK	100.00%
OM Penmon Ltd	UK	100.00%
Ferguson Salmon Ltd	UK	100.00%
Mowi Iberia SLU	Spain	100.00%
Mowi Sweden AB	Sweden	100.00%

* K Strømmen Lakseopppdrett AS was merged with Mowi ASA in February 2020 and Mowi Norway AS with Mowi ASA during 2019.

Mowi Group has no material partly-owned subsidiaries, and the non-controlling interests are immaterial. Additional financial information is therefore not disclosed.

NOTE 24 - SHARE CAPITAL

SHARE CAPITAL	2019	2018
Total number of shares as of 01.01	516 039 719	490 167 777
Shares issued during the year	1 071 372	25 871 942
Total number of shares as of 31.12	517 111 091	516 039 719
Treasury shares as of 01.01	—	—
Treasury shares purchased during the year	589 534	827 638
Treasury shares sold during the year	-589 534	-827 638
Treasury shares as of 31.12	—	—
Nominal value as of 31.12 (NOK)	7.50	7.50
Share capital (total number of shares at nominal value) (EUR million)	404.8	404.0
Other paid-in capital (EUR million)	1 274.7	1 251.0

OVERVIEW OF THE LARGEST SHAREHOLDERS 31.12.19	NUMBER OF SHARES	SHAREHOLDING %
Geveran Trading Co Ltd ¹⁾	74 551 603	14.42%
Folketrygdfondet	46 932 310	9.08%
Clearstream Banking S.A.	26 919 020	5.21%
State Street Bank and Trust Comp	21 887 694	4.23%
Citibank, N.A.	14 038 243	2.71%
State Street Bank and Trust Comp	9 800 066	1.90%
State Street Bank and Trust Comp	9 710 483	1.88%
J.P. Morgan Chase Bank, N.A., London	8 727 088	1.69%
State Street Bank and Trust Comp	7 601 369	1.47%
UBS Switzerland AG	6 303 731	1.22%
Verdipapirfondet DNB Norge	5 866 584	1.13%
SIX SIS AG	5 785 344	1.12%
The Northern Trust Comp, London Br	5 473 787	1.06%
Euroclear Bank S.A./N.V.	4 982 123	0.96%
KLP Aksjenorge Indeks	4 549 839	0.88%
J.P. Morgan Chase Bank, N.A., London	4 346 625	0.84%
State Street Bank and Trust Comp	4 316 059	0.83%
Citibank, N.A.	4 000 000	0.77%
The Northern Trust Comp, London Br	3 173 286	0.61%
J.P. Morgan Chase Bank, N.A., London	3 089 929	0.60%
Total 20 largest shareholders	272 055 183	52.61%
Total other shareholders	245 055 908	47.39%
Total number of shares 31.12.19	517 111 091	100.00%

1) In addition to the shares included above Geveran Trading Co Ltd had pr 31 December 2019 entered into a Total Return Swap ("TRS") agreement with underlying exposure to 4 000 000 shares in Mowi. Expiry date for the TRS agreement was 6 March 2020 and the TRS price was NOK 231.8078 per share.

SHAREHOLDERS PER COUNTRY	NUMBER OF SHARES	SHARE %
Norway	115 038 716	22.25%
Cyprus	71 341 221	13.80%
USA	113 894 536	22.03%
Great Britain	65 980 338	12.76%
Other countries	150 856 280	29.17%
Total number of shares 31.12.19	517 111 091	100.00%

SHARES OWNED BY BOARD MEMBERS, GROUP MANAGEMENT AND THEIR RELATED PARTIES AS OF 31.12.19	NUMBER OF SHARES
<i>Board of Directors</i>	
Ole-Eirik Lerøy (Chair) ¹⁾	1 500 626
Lisbet K. Nærø	626
Cecilie Fredriksen ²⁾	626
Kristian Melhuus	626
Paul Mulligan	626
Jean-Pierre Bienfait	626
Birgitte Ringstad Vartdal	626
Unni Sværen	1 029
Anders Sæther	576
Jørgen Wenggaard	576
Total number of shares held by Board members	1 506 563
<i>Group Management</i>	
Ivan Vindheim CEO	1 248
Kristian Ellingsen CFO	588
Per-Roar Gjerde COO Farming Americas and the Faroes	911
Ben Hadfield COO Farming Scotland and Ireland	7 458
Ola Brattvoll COO Sales and Marketing	9 819
Atle Kvist COO Feed	131
Øyvind Oaland Chief Technology Officer	4 976
Anne Lorgen Riise Chief HR Officer	946
Catarina Martins Chief Sustainability Officer	2 051
Total number of shares held by Group management	28 128
Total number of shares held by Board members and Group management	1 534 691
Total number of shares held by Board members and Group management in % of total outstanding shares	0.30%

1) Sterna Finance Ltd, which is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family, has entered into a commercial two-and-a-half-year marine sector consultancy agreement with Framar AS (Framar), a company owned by Ole-Eirik Lerøy. In connection with the consultancy agreement, Sterna Finance and Framar have entered into a separate dividend adjusted option agreement whereby Sterna Finance has granted Framar an option to acquire 750 000 shares in Mowi. The premium paid by Framar for the option is NOK 3 750 000. The option may be exercised by Framar once, and only for the full number of shares, between May 11, 2019 and May 11, 2021. The strike price is set at NOK 229.90 per share, reflecting the last closing price of the Mowi share on the date of the agreement plus a 5 % annual interest component till maturity.

2) Cecilie Fredriksen is a member of the class of Beneficiaries of the Trusts which indirectly control Geveran Trading Co Limited.

SHAREHOLDERS RIGHTS

There are no current limitations on voting rights or trade limitations related to the Mowi share.

The Board of Directors has been granted the following authorisations which may impact the share capital:

- To purchase up to 51 603 971 shares in the Company (representing 10% of the shares in issue at the time) during the period up until the AGM in 2020, though no later than June 30, 2020.

– To increase the Company's share capital by up to 51 603 971 shares (representing 10% of the shares in issue at the time). The authority did not define the purpose(s) of such a capital increase. The authority expires at the AGM in 2020, though no later than June 30, 2020.
- To take up convertible bond loans of up to NOK 3 200 000 000 (par value), convertible to a share capital equivalent by up to 51 711 109 shares, but in no event with an amount that exceeds 10% of the company's share capital at the date of the AGM in 2020. The authority expires at the AGM in 2020, though no later than June 30, 2020.

NOTE 25 - EARNINGS PER SHARE

BASIC AND DILUTED EARNINGS PER SHARE	2019	2018
Profit for the year attributable to owners of Mowi ASA		
Profit from continuing operations attributable to the owners of the parent (EUR million)	477.6	566.6
Profit from discontinued operations attributable to the owners of the parent (EUR million)	—	—
Profit for the year attributable to owners of Mowi ASA (EUR million)	477.6	566.6
Time-weighted average of shares issued and outstanding (million)	516.4	493.9
Basic earnings per share attributable to the owners of Mowi ASA		
Basic earnings per share from continuing operations (EUR)	0.92	1.15
Basic earnings per share from discontinued operations (EUR)	—	—
Basic earnings per share (EUR)	0.92	1.15
Diluted earnings per share attributable to the owners of Mowi ASA		
Diluted earnings per share from continuing operations (EUR)	0.92	1.15
Diluted earnings per share from discontinued operations (EUR)	—	—
Diluted earnings per share (EUR)	0.92	1.15

Basic Earnings per share (EPS) is calculated on the weighted average number of shares outstanding during the period.

NOTE 26 - RELATED PARTY TRANSACTIONS

SHAREHOLDERS

Geveran Trading Co Ltd is indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family.

TRANSACTIONS WITH ASSOCIATED COMPANIES

The figures presented below are with associated companies, mainly Nova Sea AS and Finnøy Fisk.

At year-end 2019, Geveran Trading's affiliated ownership in Mowi was 74 551 603 shares, constituting 14.42% of the total share capital.

RELATED PARTY TRANSACTIONS (EUR MILLION)	2019	2018
Revenue	18.3	14.6
Purchase	-39.5	-3.6
Trade receivables	3.0	3.0
Trade payables	8.1	4.2

All significant transaction are mainly related to the sale or purchase of fish or smolt and related services.

NOTE 27 - CONTINGENT LIABILITIES AND PROVISIONS

UPDATE ON THE ALLEGATIONS OF PRICE COLLUSION

Further to the European Commission inspection in February 2019 and the subsequent class action complaints in the US. In the fourth quarter, Mowi was one of several Norwegian salmon companies which received a subpoena from the Antitrust Division of the Department of Justice in the US informing about the opening of a criminal investigation involving allegations of possible collusion between Norwegian producers of farmed Atlantic salmon.

Furthermore, Mowi has also been notified that the company is one of the salmon companies which are defendants in civil class action lawsuits in Canada related to price collusion.

There is no new information regarding the European Commission's case handling. Mowi considers that there is no basis for the EU inspections and that these clearly lack merit and are entirely unsubstantiated. This equally applies to any criminal investigation in the US and the civil lawsuits in the US and Canada. Mowi will fully cooperate with the Department of Justice and will provide as requested all information in relation to our US subsidiaries.

OTHER CASES

We are routinely involved in various legal matters arising from the normal course of business, for which no material provisions are made in the financial statements. While the outcome of these proceedings cannot be predicted with certainty, we believe that, when resolved, they will not have any material adverse effect on our operating results, financial position or liquidity. For further information, please see note 30.

NOTE 28 - OTHER OPERATING EXPENSES

SPECIFICATION OF OTHER OPERATING EXPENSES (EUR MILLION)	2019	2018
Maintenance	-189.7	-158.1
Electricity and fuel	-94.9	-77.8
Rent and leases	-9.5	-93.9
Third-party services	-44.5	-38.7
Insurance	-29.9	-26.4
Consultancy and audit fees	-44.4	-38.0
IT costs	-23.8	-22.7
Travel cost	-18.3	-15.9
Sales and marketing costs	-11.1	-10.7
Other operating costs	-119.4	-107.8
Total other operating expenses	-585.6	-589.9

NOTE 29 - LEASES

SPECIFICATION OF RIGHT OF USE ASSET 2019 (EUR MILLION)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	OTHER	TOTAL
Opening balance as of 01.01	55.7	16.6	296.8	2.2	2.0	373.3
New contracts in 2019	5.0	5.1	112.8	0.5	1.2	124.4
Extension of existing agreements in 2019	1.6	—	11.8	—	—	13.4
Termination of agreements in 2019	-0.1	-0.8	-2.3	—	—	-3.2
Foreign currency adjustments	0.5	0.2	3.7	—	—	4.5
Total acquisition cost as of 31.12	62.6	21.1	422.9	2.7	3.2	512.4
Accumulated depreciation and impairment losses as of 01.01	—	—	—	—	—	—
Depreciation in the year	8.8	7.4	107.3	0.7	0.7	124.8
Accumulated depreciation on terminated contracts	—	—	—	—	—	—
Foreign currency adjustments	0.1	0.1	0.7	—	—	0.8
Total accumulated depreciation as of 31.12	8.8	7.5	108.0	0.7	0.7	125.6
Total carrying amount as of 31.12	53.8	13.6	314.9	2.0	2.5	386.8
Depreciation method	Linear	Linear	Linear	Linear	Linear	

RECONCILIATION RIGHT-OF-USE LIABILITIES (EUR MILLION)	2019
Opening balance 01.01	373.3
New contracts in 2019	124.4
Extensions of existing agreements in 2019	13.4
Termination of agreements in 2019	-3.2
Down payment leasing debt	-122.2
Currency effects in 2019	0.3
Closing balance 31.12	386.0
Of which non-current liabilities	258.9
Of which current liabilities	127.1

Maturity analysis	2019
2020	129.1
2021	95.5
2022	68.0
2023	40.6
2024	29.1
Onwards	52.1
Sum 31.12.	414.4

LEASES EXPENSED (EUR MILLION)	2019	2018
Leases not reported as right of use assets ¹⁾	-62.0	-111.9

1) In 2019 such leases are mainly leases that expired within one year after implementation of IFRS 16, and also leases entered into after implementation of IFRS 16 with a contract period of less than one year. Leases expensed for 2018 are expensed leases according to IAS 17.

SUBLEASES (EUR MILLION)	2019	2018
Income from subleases	5.2	4.0

NOTE 30 - PROVISIONS

SPECIFICATION OF PROVISIONS 2019 (EUR MILLION)	RESTRUCTURING	ONEROUS CONTRACTS	OTHER	TOTAL PROVISIONS
Provisions as of 01.01	3.1	7.3	2.4	13.0
New provisions in the year	19.2	—	2.3	21.7
Utilized provisions	-10.6	—	-0.2	-10.8
Non cash utilization	—	-5.3	—	-5.3
Currency adjustment	—	0.2	—	0.2
Provisions as of 31.12	11.7	2.2	4.7	18.7

Provisions related to onerous contracts are mainly due to the technical accounting treatment of fair value of biomass.

The majority of restructuring cost in 2019 is related to Mowi Kritsen and the consequence of one of the factories destroyed in fire in 2018 with the amount EUR 18.7 million.

SPECIFICATION OF PROVISIONS 2018 (EUR MILLION)	RESTRUCTURING	ONEROUS CONTRACTS	OTHER	TOTAL PROVISIONS
Provisions as of 01.01	6.2	1.3	1.8	9.4
New provisions in the year	-0.3	—	1.0	0.9
Utilized provisions	-2.8	—	-0.6	-3.4
Non cash utilization	—	6.0	—	6.1
Provisions as of 31.12	3.1	7.3	2.3	13.0

NOTE 31 - RESEARCH AND DEVELOPMENT

RESEARCH AND DEVELOPMENT EXPENSES (EUR MILLION)	2019	2018
R&D expenses	46.5	43.9

The reported expenditures are gross values, and exclude any related income from our R&D activities. In addition, a fee of 0.3% of Mowi Norway's export value is paid to the Norwegian Seafood

Research Fund (EUR 3.9 million for 2019, same as for 2018). This fee is not included in the R&D expenses. Mowi Group has not capitalized any R&D expenditures during 2019 or 2018.

NOTE 32 - AUDITOR'S FEES

FEES TO AUDITORS 2019 (EUR MILLION)	EY	OTHER APPOINTED AUDITORS
Audit services	1.4	0.1
Tax advisory services	0.4	—
Other non-audit fees	0.1	—
Total fees for 2019	1.9	0.1

FEES TO AUDITORS 2018 (EUR MILLION)	EY	OTHER APPOINTED AUDITORS
Audit services	1.5	—
Tax advisory services	0.2	—
Other non-audit fees	0.1	—
Total fees for 2018	1.8	—

Auditor's fees is stated exclusive value added tax.

NOTE 33 - EXCEPTIONAL ITEMS

The 2019 financial statements contain several items that are considered exceptional relative to the normal business operations. The total effect of exceptional items included in operational EBIT

was EUR 146.3 million for the year. Exceptional items are mainly included in the line item Cost of materials in the consolidated statement of comprehensive income.

EXCEPTIONAL ITEMS INCLUDED IN OPERATIONAL EBIT (EUR MILLION)	2019	2018
Sea lice mitigation Mowi Norway	85.7	76.7
Incident-based mortality Mowi Norway	16.1	16.7
Incident-based mortality Mowi Scotland	20.2	2.5
Net one-off effects Mowi Canada	12.0	7.1
Incident-based mortality Mowi Chile	2.9	1.4
Incident-based mortality Mowi Faroes	—	—
Incident-based mortality Mowi Ireland	9.3	4.8
Exceptional items in Operational EBIT	146.3	109.2

NOTE 34 - NEW IFRS STANDARDS

NEW STANDARDS APPLIED

With effect from January 1, 2019, Mowi has implemented the new accounting standard regarding leases (IFRS 16).

IFRS 16 LEASES

IFRS 16 Leases replaces previous IFRS leases requirements in IAS 17. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires recognition of right-of-use assets and liabilities related to all leasing agreements with duration exceeding 12 months. The asset and liability to be recognized for each leasing

agreement is the present value of the lease payments. Lease payments for low value assets may be recognized as they occur.

The Group has implemented IFRS 16 using the modified retrospective approach, i.e. without restating comparative information, and by recognizing the same amount as right-of-use assets and lease liabilities per January 1, 2019. Consequently, opening book value of equity in 2019 was not impacted. Only leasing liabilities related to agreements exceeding 12 months starting from January 1, 2019 has been recognized. Agreements shorter than 12 months or with low value is recognised as they occur.

The effect of implementing IFRS 16 as of January 1, 2019:

Balance sheet items (EUR MILLION)	1 January, 2019
Right-of-use assets	373.3
Total assets	373.3
Liabilities	
Non-current leasing liabilities	266.5
Current leasing liabilities	106.8
Total liabilities	373.3
Total adjustment on equity	—

Reconciliation between the operating lease commitments as of December 31, 2018 and the lease liabilities as of January 1, 2019:

Reconciliation (EUR million)	
Operating lease commitments December 31, 2018	584.7
Effect of discounting	-29.2
Discounted operating lease commitments January 1, 2019	555.5
Commitments relating to leases with commencement date after January 1, 2019	-207.4
Other differences	25.2
Lease liabilities January 1, 2019	373.3

The lease liabilities were discounted at the incremental borrowing rate as at January 1, 2019. The weighed average incremental borrowing rate was 3.1%.

Other differences includes lease payments related to extensions not included in commitments as of December 31, 2018, and commitments as of December 31, 2018 not included in Right-of-use assets as of January 1, 2019 due to leases ending in 2019 or low-value assets.

There was no significant financial leases recognised in the Group's financial position as of December 31, 2018.

NEW STANDARDS - NOT YET IMPLEMENTED

At the end of 2019, there are some amendments to existing standards/interpretations that are not yet effective, but will be relevant for Mowi Group at implementation. Mowi Group intends to adopt these standards, if applicable, when they become effective. There are no amendments that is expected to have a significant impact on the Group's financial statements.

NOTE 35 - SUBSEQUENT EVENTS

COMPLETED EUR 200 MILLION GREEN BOND ISSUE

In January 2020, Mowi issued the first green bond in the seafood sector. Issuance of EUR 200 million five-year Green Bond with coupon of EURIBOR + 160 bps in January 2020. The bond issue was significantly oversubscribed attracting solid investor demand from both dedicated green and regular bond investors. The proceeds from the green bond issue will be used for green projects as further defined by Mowi's green bond framework which is available on our website. The green bond framework received a positive second opinion from CICERO.

CORONAVIRUS PANDEMIC

At the time of the release of the annual report, the world is facing a severe global Coronavirus pandemic of which we cannot yet know the consequences. We are monitoring the situation closely and will continue to take all possible mitigation actions.

Mowi ASA

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STATEMENT OF PROFIT AND LOSS

MOWI ASA (EUR MILLION)	NOTE	2019	2018
Revenue	1,2,9	1 382.4	—
Other income	1,9	39.0	18.8
Revenue and other income	1,2,9	1 421.4	18.8
Cost of materials	9	-569.5	—
Salary and personnel expenses	15	-160.5	-14.7
Other operating expenses	16,17	-238.0	-20.4
Depreciation and amortization	11,12	-61.0	-3.4
Impairment losses	11,12	-0.9	0.0
Income/loss from associated companies and joint ventures	10	0.9	0.0
Restructuring and other non-operational items		-1.7	0.0
Earnings before financial items		390.8	-19.7
Interest expenses	4	-70.3	-58.0
Net currency effects	4	22.1	11.7
Other financial items	4	476.1	-68.3
Group contribution	9	—	426.8
Earnings before taxes (EBT)		818.7	292.4
Income taxes	8	-90.8	-94.7
Profit or loss for the year		727.9	197.6
Allocation of profit			
To other equity		727.9	197.6
Profit or loss for the year		727.9	197.6

STATEMENT OF FINANCIAL POSITION

MOWI ASA (EUR MILLION)	NOTE	2019	2018
ASSETS			
Non-current assets			
Deferred tax asset	8	—	1.5
Licenses, goodwill and other intangible assets	11	190.8	6.0
Total intangible assets		190.8	7.5
Property, plant and equipment	12	401.8	0.5
Total tangible assets		401.8	0.5
Investments in subsidiaries	10	2 480.6	2 396.6
Investment in associated companies and joint ventures	10	1.0	—
Intercompany non-current receivables	9	391.5	432.6
Other non-current financial assets		2.4	—
Total financial assets		2 875.4	2 829.2
Total non-current assets		3 468.0	2 837.3
Current assets			
Inventory	3	22.0	—
Biological assets	3	592.3	—
Trade receivables	9	8.3	—
Intercompany current receivables	9	763.2	1 062.9
Other current receivables	9	25.6	1.8
Other current financial assets		6.9	—
Restricted cash	13	9.6	6.3
Cash in bank	13	31.0	27.0
Total current assets		1 459.0	1 098.3
Total assets		4 927.0	3 935.6

MOWI ASA (EUR MILLION)	NOTE	2019	2018
EQUITY AND LIABILITIES			
Equity			
Share capital		404.8	404.0
Other paid-in capital		1 274.7	1 251.0
Total paid-in capital		1 679.5	1 655.0
Other equity		756.9	469.9
Total equity		2 436.4	2 125.0
Non-current liabilities			
Deferred tax liabilities	8	127.8	—
Non-current interest-bearing debt	6	1 465.2	1 142.4
Other non-current liabilities	14	3.2	3.4
Total non-current liabilities		1 596.2	1 145.8
Current liabilities			
Trade Payables		35.3	2.0
Intercompany current liabilities	9	674.7	483.2
Other current liabilities	9,14	184.5	179.6
Total current liabilities		894.4	664.8
Total liabilities		2 490.6	1 810.6
Total equity and liabilities		4 927.0	3 935.6

BERGEN, MARCH 24, 2020


Ole-Eirik Lerøy
Chair of the Board


Lisbet K. Nærø
Vice Chair of the Board


Cecilie Fredriksen


Paul Mulligan


Jean-Pierre Bienfait


Birgitte Ringstad Vartdal


Kristian Melhuus


Unni Sværen
Employee representative


Anders Sæther
Employee representative


Jørgen Wenggaard
Employee representative


Ivan Vindheim
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

SPECIFICATIONS OF CHANGES IN EQUITY IN 2019 (EUR MILLION)	SHARE CAPITAL	OTHER PAID IN CAPITAL	SHARE BASED PAYMENT	OTHER EQUITY	TOTAL EQUITY
Equity 01.01.19	404.0	1 251.0	5.9	464.1	2 125.0
Issue of shares	0.8	23.7	—	—	24.5
Share based payment	—	—	-0.5	-4.2	-4.7
Dividend	—	—	—	-544.9	-544.9
Actuarial gains/losses (net of tax)	—	—	—	0.1	0.1
Effect of merger ¹⁾	—	—	—	108.5	108.5
Profit or loss for the year	—	—	—	727.9	727.9
Total Equity 31.12.19	404.8	1 274.7	5.4	751.5	2 436.4

1) Related to merger of Mowi ASA with Mowi Norway AS. See note 1 for more information.

SPECIFICATIONS OF CHANGES IN EQUITY IN 2018 (EUR MILLION)	SHARE CAPITAL	OTHER PAID IN CAPITAL	SHARE BASED PAYMENT	OTHER EQUITY	TOTAL EQUITY
Equity 01.01.18	383.8	931.5	5.4	609.2	1 930.0
Issue of shares	20.1	319.5	—	194.2	533.8
Share based payment	—	—	0.5	-5.2	-4.7
Dividend	—	—	—	-532.4	-532.4
Actuarial gains/losses (net of tax)	—	—	—	0.7	0.7
Profit or loss for the year	—	—	—	197.6	197.6
Total Equity 31.12.18	404.0	1 251.0	5.9	464.1	2 125.0

SHARE CAPITAL

For information related to shareholders and share capital reference is made to Note 24 in Mowi Group financial statements

STATEMENT OF CASH FLOW

MOWI ASA (EUR MILLION)	NOTE	2019	2018
Cash flow from operations			
Earnings before taxes		818.7	292.4
Interest expenses	4	70.3	58.0
Net currency effects	4	-22.1	-11.7
Other financial items	4	-476.1	68.3
Group contribution	9	—	-426.8
Impairment losses, depreciation and amortization	11,12	61.9	3.4
Taxes paid	8	-103.1	-59.6
Change in inventory, acc. payables and acc. receivables		-33.0	0.9
Change in restricted cash	13	0.8	1.5
Restructuring and other non-operational issues		0.8	—
Other adjustments		6.2	8.4
Cash flow from operations		324.4	-65.1
Cash flow from investments			
Payments from sale of fixed assets	12	1.0	—
Payments made for purchase of fixed assets	11,12	-93.8	-2.2
Purchase of shares and other investments		-57.1	—
Cash flow from investments		-150.0	-2.2
Cash flow from financing			
Proceeds from new interest-bearing debt (current and non-current)		314.6	534.8
Paid interest (net)		-57.3	-39.7
Received interest group internal (net)	9	33.7	24.8
Net change in intercompany balances		85.2	80.7
Realized currency effects		1.4	7.6
Dividends received	4	0.9	26.8
Dividend paid		-544.9	-532.4
Transactions with treasury shares		-4.2	-5.2
Cash flow from financing		-170.6	97.4
Net change in cash in period		3.9	30.1
Cash - opening balance		27.0	-3.1
Net cash from merger ¹⁾		0.1	—
Cash - closing balance total	6,13	31.0	27.0

1) Related to merger of Mowi ASA with Mowi Norway AS. See note 1 for more information.

NOTE 1 - GENERAL INFORMATION AND ACCOUNTING POLICIES

Mowi ASA is the parent company in the Mowi Group and consists of corporate management and the farming business in Norway. In 2019 Mowi ASA was merged with Mowi Norway AS. The merger is recognised by continuation of carrying amounts, with effect from January 1, 2019. Comparable figures have not been restated. The effect of the merger on the different accounting lines is presented in relevant notes.

The separate financial statements of Mowi ASA have been prepared in accordance with the Norwegian Accounting Act from 1988 and Generally Accepted Accounting Principles in Norway. The financial statements for Mowi Group have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (EU-IFRS).

For accounting policies used reference is made to Note 2 in Mowi Group financial statements. The accounting principles used in the financial statements for Mowi ASA are similar to the accounting principles used for Mowi Group’s financial statements, except for:

- *Acquisition costs in Business Combinations are in the Group financial statements recognized as expenses in profit and loss in the periods in which the cost are incurred and the services are received. In the separate financial statements for Mowi ASA these expenses are included as part of the acquisition price.*
- *Biological assets are valued at the lower of cost and net realisable value. Acquisition cost are direct costs and a proportional part of indirect variable and fixed costs. Proportion of fixed costs is limited to utilization of normal capacity.*

- *The investment in Centre for Aquaculture Competence AS is reported as investment in associated companies. In the Group financial statement the investment is fully consolidated as the Group consider to have significant influence in this company.*
- *Goodwill is depreciated over its estimated useful life.*
- *Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the entity, are capitalised at the commencement of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability. A leased asset is depreciated over the useful life of the asset. Operational lease payments are recognised as an operating expense on a straight-line basis over the lease term.*

Investment in subsidiaries and intercompany loans are measured to the lowest of fair value and cost. Financial derivatives within Mowi Group are measured to fair value. The statements of profit and loss and changes in equity in the separate financial statement divert from the statements for Mowi Group as other comprehensive income still is treated as equity transactions in the separate financial statements.

Other income consists mainly of management fee charged to the Business Units. From 2019 this amount also include income from sale of smolt, roe, by-products and slaughter services.

Mowi ASA is responsible for external financing of the Mowi Group.

NOTE 2 - BUSINESS SEGMENTS

The main source of revenue for Mowi ASA after the merger with Mowi Norway AS is sales of Atlantic salmon. In 2019 Mowi ASA had a revenue from sale of Atlantic salmon of EUR 1 382.4 million (mainly Intercompany sales within Norway).

NOTE 3 INVENTORY AND BIOLOGICAL ASSETS

INVENTORY (EUR MILLION)	2019	2018
Raw materials	21.4	—
Finished goods	0.6	—
Total inventory	22.0	—

The amounts above are net after provision for obsolete goods. Value of inventory is manufacturing cost. Raw materials are packing material, fish feed and health articles. Finished goods are slaughtered and processed salmon.

Biological assets consist of living salmon in sea, broodstock, smolt and roe in hatchery with the value of EUR 592.3 million.

NOTE 4 - FINANCIAL ITEMS

FINANCIAL ITEMS (EUR MILLION)	2019	2018
Interest expense	-70.3	-58.0
Net currency effects	22.1	11.7
Dividend from subsidiaries ¹⁾	401.2	26.8
Interest income from subsidiaries	45.4	33.1
Change in fair value - other financial instruments	29.1	14.0
Change in fair value - conversion liability component convertible bond	—	-142.3
Other financial items	0.4	0.2
Net other financial items	476.1	-68.3

1) Dividend from subsidiaries in 2019 was settled by transfer of shares in Mowi Norway AS prior to merger.

NOTE 5 - FINANCIAL INSTRUMENTS

FOREIGN EXCHANGE RISK

At the end of 2019 Mowi ASA had a portfolio of currency hedging instruments against third party counterparts with a total contract value of EUR 751.5 million (762.9 million). The portfolio had a net positive market value of EUR 2.2 million (EUR -18.0 million). The portfolio is described in further detail in Note 13 to Mowi Group financial statements.

The subsidiaries are required to do all their currency hedging with Mowi ASA as their counterparty. In addition to the portfolio of external derivatives, Mowi ASA also holds a portfolio of foreign exchange hedges with its subsidiaries as counterparty. This portfolio offsets the external portfolio with respect to amounts, maturities and market values.

The forward contracts are recognized at fair value in the statement of financial position.

INTEREST RATE RISK

Mowi ASA hedges all interest rate risk on behalf of Mowi Group. For positions held in interest rate derivatives and their value, reference is made to Note 12 and Note 13 of Mowi Group financial statements.

SALMON PRICE RISK

At the end of 2019, Mowi ASA held a portfolio of financial forward contracts for purchase and sale of salmon with third parties. The portfolio had a positive market value of EUR 0.2 million (EUR -0.7 million). Subsidiaries are required to do their financial hedging of salmon prices with Mowi ASA as their counterparty, and Mowi ASA then enters into corresponding forward contracts with third parties. Therefore the portfolio of third-party forward contracts is largely offset with respect to amounts, maturities and market values, by the portfolio of internal contracts.

NOTE 6 - INTEREST-BEARING DEBT

INTEREST-BEARING DEBT (EUR MILLION)	2019	2018
Non-current interest-bearing debt ¹⁾	1 118.3	944.3
Bonds	198.7	198.1
Schuldschein loan	148.2	—
Total non-current interest-bearing debt	1 465.2	1 142.4
Current interest-bearing debt ¹⁾	—	—
Total interest-bearing debt	1 465.2	1 142.4

1) For specification of interest-bearing debt, reference is made to Note 11 to Mowi Group financial statements.

NOTE 7 - ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES

ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES

The syndicated loan facility in Mowi is secured by guarantees from, as well as certain assets pledged by, the larger subsidiaries in the Group. The pledges are set up partly as a pledge

in favour of a third party and partly as security for the fulfilment of the guarantee obligations. Mowi ASA has pledged the ownership in its subsidiaries, as well as certain assets.

ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES (EUR MILLION)	2019	2018
Secured Group debt	1 118.3	943.5
<i>Carrying amount of assets pledged as security</i>		
Receivables	1 029.0	1 420.5
Shares in subsidiaries	2 480.6	2 396.6
Total carrying amount of assets pledged as security	3 509.6	3 817.1
Guarantee liabilities ¹⁾	13.4	13.9
Nominal value of guarantee liabilities	13.4	13.9

1) In addition Mowi ASA has provided an ultimate parent company guarantee for commitments that may arise under the contract with the main supplier to the construction of the new feed factory in Scotland.

NOTE 8 - TAXES

TAXES (EUR MILLION)	2019	2018
<i>Specification of this year's tax expense</i>		
Withholding tax	-2.5	-3.1
Payable tax	-76.0	-97.9
Changes in deferred taxes	-12.3	6.2
Total income tax expense	-90.8	-94.7
<i>Specification of temporary differences and losses carried forward</i>		
Non-current assets	-86.1	1.5
Current assets	668.8	—
Debt	—	7.0
Pension obligation	-3.2	-3.4
Other differences	1.5	-11.9
Total basis for deferred tax	581.0	-6.9
Nominal tax rate	22%	22%
Deferred taxes asset/deferred tax liability	-127.8	1.5
Total recognized deferred tax asset/deferred tax liability (-)	-127.8	1.5
<i>Reconciliation between nominal and effective tax rate</i>		
Profit before tax	818.7	292.4
Nominal tax rate	22%	23%
Tax calculated with nominal tax rate	-180.1	-67.2
Withholding tax	-2.5	-3.1
Correction of earlier year 's taxes	2.1	-0.2
Dividends	88.3	6.2
Effect of change in tax rate	—	-0.1
Effect of conversion to NOK	-2.2	3.2
Conversion liability component of convertible bond - change in fair value	—	-31.6
Financial instruments	—	-2.0
Other differences	3.6	0.1
Total income tax expense in the statement of profit and loss	-90.8	-94.7

NOTE 9 - INTERCOMPANY TRANSACTIONS

INTERCOMPANY TRANSACTIONS (EUR MILLION)		2019	2018
<i>Group internal receivables and liabilities</i>			
Intercompany non-current receivables		391.5	432.6
Net intercompany non-current receivables		391.5	432.6
Trade receivables	Group companies	12.1	0.1
	Associated companies	4.0	—
Trade payables	Group Companies	-13.5	-1.1
	Associated companies	-6.8	—
Group Financing Receivable	Group Companies	750.9	632.5
	Associated companies	14.4	—
Group Financing Payable	Group Companies	-656.9	-483.0
Other current receivables	Group Companies	0.2	431.1
Other current liabilities	Group Companies	-4.2	—
Net current receivables	Group Companies	88.6	579.7
	Associated companies	11.6	—
<i>Group internal revenue and cost</i>			
Revenue	Group companies	1 379.1	—
	Associated companies	2.5	—
Other income	Group companies	24.6	18.8
Cost of materials	Group companies	-388.3	—
	Associated companies	-7.0	—
<i>Group internal financial income and expense</i>			
Dividend from subsidiaries ¹⁾		401.2	26.8
Interest income group companies		45.4	33.1
Interest expense group companies		-11.7	-8.3
Group contribution		—	426.8

1) Dividend from subsidiaries in 2019 was settled by transfer of shares in Mowi Norway AS prior to merger.

NOTE 10 - SHARES IN SUBSIDIARIES, ASSOCIATED COMPANIES AND OTHERS

Shares in subsidiaries

COMPANY (EUR MILLION)	BUSINESS ADDRESS	DATE OF PURCHASE	OWNER- SHIP %	NUMBER OF SHARES	EQUITY AS OF 31.12.19	PROFIT THIS YEAR	CARRYING AMOUNT 31.12.19
Marine Harvest Holding AS ¹⁾	Oslo, Norway	07.04.2006	100%	590 452 360	1 268.9	48.0	2 353.0
Mowi Faroe Islands P/F	Kollafjordur, Faroes	01.11.1999	100%	10	74.4	9.0	31.9
Marine Harvest Kritsen SAS	Pollaouen, France	11.04.1997	100%	7 005 366	-5.7	-18.0	11.8
Mowi Norway FoU AS	Bergen, Norway	10.7.2017	100%	30 000	1.8	-0.5	2.4
K Strømmen Lakseoppdrett AS ²⁾	Rugsund, Norway	22.8.2019	100%	1 000	12.2	2.2	81.6
Total					1 351.7	40.7	2 480.6

1) Morpol ASA and Marine Harvest NV were merged with Marine Harvest Holding AS in 2019

2) K Strømmen Lakseoppdrett AS was merged with Mowi ASA in February 2020

Shares in subsidiaries are recognized according to the cost method and yearly tested for impairment.
The ownership share listed above are equal to the voting rights for each company.

Associated companies

COMPANY (EUR MILLION)	BUSINESS ADDRESS	DATE OF PURCHASE	OWNER- SHIP %	NUMBER OF SHARES	EQUITY AS OF 31.12.19	PROFIT THIS YEAR	CARRYING AMOUNT 31.12.19
Finnøy Fisk AS	Finnøy	15.09.1996	45%	473	7.4	3.4	0.5
Namdal Rensefisk AS ¹⁾	Flatanger	30.09.2015	24.76%	1 921	3.1	0.1	0.3
Centre for Aquaculture Competence AS	Hjelmeland	09.10.2001	33.33%	150	-1.1	-1.9	—
Blue Revolution Center AS	Frøya	24.05.2017	33.33%	10 000	—	—	—
Nordland Rensefisk AS	Lovund	08.01.2010	20%	1 640	3.8	0.6	0.2
Total					13.2	2.2	1.0

1) Equity and profit from 2018

NOTE 11 - INTANGIBLE ASSETS

SPECIFICATION OF INTANGIBLE ASSETS 2019 (EUR MILLION)	GOODWILL	LICENSES	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost as of 01.01	—	—	19.3	19.3
Acquisitions through merger ¹⁾	5.1	197.7	2.0	204.8
Additions in the year	—	1.7	0.7	2.4
Total acquisition cost as of 31.12	5.1	199.4	22.0	226.5
Accumulated amortization and impairment losses as of 01.01	—	—	13.3	13.3
Accumulated amortization and impairment losses through merger ¹⁾	4.8	13.7	0.6	19.2
Amortisation in the year	—	0.2	3.1	3.3
Total accumulated amortization and impairment losses as of 31.12	4.8	13.9	17.0	35.8
Total carrying amount as of 31.12	0.3	185.5	5.0	190.7
Estimated useful life	10 years	20 years/unlimited	3-5 years	3-5 years
Amortisation method	Linear	Linear	Linear	Linear

1) Related to merger of Mowi ASA with Mowi Norway AS. See note 1 for more information.

SPECIFICATION OF INTANGIBLE ASSETS 2018 (EUR MILLION)	OTHER INTANGIBLE ASSETS
Acquisition cost as of 01.01	17.1
Additions in the year	2.2
Total acquisition cost as of 31.12	19.3
Accumulated amortization and impairment losses as of 01.01	10.5
Amortisation in the year	2.8
Total accumulated amortization and impairment losses as of 31.12	13.3
Total carrying amount as of 31.12	6.0
Estimated useful life	3-5 years
Amortisation method	Linear

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

SPECIFICATION OF PPE 2019 (EUR MILLION)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	UNDER CONSTRUCTION /PREPAYMENTS	OTHER TANGIBLE	TOTAL
Acquisition cost as of 01.01	—	—	—	—	—	3.4	3.4
Acquisitions through merger ¹⁾	191.9	260.9	151.5	137.3	72.7	5.8	820.2
Additions in the year	—	—	—	—	100.3	—	100.3
Reclassification	39.9	17.9	26.8	22.9	-111.3	2.0	-1.7
Disposals / scrapping in the year	-1.7	-9.0	-1.6	-8.7	—	—	-21.0
Total acquisition cost as of 31.12	230.1	269.8	176.7	151.6	61.7	11.2	901.1
Accumulated depreciation and impairment losses as of 01.01	—	—	—	—	—	2.8	2.8
Accumulated depreciation and impairment losses through merger ¹⁾	98.3	197.0	68.9	89.3	2.0	3.4	458.9
Depreciation in the year	10.4	21.6	11.0	13.9	—	0.8	57.7
Impairment losses and reversal of previous write-downs in the year	0.9	—	—	—	—	—	0.9
Accumulated depreciation and impairment losses on disposals	-1.7	-9.0	-1.6	-8.7	—	—	-21.0
Total accumulated depreciation and impairment losses as of 31.12	107.9	209.6	78.3	94.5	2.0	7.1	499.3
Total carrying amount as of 31.12	122.2	60.2	98.4	57.1	59.7	4.1	401.8
Estimated lifetime	Land; infinite Buildings; 10 years	3-10 years	3-10 years	5-10 years	NA	3-5 years	
Depreciation method	Linear	Linear	Linear	Linear	NA	Linear	

1) Related to merger of Mowi ASA with Mowi Norway AS. See note 1 for more information.

Annual rent for leased assets that are not capitalised was EUR 31.2 million in 2019. There were no capitalised leases as of 31 December 2019.

SPECIFICATION OF PROPERTY, PLANT AND EQUIPMENT 2018 (EUR MILLION)	OTHER TANGIBLE
Acquisition cost as of 01.01	3.4
Total acquisition cost as of 31.12	3.4
Accumulated depreciation and impairment losses as of 01.01	2.3
Depreciation in the year	0.6
Total accumulated depreciation and impairment losses as of 31.12	2.8
Total net carrying amount as of 31.12	0.5
Estimated useful life	3-5 years
Depreciation method	Linear

NOTE 13 - CASH

CASH (EUR MILLION)	2019	2018
Cash at bank	31.0	27.0
Restricted cash / withheld taxes	5.3	0.6
Other restricted cash	4.3	5.7
Cash	40.6	33.3

NOTE 14 - OTHER LIABILITIES

OTHER LIABILITIES (EUR MILLION)	2019	2018
Pension liability	3.2	3.4
Total other non-current liabilities	3.2	3.4
Financial instruments	34.1	77.3
Tax liabilities	76.0	98.3
Other accruals	74.4	4.0
Total other current liabilities	184.5	179.6

NOTE 15 - REMUNERATION

SALARY AND PERSONNEL EXPENSES (EUR MILLION)	2019	2018
Salaries and other short-term employee benefits	-123.9	-9.3
Social security taxes	-13.8	-2.0
Pension expenses	-7.0	-0.6
Share option scheme including social security taxes	-0.2	-1.4
3rd party staff	-11.3	-1.4
Other benefits	-4.2	-0.1
Total salary and personnel expenses	-160.5	-14.7
Average number of full-time employees	1 742	62
Full time employees at year-end	1 800	62

REMUNERATION TO SENIOR EXECUTIVES ¹⁾ (EUR THOUSAND)		SALARY	CASH BONUS	EXECUTED SHARE PRICE BASED BONUS	PENSION COST	OTHER	TOTAL 2019	TOTAL 2018
Ivan Vindheim	CEO / CFO ²⁾	396	336	692	8	2	1 434	1 383
Kristian Ellingsen	CFO ³⁾	155	43	—	8	2	207	—
Per-Roar Gjerde	COO Farming	300	97	597	8	1	1 004	882
Ola Brattvoll	COO Sales & Marketing	258	111	509	8	1	887	890
Ben Hadfield	COO Feed ⁴⁾	285	121	556	—	—	962	921
Øyvind Oaland	Chief Technology Officer	194	82	—	8	18	302	284
Anne Lorgen Riise	Chief HR Officer	158	74	—	8	2	242	233
Catarina Martins	Chief Sustainability Officer ⁵⁾	143	33	—	8	1	185	—
Kristine Gramstad Wedler	Group Communication Director ⁶⁾	129	45	—	6	155	335	182
Glenn Flanders	Chief Strategy Officer ⁷⁾	279	115	—	8	1	403	366
Total		2 297	1 057	2 354	69	182	5 959	5 142

- 1) Senior Executives in Mowi ASA are remunerated in the local currency NOK, except Ben Hadfield and Glenn Flanders who are remunerated in GBP and USD respectively. The amounts in this note have been converted to EUR using yearly average rates for 2019 and 2018.

2) Ivan Vindheim replaced Alf-Helge Aarskog as CEO 12.11.2019. Ivan Vindheim previously held the position as CFO. Remuneration for the former CEO, Alf-Helge Aarskog, was KEUR 1 945 for 2019 (KEUR 2 216 or 2018) of which share-based bonus of KEUR 1 186, salary KEUR 601 and cash bonus of KEUR 159.

3) Kristian Ellingsen replaced Ivan Vindheim as CFO 12.11.2019. Remuneration for the previously held position as Group Accounting Director is included for the year 2019.
- 4) Atle Kvist replaced Ben Hadfield as COO Feed 1.1.2020. Ben Hadfield became new COO of Farmng Scotland and Ireland.

5) Catarina Martins was appointed Chief Sustainability Officer 8.4.2019. Catarina Martins previously held the position as Group Manager Environment and Sustainability, and remuneration for the previously held position is included for the year 2019.

6) Kristine Gramstad Wedler ended her employment 1.4.2019. The position is no longer part of the Group Management Team.

7) The position was part of the Group Management Team until 8.4.2019. Remuneration for the full year is included.

SHARE OPTION SCHEME - OPTIONS TO SENIOR EXECUTIVES		2019-ALLOTMENT OF CALL OPTIONS	2018-ALLOTMENT OF CALL OPTIONS	2017-ALLOTMENT OF CALL OPTIONS	2016-ALLOTMENT OF CALL OPTIONS
Ivan Vindheim	CEO / CFO	106 473	108 027	116 537	126 230
Per-Roar Gjerde	COO Farming Americas and the Faroes	106 473	108 027	116 537	61 172
Ola Brattvoll	COO Sales & Marketing	106 473	108 027	116 537	126 230
Ben Hadfield	COO Farming Scotland & Ireland	106 473	108 027	116 537	126 230
Atle Kvist	COO Feed	26 618	—	—	—
Øyvind Oaland	Chief Technology Officer	26 618	27 007	—	—
Anne Lorgen Riise	Chief HR Officer	26 618	27 007	—	—
Catarina Martins	Chief Sustainability Officer	26 618	—	—	—
Total options		532 364	486 122	466 148	439 862
Strike price as of December 31, 2019 (NOK)		208.89	164.88	138.80	121.24

Pension plans

Mowi ASA has a defined contribution plan where the contribution is limited to 8% of salaries up to 12G. There were 1952 members in the plan as of December 31, 2019. The pension plan is in accordance with the legal requirements in Norway.

REMUNERATION TO BOARD OF DIRECTORS (EUR THOUSAND)		BOARD FEE	AUDIT COMMITTEE FEE	TOTAL 2019	TOTAL 2018
Ole-Eirik Lerøy	Chair of the Board	122	—	122	120
Lisbet K. Nærø	Vice chair of the Board and Chair of the audit committee	69	15	84	78
Birgitte Ringstad Vartdal	Member of the Board and member of the audit committee	51	10	61	60
Cecilie Fredriksen	Member of the Board	51	—	51	47
Kristian Melhuus	Member of the Board	51	—	51	47
Paul Mulligan	Member of the Board	144	—	144	132
Jean-Pierre Bienfait	Member of the Board	51	—	51	47
Unni Sværen	Member of the Board - employee representative	51	—	51	42
Anders Sæther	Member of the Board - employee representative ¹⁾	51	—	51	21
Jørgen Wenggaard	Member of the Board - employee representative ¹⁾	51	—	51	21
Lars Eirik Hestnes	Former member of the board - employee representative	—	—	—	21
Yngve Magnussen	Former member of the board - employee representative	—	—	—	21
		690	25	715	655

None of the members of the Board received compensation from any other Group companies, except for the employee representatives. Their remuneration as employees is not included above.

THE BOARD OF DIRECTORS’ STATEMENT ON THE PRINCIPLES APPLICABLE TO THE DETERMINATION OF SALARIES AND OTHER COMPENSATION FOR SENIOR EXECUTIVES

Pursuant to section 6-16a of the Public Limited Companies Act the Board of Directors of Mowi ASA is required to prepare a statement on the principles applicable to the determination of salaries and other compensation for senior executives.

1. Responsibility

The Board of Mowi ASA determines the principles applicable to the Group’s policy for senior executive compensation.

The Board is directly responsible for the determination of the CEO’s salary and other benefits. The CEO is, in consultation with the chair of the Board, responsible for the determination of the salary and other benefits for the Group’s other senior executives. The Group’s senior executives include the management team of each Business Area as well as the senior members of the corporate staff.

2. Goal

The purpose of Mowi’s compensation principles for senior executives is to attract employees with the competence required by the Group, retain employees with important competence and motivate employees to contribute in the long-term in order to reach the Group’s business goals.

The Group’s most important competitive advantage shall be the ability to offer each employee meaningful and challenging responsibilities in a good working environment.

3. Guidelines

The following guidelines shall form the basis of the determination of compensation to the Group’s senior executives:

The total compensation offered to senior executives shall be competitive, both nationally and internationally.

The compensation shall contain elements providing necessary financial security following termination of the employment, both before the age of retirement and in connection with this.

The compensation shall be motivating, both for the individual and for the Group’s senior executives as a group.

Variable elements in the total compensation to the Group’s senior executives shall be linked to the values generated by the Group for the benefit of Mowi ASA’s shareholders.

The system of compensation shall be understandable and meet general acceptance internally in the Group, among the Company’s shareholders and with the public.

The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Group.

4. Principles applicable to the determination of salary and other remuneration in 2019

4.1 Fixed salary

The fixed salary which each individual senior executive in the Group will receive in 2019 is a consequence of existing employment agreements. When recruiting, the salary level offered will reflect this. Adjustments of individual fixed salaries will be carried out in accordance with trends in local labor markets, the results achieved, and individual contributions to the development of the Group.

4.2 Benefits in kind

The Group’s compensation schemes include only a limited number of benefits in kind. These benefits correspond to common practice in local labor markets and typically include personal communication equipment, access to media, and in some cases car and parking arrangements. These schemes will be continued in 2020 according to existing agreements. Such schemes will be included in the terms for new employees in accordance with established practice.

4.3 Pension

The Group currently operates a number of pension schemes for its employees. These are further described in Note 14 to the Group financial statements.

The pension schemes comply with such local statutory requirements as the individual companies in the Group are obliged to comply with. Schemes which go beyond what is required by law are mainly contribution based. These schemes will be continued in 2020. New employees will be included in the schemes in accordance with local practice.

4.4 Termination payments

The Group has individual agreements on termination payments upon dismissal with several of its senior executives. The right to receive a termination payment is linked to a waiver of the general protection against termination under applicable employment laws. The period of termination payment is normally up to 24 months from resignation. There are no plans to change existing agreements for senior executives in this area in 2020. The current practice on the use of termination payments will be continued in 2020 in relation to new recruits.

4.5 Bonus

The Group’s senior executives have, as a part of their employment terms, a right to receive an annual bonus. The scheme is cash-based and is normally triggered for each individual if set goals for the Group, and for the individual entitled to bonus, are met. 70 % of the bonus is linked to the target achievement of the Group and a Business Area, while 30 % is linked to individual goal achievement. The size of the bonus is, for each individual, limited to a share of the person’s fixed salary. Such bonus shall normally not exceed 50% of the fixed salary. Bonus for the CEO and the CFO is capped at 50% of the fixed salary. There are no plans to change the current bonus scheme. New permanent employees in 2020 will be included in this scheme.

4.6 Share option scheme

The Group has a share option scheme for senior executives, pursuant to which allocations were made in 2016, 2017, 2018 and in 2019.

The scheme is based on annual allocations by the Board of Directors of a number of European call options with a strike price of 107.5% of the share price at the date of the annual general meeting authorizing allocations under the scheme. The options have a term of four years but will become exercisable immediately if a mandatory bid is made for all of the shares in Mowi or if Mowi is the non-surviving entity in a merger with another company.

If the holder of the options exercises the options, the Company may settle its obligation through the issue of new shares or, alternatively, by selling treasury shares to the option holder. There will be no lock-up obligation on the shares the option holder receives through the exercise of the option. The exercise of the option is conditional upon the option holder being employed in a non-terminated position in the Group at the date of exercise. The number of shares and the strike price will be adjusted for dividends and changes in the equity capital during the term of the option according to the Oslo Stock Exchange’s derivative rules. Total profit through the exercise of the option in a year is capped at two years’ salary for the option holder. If the profit exceeds this limit, the number of shares to be issued will be reduced accordingly.

Following the 2019 annual general meeting (the "2019 AGM"), the Board of Directors allocated 1.47 million options with a strike price corresponding to 107.5% of the volume weighted average share price on OSE the day of the 2019 AGM, being NOK 222.4108, to a total of 29 individuals.

The Board of Directors will propose a continuation of the scheme to the 2020 annual general meeting (the "2020 AGM"). A total allotment of up to 1.5 million options will be proposed based on a strike price corresponding to 107.5% of the volume weighted average share price on OSE the day of the 2019 AGM.

Eligibility to the share option scheme is limited to: Group CEO, other Senior Executives and management and key experts of business areas, subsidiaries and group functions, based on the following criteria:

- the position and individual is important in realizing the Mowi Group ambitions;
- the individual is considered critical for the Business Unit(s);
- the individual is expected to continue in a role covered by the scheme;
- the individual will not retire during the first year of the scheme.

4.7 Share purchase program

The Board will, annually, consider giving all permanent employees in Mowi ASA and its Norwegian, Scottish and Canadian subsidiaries the opportunity to acquire shares in the Company at a gross amount of up to NOK 30 000 at a discount of 20%.

5. Remuneration of senior executives in 2019

In the course of 2019 and the first quarter of 2020, the Group has complied with the policy for remuneration of senior executives that was presented at last year’s general meeting.

NOTE 16 - OTHER OPERATING EXPENSES

SPECIFICATION OF OTHER OPERATING EXPENSES (EUR MILLION)	2019	2018
Maintenance	-76.9	—
Electricity and fuel	-31.0	—
Rent and leases	-32.5	-0.7
Consultancy and audit fees	-19.4	-11.2
IT costs	-11.2	-6.5
Travel costs	-6.2	-0.9
Other operating cost	-60.7	-1.0
Total other operating expenses	-238.0	-20.4

Mowi ASA has a significant activity in relation to Research and Development (R&D). Mowi ASA has in 2019 had a total cost of EUR 14.4 million including salaries in relation to R&D projects. In 2019 EUR 1.3 million has been booked as a cost reduction in the financial statement related to tax refunds.

NOTE 17 - AUDITORS FEES

FEES TO AUDITORS (EUR MILLION)	2019	2018
Audit services	0.6	0.4
Tax advisory services	0.2	0.2
Other non-audit fees	0.1	0.1
Total fees	0.8	0.7

Auditor 's fee is stated exclusive value added tax.

NOTE 18 - SUBSEQUENT EVENTS

Please refer to Note 35 of Mowi Group financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors' report and the consolidated and separate annual financial statements for Mowi ASA, for the year ended December 31, 2019 (Annual report 2019).

Mowi ASA's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and applicable additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for Mowi ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of December 31, 2019. The Board of Directors' report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian accounting stand-ard no 16, as of December 31, 2019.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2019 have been prepared in accordance with applicable financial reporting standards
- The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of December 31, 2019 for the Group and the parent company
- The Board of Directors' report for the Group and the parent company includes a fair review of:
 - The development and performance of the business and the position of the Group and the parent company
 - The principal risks and uncertainties the Group and parent company face.

BERGEN, MARCH 24, 2020



Ole-Eirik Lerøy
Chair of the Board



Lisbet K. Nærø
Vice Chair of the Board



Cecilie Fredriksen



Paul Mulligan



Jean-Pierre Bienfait



Birgitte Ringstad Vartdal



Kristian Melhuus



Unni Sværen
Employee representative



Anders Sæther
Employee representative



Jørgen Wenggaard
Employee representative



Ivan Vindheim
Chief Executive Officer

Auditor's report, financial audit



Statsautoriserede revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Mowi ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Mowi ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial positions as at 31 December 2019, the statement of profit and loss, and statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2019, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations
- ▶ the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- ▶ the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement



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of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of biological assets

The biological assets are valued at fair value less cost to sell in accordance with IAS 41 and IFRS 13. At December 31, 2019 biological assets amounted to EUR 1522.4 million, which is 26.1% of the Group's total assets. The fair value adjustment included in the carrying amount was EUR 342.2 million.

The estimation of fair value less cost to sell of biological assets is complex and requires significant judgment from management. For fish in sea, not ready for harvest (immature fish) the fair value less cost to sell was calculated using a model based on a net present value methodology. The calculation was based on assumptions of biomass volume, quality, market prices, remaining expenses and time in sea until the fish is ready for harvest.

Given the significant amount of biological assets and the degree of judgement involved in the valuation, we consider valuation of biological assets to be a key audit matter.

We evaluated the accounting principles, industry practice and assessed the model used for the fair value estimate. We compared the estimated future market prices applied with observable available market prices, achieved prices or recently agreed contract prices for the period when harvesting is expected. We evaluated the estimated remaining expenses to produce the harvest mature fish, including assumptions applied such as harvesting plans, estimated growth rate and estimates for mortality and quality. Furthermore, we analysed and evaluated the historical accuracy of prior periods' forecasts. We also performed a sensitivity analysis of the critical assumptions in the model.

We assessed the group's disclosures concerning biological assets. We refer to note 2, 3 and 6 to the consolidated financial statements.

Impairment of licenses in Chile

At December 31, 2019, the carrying amount of the group's licenses in Chile amounted to EUR 124.1 million of the total licenses of EUR 858 million. No impairment charge was recognised in 2019.

The licenses are classified as intangible assets, whose value must be tested for impairment on at least annual basis. Management prepared an impairment assessment based on a value in use calculation using budget cash flows for 2020 and forecasted cash flows for the subsequent years 2021-2024, where 2024 is the first year in the terminal value. These cash flows are based on key assumptions such as expected harvested volume based on approved smolt stockings, margins, capital expenditure from approved budget and long-term plan, discount rates and the growth rates in the terminal value. The estimates require considerable insight and judgement from management and uncertainty still exists with respect to harvesting volumes and regulatory impact for the fish farming industry in Chile. The impairment evaluation was a key audit matter to our audit due to significant judgments involved in the estimates used in the forecasted cash flows.

We evaluated the value in use model, management's estimates relating to the future cash flows, and management's sensitivity analysis. We compared assumptions with external information, such as expected market conditions for licenses and the market development. We also performed analysis and evaluation of historical accuracy of prior year's forecasts. We further inquired and had discussion with both group and local management. We tested the mathematical accuracy of the value in use calculation in the model. We involved an internal valuation specialist in the evaluation of the methodology, growth rate and the discount rate applied in the value in use model.

We assessed the group's disclosures concerning impairment testing of intangibles. We refer to note 8 to the consolidated financial statements.



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Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;



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- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, 24 March 2020
ERNST & YOUNG AS


Øyvind Nore
State Authorised Public Accountant (Norway)

Auditor's report, GRI audit



Statsautoriserte revisorer
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To the Board of Directors of Mowi ASA

Independent assurance report – Sustainability Reporting for 2019

We have performed a limited assurance engagement on the non-financial information of Mowi ASA's reporting on Sustainability for 2019 included within their annual report, as listed in their GRI index (the Sustainability Report), which involves an assessment of whether the information presented in the Sustainability Report is based on relevant criteria from the guidelines for sustainability reporting from the Global Reporting Initiative Standards option "core" (GRI Standards).

Management's responsibility

The Board of Directors and Chief Executive Officer (management) is responsible for the selection of the information and collection of the data for presentation and for the preparation of the Sustainability Report in accordance with the GRI Standards criteria.

Our Independence and Quality Control

We have complied with the independence requirements of the Norwegian Law on Auditors and Auditing and other ethical requirements from the Code of Ethics of the Norwegian Institute of Public Accountants which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control (ISQC1) "Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements" and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's tasks and duties

Our task is to issue an independent report to the Board of Directors on the Sustainability Report based on our work. Our work is conducted in accordance with ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". The standard requires that we plan and perform procedures to obtain limited assurance that the information in the Sustainability Report is prepared and presented in accordance with relevant criteria for sustainability reporting in accordance with GRI Standards and does not contain material errors.

Our work has consisted of the following procedures:

- Review of Mowi ASA's process for the preparation and presentation of the Sustainability Report to provide us with an understanding of how Sustainability is ensured in practice within the business
- Interviewed those in charge of Sustainability reporting to develop an understanding of the process for the preparation of the Sustainability Report
- Verified on a sample basis the information in the Sustainability Report against source data and other information prepared by Mowi ASA
- Assessed the overall presentation of the Sustainability Report against the criteria in GRI Standards including a review of the consistency of information

In our opinion the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.



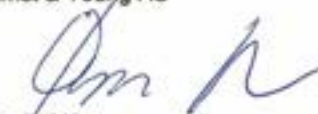
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Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the Sustainability Report, in all material respects, is not prepared and presented in accordance with the GRI Standards criteria, or that the information in the Sustainability Report contains material misstatements. Indicators covered by our assurance report are listed in the GRI index.

Bergen, 24. March 2020

Ernst & Young AS


Øyvind Nore
State Authorised Public Accountant


Trine Hansen Bjerkvik
State Authorised Public Accountant



Analytical information	Share and shareholder information	Alternative performance measures (APM) - Non-IFRS measures	Risk and risk management	GRI Index
250	260	265	273	281

Analytical and share information, APM, risk and GRI

Analysing Mowi

We want to contribute to the correct pricing of our share by giving the market in-depth, relevant and accurate information about the salmon farming industry in general and our activities in particular. This is why we include an extensive overview of our industry, its key drivers and Alternative Performance Measures (APM) in a separate section of the integrated annual report. We use APMs in our operational follow up as we believe these provide additional insight when analysing our Group's development. For more information see also our industry handbook at mowi.com.

Share information and market capitalisation

At year-end 2019 the market capitalisation of Mowi was NOK 118.0 billion (94.3 billion). The share price year-end 2019 was NOK 228.2 (182.7). We paid NOK 10.40 (10.40) in dividends in 2019 translating into a dividend yield of 4.6% (5.7%) for the year.

Risk and risk management

Risk relates to the uncertainty and the factors that may prevent us from generating the expected returns, reaching our goals and deliver on our strategy. At Mowi, we split our defined risks into subcategories within our four guiding principles – Profit, Planet, Product and People – to ensure that they are addressed by our most capable people within each area.

Global Reporting Initiative (GRI)

Mowi uses the GRI Standards for voluntary reporting of sustainable development. The guidelines comprise economic, environmental and social dimensions relating to an enterprise's activities, products and services. GRI collaborates with the United Nations Environment Program and UN Global Compact. Mowi has reported according to GRI since 2010. The report is externally assured by our auditor Ernst & Young (EY).

Analytical information

We want to contribute to the correct pricing of our share by giving the market in-depth, relevant and accurate information about the salmon farming industry in general and our activities in particular.

Farm-raised Atlantic salmon – a healthy source of protein

We engage in aquaculture, which involves cultivating aquatic organisms under controlled conditions. Aquaculture is a fast-growing food producing sector. 70% of our planet is covered with water, yet the United Nations Food and Agriculture organisation (FAO) estimates that only approximately 2% of the world's food supply comes from the ocean. In 2016, the aquaculture industry contributed 53% of the fish destined for human consumption. The aquaculture industry's output has soared since the mid-1990s, while the wild fish harvest in the same period has been stable.

It is estimated that the global population will grow from 7.7 billion in 2019 to almost 9.4 billion by 2050, resulting in increased demand for protein-rich food. According to the FAO, an additional 47.5 million tonnes of aquatic food will be required by 2050.

Our main product is farm-raised Atlantic salmon. Consumption of Atlantic salmon is recognised as healthy because of its high content of protein, Omega-3 fatty acids, vitamins and minerals. Atlantic salmon farming started on an experimental level in the 1960s, and became an industry in Norway in the 1980s. Salmon farming consists of raising juvenile salmon, or smolt, to fully grown salmon in large pens located in the sea, fjords and bays. Salmon farming also includes raising smolt from salmon eggs, which takes place in freshwater, typically in lakes or tanks on land. Almost all commercially available Atlantic salmon is farmed. Due to biological constraints, seawater temperature requirements and other natural limitations, farm-raised salmon is produced in Norway, Chile, Scotland, North America, Faroe Islands, Ireland and New Zealand/ Tasmania.

Atlantic salmon is a small but growing part of the global protein supply. Despite an increase in production of Atlantic salmon of more than 900% since 1990 (according to the FAO), the total global supply of salmon is still marginal compared to most other major seafood categories. This is because the sector has reached a production level where biological boundaries are being pushed.

Future growth requires the implementation of measures to reduce the industry's biological footprint. This will necessitate progress in technology, non-pharmaceutical techniques, industry regulations and intercompany cooperation.

Our approach – an integrated protein provider

We are the world's largest producer of farm-raised salmon, both by volume and revenue, offering fresh, whole salmon, processed salmon and other processed seafood products to customers in 70 countries worldwide. We currently engage in three principal types of production activities:

- salmon feed production in Norway and Scotland;
- salmon farming and primary processing of salmon in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands; and
- secondary processing of seafood in Norway, Chile, Ireland, the United States, Scotland, Canada, France, Belgium, the Netherlands, Poland, the Czech Republic, Germany, Spain, Turkey, Sweden, Japan, Vietnam, Taiwan, China and South Korea.

To further support our farming activities, the Joint Venture company DESS Aquaculture Shipping ("DESS Aqua") was established in 2016 for the purpose of building, owning and operating aquaculture vessels. Mowi owns 50% of DESS Aqua. In 2018, the company took delivery of the harvest vessel "Aqua Merdø" and the well boat "Aqua Tromøy". In 2019, the company took delivery of the well boats Aqua Kvaløy and Aqua Maløy and three service vessels. In addition the well boat Aqua Spa was delivered to a customer in Tasmania during 2019.

DESS Aqua also has a new building program of four vessels. When the new building program is completed, the fleet will consist of 12 aquaculture vessels.

We continue the process of transforming ourselves from a production-driven fish farming company into an integrated marine protein provider, by expanding in fish feed and broadening our farming and secondary processing operations.

We opened our first feed factory in June 2014 to facilitate our control of the value chain, enable the rapid development of improved feed products and ensure quality throughout the process. Our feed plant at Valsneset, Norway, supplied almost all of our Norwegian fish feed requirements in 2019 and set a new production record at 353 310 tons of fish feed.

Our second feed plant at Kyleakin on the Island of Skye, Scotland started commissioning in 2019 and produced 51 883 tons of feed.

Through the gradual in-sourcing of feed, we expect to obtain lower feed costs as well as improved growth, lower feed conversion rates and higher end-product quality. Internal sourcing of feed is also an important element with regards to our sustainability and branding strategies.

Our fish farming operations cover the entire salmon life cycle from egg to harvest. We also have facilities for harvesting and primary processing of our fish. We have our own breeding and genetics department and our strategy is to produce our own eggs to secure the selection of the best genetic properties. We hold our own brood stock and invest significant efforts and resources to improve the performance, disease resistance, quality and welfare of the fish. Juvenile fish (smolt) are transferred to the sea at different weights depending on the requirements of the sites to be stocked and our smolt production capacity. The average weight of smolt put to sea in 2019 was 154 grams, up from 146 grams in 2018. The fish are then nurtured in the sea for a period of 12–22 months depending on the size of the smolt stocked, the temperature of the seawater, our farming practices and the biological situation. At harvest weight, approximately five to six kilogram live weight equivalent, or LWE, the salmon undergoes primary processing into gutted weight equivalent (GWT) which is the main commodity marketed and used in most reference prices. The customers of our primary processed salmon are retailers, secondary processors, including our own operations, and distributors.

Our secondary processing operations turn the gutted fish into products such as fillets, steaks and other portions of fish – smoked, fresh and frozen. The broadening of our secondary processing operations started with the acquisition of Morpol, a world leading secondary processor of salmon, in 2012/2013. Reflecting the success of our sales of fresh prepacked products in the US market, we opened a new plant in Dallas, Texas in December 2016 and in Surrey, British Columbia, in December 2017. In September 2018 the expansion of the Ducktrap facility was completed, which increased Ducktrap's production capacity by 75%. In 2019 we expanded to a larger location in Florida, US and decided to rebuild the factory in Kritsen, France.

We currently operate 29 secondary processing facilities, the largest of which are located in Ustka, Poland; Bruges, Belgium; Rosyth, Scotland; and Boulogne, France. Secondary processing activities include further preparation to create ready-to-heat or ready-to-eat products and packaging the products. Purchasers of secondary processed salmon include retailers, such as grocery stores, food service providers such as hotels and other service and catering entities, as well as industry customers including meal and salad producers.

Business areas and segments

We are organised into three Business Areas: Feed, Farming and Sales & Marketing.

- 1. Fish feed production**, comprises our two feed plants in Norway and Scotland.
- 2. Farming** comprises a single operating segment composed of our farming operations in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands and our Breeding & Genetics program. This segment also includes primary processing activities and some filleting activities (a secondary processing activity).
- 3. Sales & Marketing** is composed of two operating segments:
 - *Markets: the segment comprises activities relating to sales of our primary processed products obtained from the Farming business and, to a lesser extent, purchased from third parties. It also includes logistics and delivery of our products to third-party customers, as well as to our internal secondary processing operations (including Consumer Products) and some secondary processing activities; and*
 - *Consumer Products: the segment includes our main secondary processing and value added operations, as well as end-product sales, including logistics. Branding is also part of the Sales & Marketing segment. Research & development supports all Business's segments.*

In addition to our principal operating segments, we have a group of "Other" activities, consisting of corporate functions.

The following illustration demonstrates activities conducted by our Business Areas.

The Mowi value chain



Activities conducted by our Business Areas, interacting with suppliers and customers.

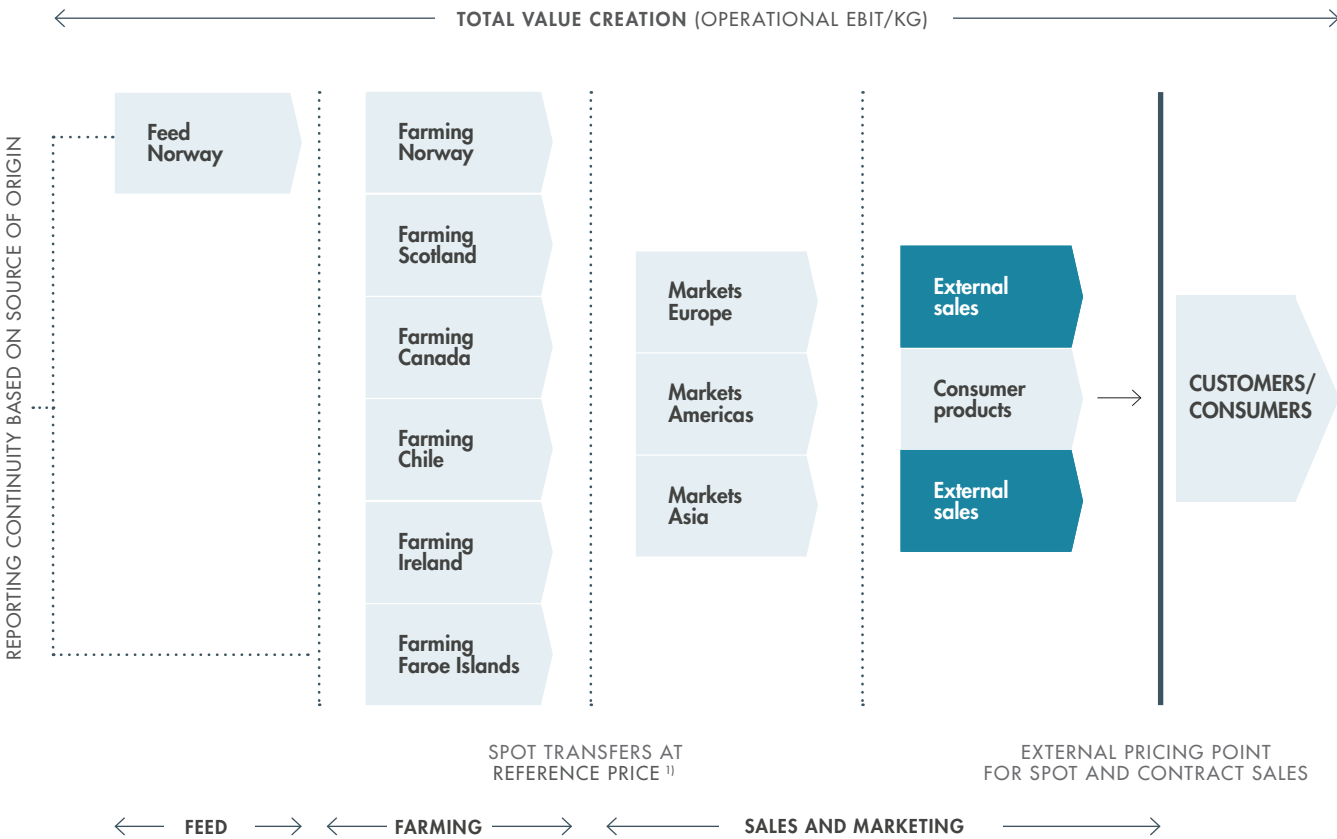
Value creation measured by country of origin

Our Farming business is engaged in the production, harvesting and primary (and some secondary) processing of fish. For reporting purposes, Farming sells its main products (i.e. salmon gutted weight) to the Markets segment at prices quoted by Nasdaq OMX (Nasdaq price) or similar salmon pricing indices. If Markets have entered into medium or short-term contracts with third parties, salmon is sold from Farming to Markets at prices reflected in such contracts. The Markets segment resells the primary processed salmon to (i) third parties or (ii) Consumer Products for further processing. Markets also include some secondary processing activities. Consumer Products secondary process salmon purchased from Markets, together with salmon and other seafood purchased from third parties, and sells these products to third parties.

We assess the overall value creation of our operations based on the salmon's source of origin, using Operational EBIT per kg of fish harvested as a key measure of performance. For this reason Operational EBIT related to our Feed and Sales & Marketing operations is allocated back to the country of origin.

The relationship between our functional segments and our operational reporting per country of origin is illustrated on the following page.

Value creation by country of origin



1 Where Markets enters into medium or short term sales contracts with third parties, salmon is sold from Farming to Markets at prices reflected in such contracts.

Our most important value drivers

KEY FACTORS AFFECTING REVENUE

Our primary source of revenue is the sale of primary and secondary processed seafood (including value added products), mainly salmon. Revenue generated by our products is the factor of volumes sold and the price that we achieve for our products. Our products are shipped long distances by road, air and water. Our revenues therefore include a substantial freight element, since the freight cost generally is paid by customers.

Sales of salmon and salmon-derived products represented 91.7% and 91.0% of our revenue for the years ended December 31, 2019 and 2018, respectively. Fresh whole salmon (i.e. primary processed salmon) represented 39.1% of our total revenues in 2019, compared to 37.1% in 2018. In the same periods, fresh smoked salmon and fresh and frozen elaborated salmon (i.e. secondary processed salmon) accounted for 51.4% and 50.9% of our revenues. We sell salmon and other seafood directly to retailers, hotels, restaurants as well as to third-party processors and distributors in approximately 70 countries.

Volume

Primary processed products (harvested volume)

Harvested volume primarily depends on the quantities of smolt introduced into our operations, which are determined by us (one to two) years prior to harvesting, fish growth rates and our harvesting schedule.

The quantities of smolt introduced into our operations are based on our expectations for the demand for finished product at harvest time, anticipated product prices and our organic growth ambitions in light of regulatory constraints (e.g. maximum standing biomass in production established by our farming licenses).

Fish growth rates are affected by water temperature, disease and other biological issues. As salmon is a cold-blooded animal, seawater temperature plays an important role for its growth rate. With high seawater temperatures, disease risk increases, while temperatures below freezing cause mass mortality. Similarly, biological factors, disease, sea lice and stress of fish each negatively impact the rate of growth of our fish and may result in reduced fish survival.

Volumes in a period are also affected by our harvest schedule, i.e. when we decide to harvest fish from a particular location. Our harvest window is effectively limited by fish age, as fish must be harvested prior to maturation. Nevertheless, we do have a limited ability to accelerate or delay harvest (typically, by a matter of weeks) to optimise price achievement.

Secondary processed products

The majority of our secondary processing occurs in our Consumer Products segment in Europe, Asia and the Americas, while some secondary processing also occurs in our Markets segment. Some filleting activities are also carried out by our Farming operations. The volume of secondary processed salmon, including value



added products that we produce depends on market demand for our secondary processed seafood and the production capacities of our operations.

The majority of the fish used in our secondary processing business in Consumer Products was produced by our fish farms. We have a constant supply of raw materials used in production and can vary our volume of secondary processed seafood based on projected customer demand. In addition to sales of salmon-based products, which represents the clear majority of sales to third-party customers in Consumer Products, we also sell products based on other fish species, such as cod, pangasius, saithe, Alaska pollock, sockeye and haddock.

Prices

The price received for our products is determined by the relevant market prices. Our achieved prices may deviate from market prices due to differences in the quality of our product, sales contracts, which typically fix the sales price for a period of three to 12 months, but sometimes longer, and our ability to place our products efficiently in the market. We aim to sell our products at or above market prices, and we measure our ability to do so through price achievement, which measures the prices at which we sell our products against the relevant salmon price index or reference price.

We have been actively pursuing strategies to reduce our dependence on market prices for salmon by increasing our capacity to produce more value-added products, which are generally associated with more stable consumer prices.

Reference prices for salmon

Several price indices for salmon are publicly available. The two most important indices for Norwegian salmon are Nasdaq/Fish Pool provided by NOS Clearing ASA, a subsidiary of Nasdaq OMX Group Inc., and the official statistics of Norway by Statistics Norway, or SSB, a Norwegian governmental entity. Urner Barry in the United States provides a reference price for Chilean salmon in Miami and North American salmon in Seattle. Price correlation across regional markets is generally strong for Atlantic salmon, but we have recently seen a tendency of reduced correlation between prices in America and Europe.

Historically, reference prices for salmon have been subject to significant fluctuations, as demand for salmon has been growing steadily, whereas supply has fluctuated strongly due to variations in factors such as smolt release and biological status, including disease.

Although the market price of salmon is established through supply and demand for the product, in the short term, salmon producers



are expected to be price takers. The long production cycle and a short time window available for harvesting leave salmon farmers with limited flexibility to manage their short-term supply. In addition, salmon is generally sold as a fresh commodity with a limited product lifespan, further restricting producers' ability to control short-term supply.

As our Irish operation produces mainly organic salmon, there is no reference price available for benchmarking our salmon of Irish origin. Salmon from our Irish operations is sold mainly on contracts.

Prices for the products produced by Consumer Products are primarily driven by customer demand and the cost of the raw materials used in their production. Because secondary processed/ elaborated products, including value added products, are to some extent considered to be premium products, demand fluctuates with the state of regional and global economies and the consumers' general wealth. In addition, global trends in consumer tastes affect demand for such products. The cost of raw materials is largely dependent on reference prices, especially Atlantic salmon prices, most of which we supply internally from our Farming operations. In 2019 average raw material prices declined somewhat in line with decreased salmon prices.

Quality

The quality of our fish may greatly affect the price we are able to achieve in comparison to the reference price. Diseases, sea lice, biological issues (such as Kudoa) and stress may all impact the quality of our fish, resulting in downgrading and lower achieved prices. In addition, when salmon reach reproductive maturity, or maturation, the flesh colour and meat quality changes, resulting in lower product quality.

Fish may be classified as superior, ordinary or production quality. Superior quality fish is a product without damage or defect that provides a positive overall impression. Ordinary quality fish is a product with limited external or internal faults, damage or defects. Production quality fish is a product that does not satisfy the requirements of either superior or ordinary quality due to product faults, damage or defects. In Norway, downgraded fish are normally priced according to standard rates of deduction compared to a superior quality fish. For fish classified as ordinary the standard rate of reduction is EUR 0.15 to EUR 0.20 per kg gutted weight. For fish classified as production grade the standard rate of reduction is EUR 0.5 to EUR 1.50 per kg gutted weight, depending on the reason for downgrading. In other countries, price deductions related to quality are not as standardised, but the same general principles apply.

Contracts and derivative Instruments

To limit our exposure to short- and medium-term fluctuations in salmon prices, we enter into sales contracts for future deliveries of our products. Our sales contracts generally have a duration of three to 18 months, but sometimes longer. Our target is to optimise the contract portfolio to attain the best possible mix of contracts and spot sales, with an average contract coverage ratio typically between 20% and 50%.

Contracts mitigate our exposure to fluctuations in salmon prices, but can also result in us selling our products at prices that are lower than reference price.

We also utilise salmon derivatives to hedge our exposure to fluctuations in reference prices. Salmon derivatives provide the same hedge against exposure to spot price fluctuations as contracts for future sales of salmon to customers, so we use hedging instruments as well as contracts to achieve our contract coverage goals described above.

Price achievement

The average price achievement measures the prices that we are able to achieve on our products against a salmon price index. The achievement is measured against Nasdaq for salmon of Norwegian, Scottish and Faroese origin, and Urner Barry for salmon of Canadian and Chilean origin.

The average price achievement measure demonstrates our ability to sell our products at above market rates and is thus an important measure of our success. Price achievement is primarily affected by contract coverage, fish quality and our ability to place our products efficiently in the market.

KEY FACTORS AFFECTING COSTS

Our costs are primarily affected by the cost of our fish feed, other purchases (including third-party raw material sourcing), salaries, other operational costs and biological factors. We use these cost categories to track our costs at consolidated level.

Costs in our Farming segment are categorised into feed costs, other seawater cost and non-seawater costs and we track these costs per kg of fish harvested, where:

- fish feed costs measure the cost of fish feed;
- other seawater costs measure costs relating to smolt, salaries, insurance, medication and other direct and indirect costs attributable to fish production at sea; and
- non-seawater costs are the cost of bringing the fish from the seawater site to the primary processing facility, primary processing costs, administration costs, exceptional mortality costs and other non-seawater costs incurred by the respective farming operations.

These costs (fish feed, other seawater costs and non-seawater costs) represent the total cost for one kg gutted salmon packed in a standard box for shipping ("cost in box", also referred to as full cost and cost per kg Farming). The term "cost in box" is widely used by the industry and analyst community as an indicator of operational efficiency in fish farming operations. These costs are included in the following line items in our consolidated statement of operations: cost of materials, salary and personnel expenses, other operating expenses and depreciation. The total of feed cost and other seawater costs is the cost of harvested fish in seawater, before transportation to the processing plant. We refer to these costs as biomass costs or biological costs.

Costs in our Feed operations are primarily composed of raw material costs (e.g. fish meal, fish oil, vegetable meals and oils) and costs associated with running feed operations, such as salaries and utilities.

Costs in our Sales & Marketing Business Area are primarily composed of raw material costs (e.g. primary processed salmon), which we to a large extent produce internally for our Consumer Products operations, and costs associated with running secondary processing operations, such as salaries and utilities. We measure our secondary processing operational efficiency through yield and throughput. Yield measures the number of kilograms (kg) of end product we are able to produce from one kg of raw materials. Throughput measures our secondary processing cost per kg produced.

Because it takes two to three years to bring a salmon to harvest size, fish feed prices and prices for other costs associated with the farming of fish accumulate over multiple periods (i.e., the entire life of the fish), and affect the cost of materials recognized in the period when our fish is harvested and sold. Costs associated with secondary processing are expensed in the period in which the product is sold, unless goods are produced for stock to be sold in a later period.

The table below shows the estimated effect on our Operational EBIT of a change in market price, harvest volume and cost of fish feed.

ESTIMATED SENSITIVITIES ON ANNUAL RESULTS 2019

CHANGE FACTOR	CHANGE	EFFECT ON OPERATIONAL EBIT	FIXED CONTRACT SHARE
Change in global average sales price with contracts ¹⁾	0.10 EUR per kg GWT	26.0	40.0%
	1.00 EUR per kg GWT	262.0	40.0%
	2.50 EUR per kg GWT	654.0	40.0%
Change in global average sales price without contracts ²⁾	0.10 EUR per kg GWT	44.0	0%
	1.00 EUR per kg GWT	436.0	0%
	2.50 EUR per kg GWT	1 090.0	0%
Change in total harvest volume ³⁾	10 000 tonnes GWT	20.0	
Change in global feed price ⁴⁾	-0.05 EUR per kg feed	30.0	
	-0.50 EUR per kg feed	296.0	
	-1.00 EUR per kg feed	592.0	

1) Assuming 40% of sales on fixed price contracts and 60% in the spot market
2) Assuming all sales in the spot market
3) Assuming margin per kg harvested of EUR 2
4) Annual harvest volume converted to live weight multiplied with the feed conversion rate
Note that the effect in Operational EBIT will be recognized when the fish is harvested and sold

Fish feed
Fish feed is our largest expense category, and it accounted for approximately 40% of our “cost in box” per kg in 2019 .

In addition to own production of feed, we procure our fish feed from a limited number of suppliers globally. Our arrangements with the suppliers generally provide that we acquire the fish feed at prices tied to the market prices for the raw materials used in producing the feed, such as fish meal, fish oil, vegetable oils and meals. The arrangements are subject to a minimum fee per kg of fish feed, structured to cover the suppliers’ operational costs and margins. Our arrangements generally do not contain minimum or maximum fish feed purchase quantities. The feed cost accumulate over multiple periods (i.e., the entire life of the fish) and is recognized in the period when our fish is harvested and sold.

The yield generated from our fish feed is affected by the feed conversion rates, which is the number of kg of fish feed needed to increase a fish’s bodyweight by one kg. Our feed conversion rate is typically between 1.1 and 1.2 kg of feed per kg of fish produced.

Other seawater costs in Farming
Other seawater costs in Farming represent costs associated with smolt purchases, employee salaries, insurance, medication and other direct and indirect costs attributable to fish production at sea. These costs accumulate over multiple periods (i.e., the entire life of the fish) and are recognised in the period when our fish is harvested and sold.

Non-seawater costs in Farming
In Farming, non-seawater costs represent the cost of bringing the fish from seawater sites to primary processing facilities, primary processing costs, administration costs, exceptional mortality costs and other relevant costs for the fish harvested in the period. Non-seawater costs are generally incurred and expensed in the same period. As the majority of these costs are fixed, this category is subject to substantial scale effects based on the volumes of salmon harvested.

Biological factors
Biological factors, such as fish mortality, fish diseases and sea lice affect our harvest volumes and therefore our revenue, but also our costs. We may be required to expend resources to mitigate the effects of the foregoing factors (e.g., costs of vaccines) and the cost per kg harvested increases if fish die or growth is impaired.

Fish survival
Raised in nature at sea, farm-raised salmon are naturally exposed to various infectious and non-infectious diseases. An outbreak of a disease represents a cost for us through direct loss of fish. In addition, disease can result in lost growth of fish, accelerated harvesting and reduced quality of harvested fish, which would affect our revenues. In some cases, a disease outbreak may be followed by a subsequent period of reduced production resulting in lower revenues and increased cost per kg fish harvested. Fish survival rates are affected by a number of factors, including infectious and non-infectious diseases, predators attacks, environmental

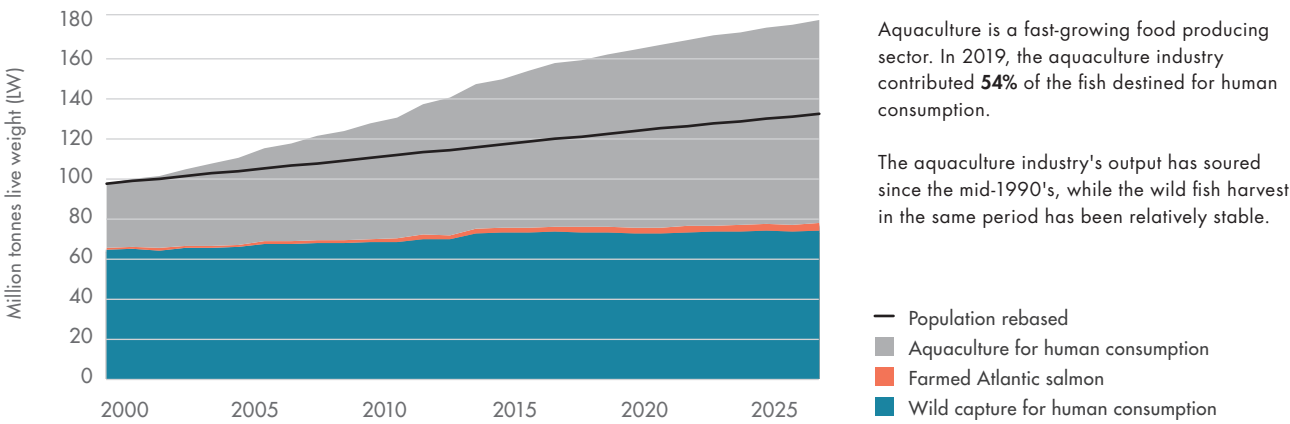
conditions and fish handling. We expense incident-based mortality in the period when incidents occur. The cost associated with normal mortality is included in the value of the remaining inventory, contributing to the increased cost of the fish when harvested and sold.

Sea lice management
Sea lice, of which there are several species, are naturally occurring seawater parasites. They graze on the salmon’s skin and, if not controlled, they can cause lesions, secondary infections and mortality. Sea lice can be controlled through good husbandry and management practices, cleaner fish (wrasse and lumpsuckers that eat sea lice off the salmon’s skin), freshwater baths, other non-medicinal tools (e.g. skirts around pens), thermolicers, hydrolicers, FLS flushers and the use of pharmaceutical products. Effective sea lice management is important for fish welfare and ensuring lice on our farms do not negatively impact wild salmonid stocks. At present sea lice represent a significant cost to the industry.

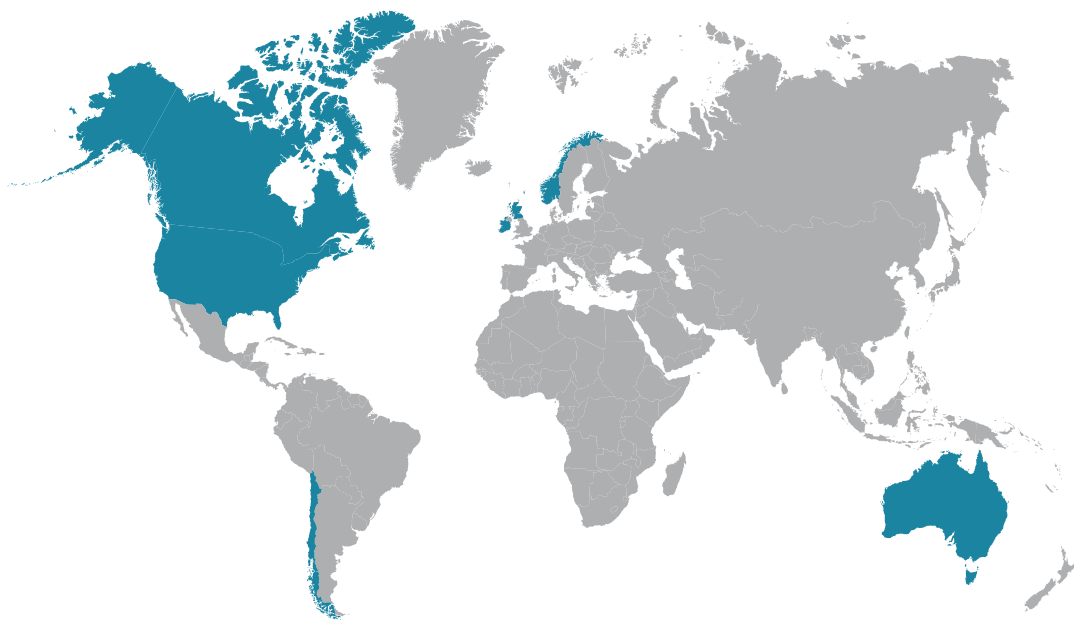


Farmed raised Atlantic salmon analysis

The aquaculture industry has shown steady growth since 1990



Global suppliers of Atlantic salmon in 2019 in GWT



North America
147 600

Faroe Islands
78 200

Scotland
166 100

Australia
56 300

Chile
621 200

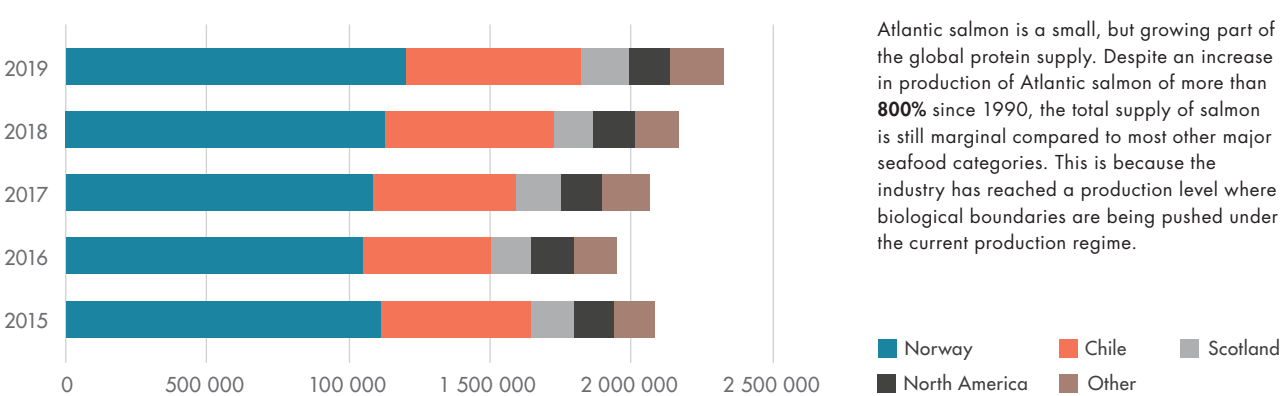
Ireland
15 400

Norway
1 200 100

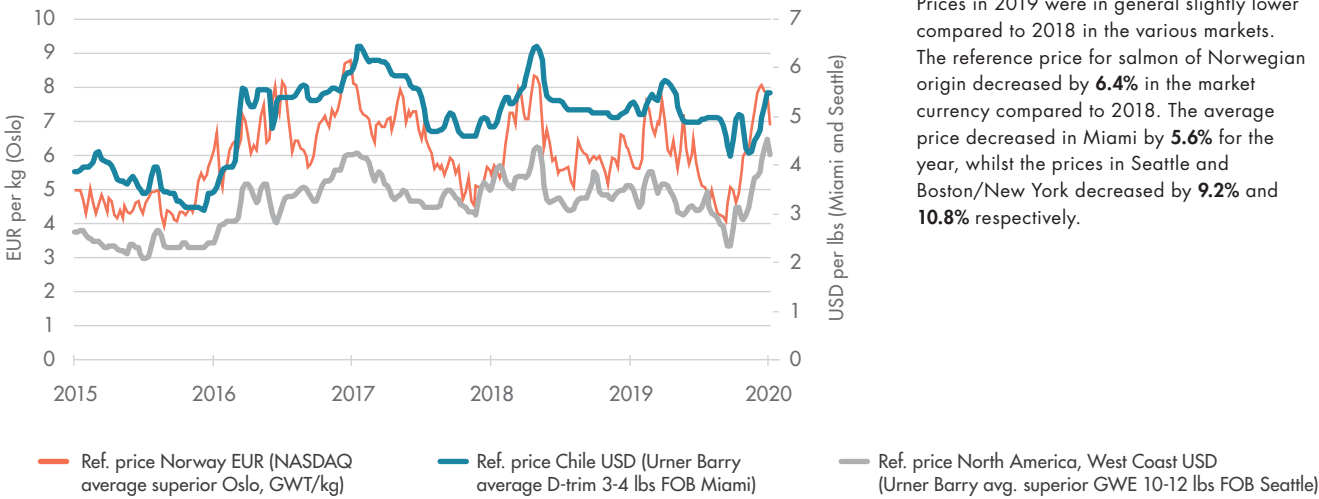
Other
40 500

Due to biological constraints, seawater temperature requirements and other natural limitations, farm-raised salmon is mainly produced in Norway, Chile, Scotland, North America, Faroe Island, Ireland and New Zealand/Tasmania. Norway and Chile are the predominant salmon producing countries.

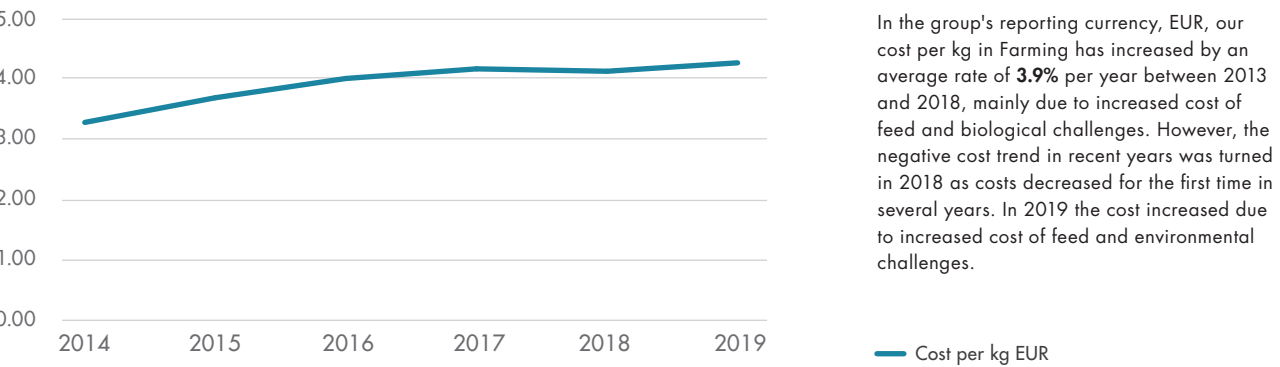
Development in supply of Atlantic salmon in GWT



Development in reference price



Development in "cost in box" per kg



Share and shareholder information

We aim to be open and transparent in our communications with the market in order to develop and retain investor confidence, and to deliver an attractive return to our shareholders.

The history of our shares

Mowi AS was founded in Norway in 1964, changing names and owners several times before being acquired by Pan Fish ASA in 2006. Pan Fish AS was founded in 1992 and listed on the Oslo Stock Exchange in 1997. Pan Fish also acquired Fjord Seafood ASA in 2006, a company founded in 1996 as Torgnes Invest AS and listed on the Oslo Stock Exchange in 2000. Pan Fish ASA changed its name to Marine Harvest ASA in 2007 and to Mowi ASA in 2018.

Mowi ASA's shares are listed on the Oslo Stock Exchange under the ticker MOWI. On January 28, 2014 Mowi ASA listed and commenced trading of its American Depositary Shares (ADS), each representing one ordinary share, represented by American Depositary Receipts (ADR) on the New York Stock Exchange (NYSE). On February 14, 2017, the Board of Directors resolved to delist the Mowi's ADS and to terminate the registration of the

ADSs due to the low trading volume and the significant cost of maintaining the listing and registration. We maintain the ADR program as a Sponsored Level I program and the ADSs are tradable over-the-counter.

As of year end 2019 we had 517 111 091 shares outstanding (516 039 719 shares) traded at NOK 228.2 (NOK 182.7), valuing our company at NOK 118.0 billion (94.3 billion). Please see charts at the end of this section for further information of our share performance over the last ten years. For additional information about our shares, please see Note 24 to the Group financial statements.

Share capital

As of December 31, 2019, Mowi had 517 111 091 ordinary shares with a nominal value of NOK 7.50.



Shareholders

As of December 31, 2019, we had 18,186 shareholders, with our 20 largest shareholders holding 54.13% of our shares. The majority of our shares are held in Norway, the US, Cyprus and Great Britain. The two main shareholders of Mowi are Geveran Trading Co Ltd and affiliates (14.4%) and Folketrygdfondet (9.1%). For additional information on share ownership, please see Note 24 to the Group financial statements. Our senior executives hold shares in the Company, please see Mowi ASA Note 14 Remuneration for further details.

As of December 31, 2019 Mowi ASA had 14,071,240 ADR's outstanding, representing 2.7% of total shares outstanding. In term of total volume of Mowi shares traded in Norway and in the US, the ADR's represented 3.8% of volumes in 2019.

Payment of dividends

Our policy is to maintain a dividend level that reflects the present and future cash generation potential of Mowi. To this end, our target level for net interest-bearing debt is reviewed and updated on a regular basis. We are currently aiming for a net interest-bearing

debt of EUR 1 400 million. When this target level is met, at least 75% of the annual free cash flow after operational and financial commitments will be distributed as dividends.

Dividend declared and paid in 2019 was NOK 10.40 (10.40) per share as normal dividend. See charts at the end this section displaying dividend paid per share and total dividend paid for the last ten years.

Communication - financial calendar

We expect to present our results in 2020 as follows:

- Annual General Meeting 2020 at June 3, 2020
- Presentation Q1 2020 at May 13, 2020
- Presentation Half-yearly Report (Q2) 2020 at August 19, 2020
- Presentation Q3 2020 at November 4, 2020

Our presentations will be webcast at 8:00 a.m. CET, and presentation material will be available on our website at 06:30 a.m. CET on the day of release. Please see our website for further details.

SHAREHOLDERS BY COUNTRY ¹⁾	Number of shares			Shareholding in %		
	2019	2018	2017	2019	2018	2017
Norway	115 038 716	119 445 827	105 386 026	22.2%	23.1%	21.5%
USA	113 894 536	96 624 147	92 834 507	22.0%	18.7%	18.9%
Cyprus	71 341 221	77 354 803	79 551 603	13.8%	15.0%	16.2%
Great Britain	65 980 338	79 769 809	76 441 590	12.8%	15.5%	15.6%
Other countries	150 856 280	142 845 133	135 954 051	29.2%	27.7%	27.7%
Total number of shares	517 111 091	516 039 719	490 167 777	100.0%	100.0%	100.0%

1) Shareholder by country, based on actual ownership behind the nominee accounts.

SHARE OWNERSHIP (NUMBER OF SHARES)	NUMBER OF SHAREHOLDERS	OWNERSHIP IN %
1-100	7 332	0.05%
101-500	5 050	0.26%
501-1 000	1 911	0.30%
1 001-5 000	2 256	1.03%
5 001-10 000	444	0.64%
10 001-100 000	796	5.15%
100 001-1 000 000	319	20.17%
>1 000 000	78	72.40%
Total	18 186	100.00%

Market capitalisation and multiples

Key figures

Enterprise Value ("EV") to capital employed indicates how the market values Mowi compared to the capital that has been invested in our assets. The value of a large portion of our assets (i.e. the majority of the our licenses and buildings) were assigned in 2006/2007. Since then these assets have multiplied in value, but as they are not subject to fair value adjustment, the recognised values have remained relatively unchanged. This explains the increasing difference between EV and capital employed.

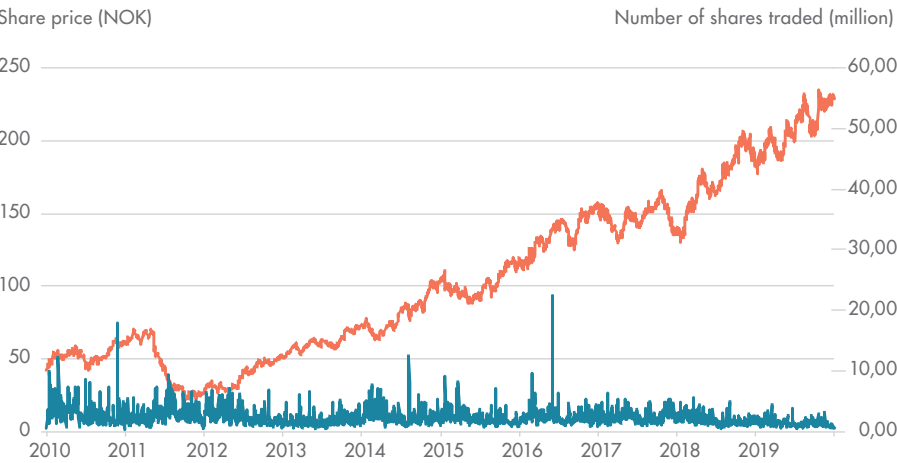
EV to EBIT or Operational EBIT measures the market valuation of Mowi compared to the past year's result. As EBIT includes the change in fair value of biological assets, market participants prefer using EV/Operational EBIT as valuation metric. Looking back at the history 2012 was a challenging

year for us with low earnings. In 2015 the results were mixed but the outlook was positive, which explains the fluctuation in the EV/OP EBIT ratio. The same analogy applies to the reported earnings versus underlying earnings. Underlying earnings excludes the fair value adjustment of biological assets, hence P/E (underlying) is a preferred valuation metric compared to P/E (basic).

Mowi has yielded an annualised total shareholder return in the past 10 year period of 22%. The compares to 10% of OSEBX and 23% of the Oslo Børs Seafood Index since its inception. In the past year Mowi has yielded a total shareholder return of 31%, compared to 17% of OSEBX and 20% of the Oslo Børs Seafood Index.

Market data	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Market capitalisation (NOK million)	118 005	94 280	68 133	70 078	53 830	42 228	30 306	18 335	9 261	22 057
Number of shares outstanding (million)	517.1	516.0	490.2	450.1	450.1	410.4	410.4	358.1	358.1	357.5
Average number of shares traded per day (million)	1.4	1.9	2.5	2.5	2.2	2.6	1.8	2.4	2.8	3.0
Share price year-end	228.20	182.70	139.00	155.70	119.60	102.90	73.85	51.20	25.86	61.70
- High	235.40	206.20	166.00	157.10	119.60	103.50	73.85	52.10	69.95	64.40
- Low	176.90	130.00	129.60	110.90	87.75	63.10	50.20	26.12	21.90	42.31
Earnings per share (EUR) - basic	0.92	1.15	0.97	1.20	0.36	0.27	0.85	0.15	0.40	1.08
Underlying earnings per share (EUR)	0.99	1.11	1.23	1.13	0.52	0.84	0.68	0.08	0.63	0.73
Net cash flow per share (EUR)	0.59	0.51	0.74	1.23	(0.02)	0.80	-0.05	0.34	0.57	0.52
Dividend declared and paid per share (NOK)	10.40	10.40	12.40	8.60	5.20	8.30	2.25	0.00	8.00	6.00
Dividend yield (%)	4.6%	5.7%	8.9%	5.5%	4.3%	8.1%	3.0%	0.0%	30.9%	9.7%
Total shareholder return (%)	30.6%	38.9%	-2.8%	37.4%	21.3%	50.6%	48.6%	98.0%	-45.1%	60.0%
ROCE%	19.9%	24.9%	26.7%	28.1%	13.1%	20.2%	18.5%	3.9%	16.7%	20.4%
EV/Capital Employed	3.6	3.4	3.1	3.2	2.5	2.4	1.8	1.5	0.9	1.7
EV/EBIT	21.6	11.8	16.9	8.5	20.5	14.1	8.2	24.5	13.0	6.1
EV/Operational EBIT	18.5	14.5	10.3	12.0	20.4	12.1	11.9	36.9	5.8	8.5

Share price and number of shares traded

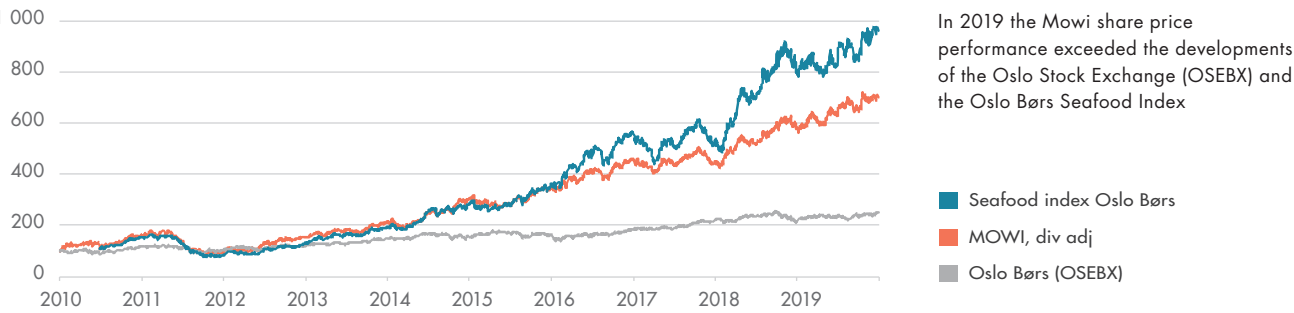


At year end 2019 our share price was traded at **NOK 228.2** (NOK 182.7). The share price increased by **30.6%** in 2019, including dividend.

Total dividend payments per share over the 10 year period is **NOK 71.55**

Share price
Traded volume (OSE+NYSE)

Relative performance of our share (%)



In 2019 the Mowi share price performance exceeded the developments of the Oslo Stock Exchange (OSEBX) and the Oslo Børs Seafood Index

Seafood index Oslo Børs
MOWI, div adj
Oslo Børs (OSEBX)

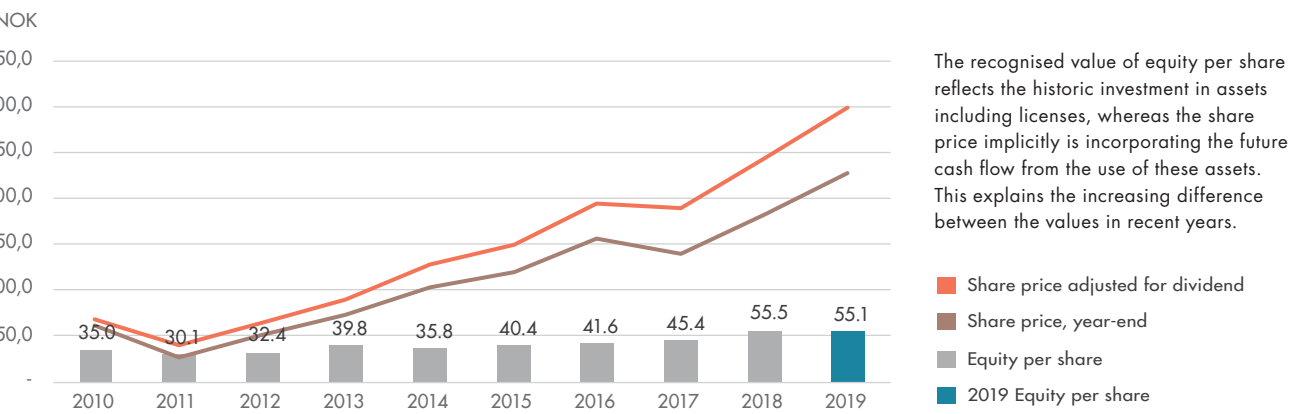
Market capitalisation



At year-end 2019, we had 517 111 091 (516 039 719) shares outstanding, trading at NOK 228.2 per share. This valued our Company at NOK 118.0 billion. At year-end 2018, our share price traded at NOK 182.7 per share, valuing our Company at NOK 94.3 billion.

Market capitalisation

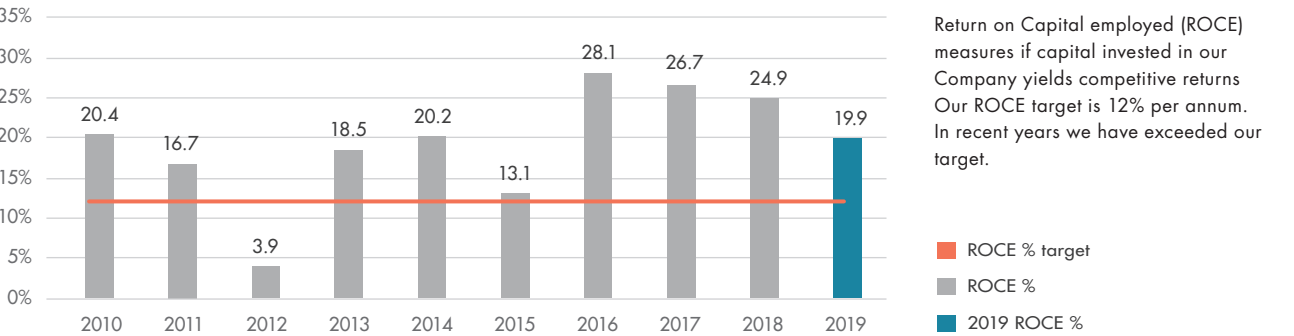
Equity per share and share price



The recognised value of equity per share reflects the historic investment in assets including licenses, whereas the share price implicitly is incorporating the future cash flow from the use of these assets. This explains the increasing difference between the values in recent years.

Share price adjusted for dividend
Share price, year-end
Equity per share
2019 Equity per share

Return on capital employed (%)

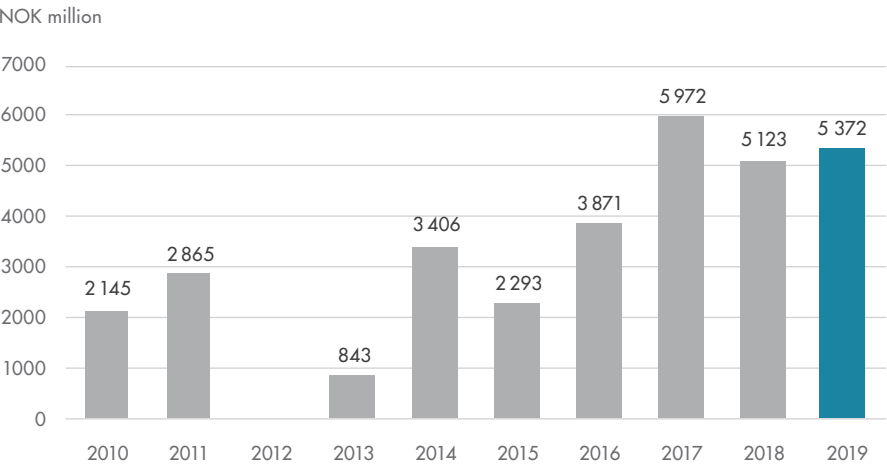


Return on Capital employed (ROCE) measures if capital invested in our Company yields competitive returns. Our ROCE target is 12% per annum. In recent years we have exceeded our target.

ROCE % target
ROCE %
2019 ROCE %

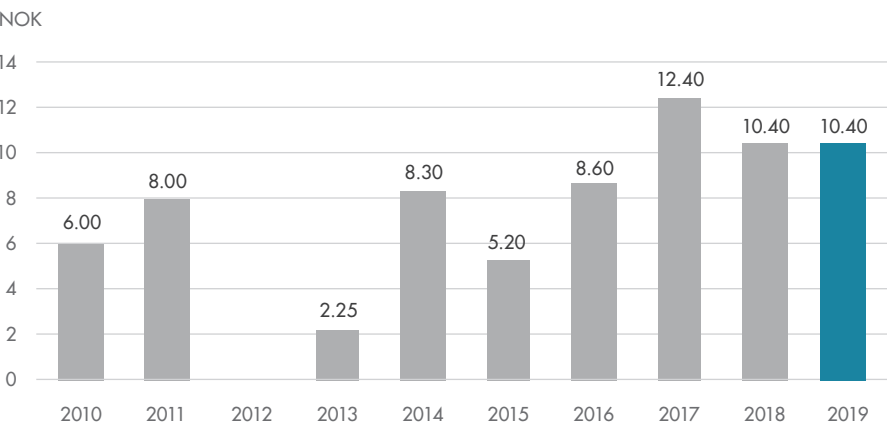
Dividend and underlying earnings

Total dividend paid



In 2019 we paid **NOK 5 372** million (5 123 million) in dividend. Dividend is declared and paid quarterly based on the dividend policy, reflecting the present and future cash generation potential in the Company.

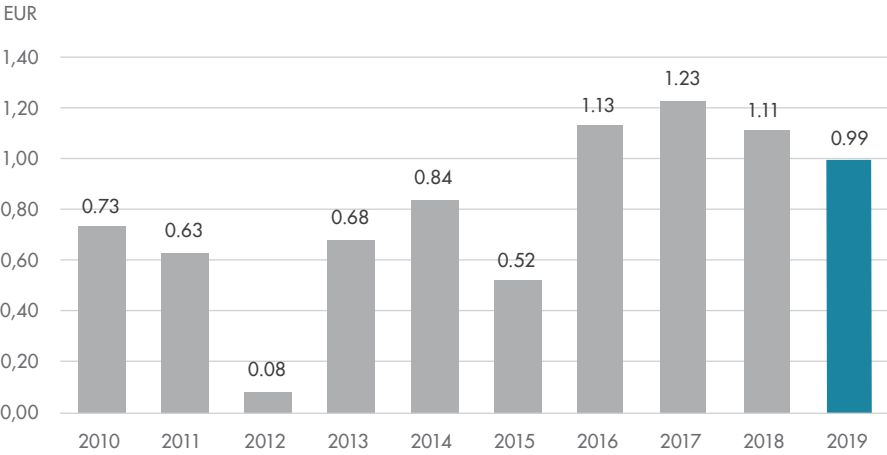
Dividend paid per share



In 2019 we declared and paid **NOK 10.40** (10.40) per share in ordinary dividend.

Dividend is adjusted for the reverse share split, implemented January 21, 2014 (10 shares consolidated to 1). Total dividend paid is not adjusted for withholding taxes, but reflects cash paid.

Underlying earnings per share



Underlying earnings per share reflects an estimate of underlying earnings, pre fair value adjustments of biomass, attributable to our equity holders

In 2019 underlying earnings per share was **EUR 0.99** (EUR 1.11).

Alternative performance measures (APM) – Non-IFRS measures

KEY PERFORMANCE INDICATORS AND ALTERNATIVE PERFORMANCE MEASURES (NON-IFRS MEASURES)

As we believe the financial figures set forth in our consolidated statement of income and financial position do not always reflect the underlying performance of our operations, we continuously work to develop key operational performance indicators and alternative performance measures (non-IFRS measures) that we think provide additional insight when analysing our Group's development.

Our APMs present useful information which supplements the financial statements. These measures are not defined under IFRS and may not be directly comparable with APMs for other companies. The APMs represent important measures for how management monitors the company and its business activity. The APMs are not intended to be a substitute for, or superior to, any IFRS measures of performance.

Some of the financial information presented in our Annual report contains APMs. These include Operational EBIT, Operational EBITDA, Operational Revenues, NIBD, ROCE, Underlying EPS, Operational EBIT % (Margin) and Adjusted Equity Ratio. Below we define these APMs and reconcile them with IFRS measures.

Operational EBIT and Operational EBIT per kg harvested
Operational EBIT is a non-IFRS financial measure, calculated by excluding each of the following items from earnings before financial items and taxes, or EBIT, as set forth in our consolidated statement of income prepared in accordance with IFRS:

- change in unrealised internal margin
- gain/loss from derivatives
- fair value adjustment on harvested fish
- fair value adjustment on incident-based mortality
- fair value adjustment on biological assets
- provision for onerous contracts
- restructuring costs
- income/loss from associated companies
- impairment losses and write-downs
- other non-operational items (accrual for contingent liabilities and provisions)

We exclude these items from our EBIT as we believe they affect the comparability of our operational performance from period to period, given their non-operational or non-recurring nature. Operational EBIT is used by management, analysts, rating agencies and investors in assessing our performance. Accordingly, we believe that the presentation of Operational EBIT provides useful information to investors. Our use of Operational EBIT should not be viewed as an alternative to EBIT or to profit or loss for the year, which are measures calculated in accordance with IFRS. Operational EBIT has limitations as an analytical tool in comparison to EBIT or other profit and loss measures prepared in accordance with IFRS. Some of these limitations are:

1. it does not reflect the impact of earnings or charges that we consider not to be indicative of our on-going operations,
2. it does not reflect financial items and income tax expense; and
3. other companies, including other companies in our industry, may calculate Operational EBIT differently than we do, limiting its usefulness as a comparative measure.

We present Operational EBIT at Group level, by country of origin and by segment. For a reconciliation of our Operational EBIT by segment to EBIT, see Note 4 to the Group financial statements.

Operational EBIT % (Margin)
Operational EBIT % is a non-IFRS financial measure. We calculate Operational EBIT % by dividing Operational EBIT by Operational Revenue, each a non-IFRS financial measure. Management employs Operational EBIT % to assess operational performance of some of our segments, disregarding certain non-recurring and non-operational items, excluded from Operational EBIT and Operational Revenue. The usefulness of Operational EBIT % is inherently limited as further described in Operational EBIT and Operational Revenue paragraphs above. A table setting forth our calculation of Operational EBIT % is set forth below.

Operational Revenue
Operational Revenue is a non-IFRS financial measure, calculated by including realised gain/loss from currency derivatives related to contract sales of Norwegian origin and excluding change in unrealised salmon derivatives from revenue and other income as set forth in our consolidated statement of comprehensive income prepared in accordance with IFRS. We exclude change in unrealised salmon derivatives from our revenue and other income as we believe it affects the comparability of our operational performance from period to period, given its non-operational nature. Our use of Operational Revenue should not be viewed as an alternative

to revenue and other income, which is a measure calculated in accordance with IFRS. Operational Revenue has limitations as an analytical tool in comparison to revenue. Some of these limitations include the fact that changes in unrealised salmon derivatives may need to be cash settled at a future date. Our Operational Revenue is reconciled to revenue and other income in footnotes to our interim financial statements included in documents incorporated herein by reference.

Net interest-bearing debt - NIBD

Our NIBD as of the end of a period (for purposes of calculating average NIBD) is equal to our non-current interest-bearing debt minus our total cash, plus our current interest-bearing debt, plus the net effect of currency derivatives on interest-bearing financial debt.

Return on capital employed - ROCE

ROCE is a non-IFRS financial measure, calculated by dividing Adjusted EBIT by average capital employed. Adjusted EBIT is calculated as EBIT, as set forth in our consolidated statement of income prepared in accordance with IFRS, adjusted for:

- fair value uplift on harvested fish
- fair value adjustment on biological assets
- provision for onerous contracts
- other non-operational items (accrual for contingent liabilities and provisions)

Average capital employed is calculated as the average of the beginning of the period and end of the period capital employed except when there are material transactions during the year. Capital employed is the sum of net interest bearing debt, or NIBD, as of the end of the period plus equity as of the end of the period adjusted for:

- fair value adjustment on biological assets
- provision for onerous contracts
- net assets held for sale

We use ROCE to measure the return on capital employed, regardless of whether the financing is through equity or debt. In our view, this measure provides useful information for both management and our investors about our performance during periods under evaluation. We believe that the presentation of ROCE provides useful information to investors because ROCE can be used to determine whether capital invested in us yields competitive returns.

Our use of ROCE should not be viewed as an alternative to EBIT or to profit or loss for the year, which are measures calculated in accordance with IFRS or ratios based on these figures.

The usefulness of ROCE is also inherently limited by the fact that it is a ratio and thus does not provide information as to the absolute amount of our income, debt or equity. It also excludes certain items from the calculation and other companies may use a similar measure but calculate it differently.

Underlying EPS

Underlying Earnings per Share, or Underlying EPS, is a non-IFRS financial measure. We calculate Underlying EPS by dividing Adjusted Operational EBIT, calculated as Operational EBIT net of accrued payable interest (net), minority share of profit and tax expense calculated based on estimated tax rates, divided by the weighted average number of shares outstanding during the period.

Management employs Underlying EPS to assess our operational performance, disregarding non-operational items like amortised interest, net currency effects and net other financial items with the exception of cash costs, and not reflecting permanent and temporary differences in the computation of taxes.

We view Underlying EPS as a useful tool reflecting our operational performance per ordinary share outstanding. The usefulness of Underlying EPS is inherently limited. Some of these limitations are that Underlying EPS does not reflect the impact of earnings or charges that we consider not to be indicative of our on-going operations and Underlying EPS. A table setting forth our calculation of Underlying EPS is set forth below.

For further details about our financial performance, please see the Profit section and Statements and Notes.

Covenants Equity Ratio

Covenant Equity Ratio is a non-IFRS financial measure. We calculate Covenant Equity Ratio by excluding effects related to IFRS 16 (leasing) from equity. A table setting forth our calculation of Covenant Equity % is set forth below.

Net Cash Flow per share

Net Cash Flow per share is a non-IFRS financial measure. We calculate Net Cash Flow per share as cash flow from operations and investments (capex), net financial items paid and realised currency effects - divided by the weighted average number of shares outstanding during the period. Effects related to IFRS 16 (leasing) are excluded.

Reconciliation's

Operational EBIT

The following tables reconciles our Operational EBIT to EBIT in EUR million and EUR per kg for the Group and for our Farming units for the years ended December 31, 2019 and 2018:

RECONCILIATION GROUP (EUR MILLION)	2019	2018
Group Operational EBIT	720.9	752.8
Change in unrealised internal margin	-5.1	-5.9
Gain/loss from derivatives	2.4	4.4
Net fair value adjustment biomass	-127.5	146.4
Onerous contracts provision	5.3	-6.1
Restructuring costs	-19.2	0.3
Income/loss from associated companies and joint ventures	48.7	45.5
Impairment losses	-4.5	-11.0
Other non-operational items	-4.0	-1.0
Group EBIT	617.0	925.4

RECONCILIATION GROUP (EUR per kg)	2019	2018
Group Operational EBIT	1.65	2.01
Change in unrealised internal margin	-0.01	-0.02
Change in unrealised salmon derivatives	0.01	0.01
Net fair value adjustment biomass	-0.29	0.39
Onerous contracts provision	0.01	-0.02
Restructuring costs	-0.04	—
Income/loss from associated companies and joint ventures	0.11	0.12
Impairment losses	-0.01	-0.03
Other non-operational items	-0.01	—
Group EBIT	1.42	2.47

RECONCILIATION NORWEGIAN ORIGIN (EUR MILLION)	2019	2018
Operational EBIT—Salmon of Norwegian Origin	485.9	545.6
Change in unrealised internal margin	-6.0	-0.5
Net fair value adjustment biomass	-45.0	90.2
Onerous contracts provision	0.9	-1.4
Restructuring costs	—	0.7
Income/loss from associated companies and joint ventures	48.2	45.7
Impairment losses	-0.9	-0.5
EBIT—Salmon of Norwegian Origin	483.0	679.8

RECONCILIATION NORWEGIAN ORIGIN (EUR per kg)	2019	2018
Operational EBIT—Salmon of Norwegian Origin	2.05	2.37
Change in unrealised internal margin	-0.03	—
Net fair value adjustment biomass	-0.19	0.39
Onerous contracts provision	—	-0.01
Income/loss from associated companies and joint ventures	0.20	0.20
EBIT—Salmon of Norwegian Origin	2.04	2.95

RECONCILIATION SCOTTISH ORIGIN (EUR MILLION)	2019	2018
Operational EBIT—Salmon of Scottish Origin	126.0	77.0
Net fair value adjustment biomass	-21.5	40.1
Onerous contracts provision	4.4	-4.7
Restructuring costs	—	-0.9
Impairment losses	—	0.6
EBIT—Salmon of Scottish Origin	108.8	111.0

RECONCILIATION SCOTTISH ORIGIN (EUR per kg)	2019	2018
Operational EBIT—Salmon of Scottish Origin	1.93	2.00
Net fair value adjustment biomass	-0.33	1.04
Onerous contracts provision	0.07	-0.12
Restructuring costs	0.00	-0.02
Impairment losses	—	-0.02
EBIT—Salmon of Scottish Origin	1.66	2.89

RECONCILIATION CANADIAN ORIGIN (EUR MILLION)	2019	2018
Operational EBIT—Salmon of Canadian Origin	15.4	45.5
Net fair value adjustment biomass	-40.0	-0.3
Impairment losses	-1.0	0.0
EBIT—Salmon of Canadian Origin	-25.5	45.2

RECONCILIATION CANADIAN ORIGIN (EUR per kg)	2019	2018
Operational EBIT—Salmon of Canadian Origin	0.28	1.16
Net fair value adjustment biomass	-0.82	0.07
Impairment losses	-0.02	0.00
EBIT—Salmon of Canadian Origin	-0.47	1.15

RECONCILIATION CHILEAN ORIGIN (EUR MILLION)	2019	2018
Operational EBIT—Salmon of Chilean Origin	89.4	74.2
Net fair value adjustment biomass	-28.1	17.6
Impairment losses	-2.3	-1.7
Other non-operational items	0.0	-0.8
EBIT—Salmon of Chilean Origin	59.0	89.3

RECONCILIATION CHILEAN ORIGIN (EUR per kg)	2019	2018
Operational EBIT—Salmon of Chilean Origin	1.36	1.40
Net fair value adjustment biomass	-0.43	0.33
Impairment losses	-0.03	-0.03
Other non-operational items	0.00	-0.02
EBIT—Salmon of Chilean Origin	0.90	1.68

RECONCILIATION IRISH ORIGIN (EUR MILLION)	2019	2018
Operational EBIT—Salmon of Irish Origin	17.8	19.7
Net fair value adjustment biomass	4.0	-3.4
EBIT—Salmon of Irish Origin	21.8	16.3

RECONCILIATION IRISH ORIGIN (EUR per kg)	2019	2018
Operational EBIT—Salmon of Irish Origin	2.68	3.16
Net fair value adjustment biomass	0.60	-0.55
EBIT—Salmon of Irish Origin	3.27	2.62

RECONCILIATION FAROESE ORIGIN (EUR MILLION)	2019	2018
Operational EBIT—Salmon of Faroese Origin	12.3	15.8
Net fair value adjustment biomass	3.0	1.6
Other non-operational items	-1.6	-2.0
EBIT—Salmon of Faroese Origin	13.8	15.3

RECONCILIATION FAROESE ORIGIN (EUR per kg)	2019	2018
Operational EBIT—Salmon of Faroese Origin	1.79	2.05
Net fair value adjustment biomass	0.44	0.20
EBIT—Salmon of Faroese Origin	1.99	1.98

NIBD, ROCE

The following tables set forth our calculation of ROCE, requiring reconciliation of Adjusted EBIT to EBIT and NIBD to non-current interest-bearing debt, for the years ended December 31, 2019 and 2018:

CALCULATION OF ROCE, RECONCILIATION OF ADJUSTED EBIT AND NET INTEREST BEARING DEBT (EUR MILLION, EXCEPT ROCE)	2019	2018
Adjusted EBIT	732.7	786.1
Net fair value adjustment biomass	-127.5	146.4
Onerous contracts provision	5.3	-6.1
Other non-operational items	-2.2	-1.0
IFRS16 Effects	8.7	0.0
EBIT	617.0	925.4
Net interest-bearing debt (NIBD)	1 337.2	1 037.2
Cash	128.6	105.3
Current interest-bearing debt	—	-0.1
Gain/loss financial instruments	0.0	-0.5
Non-current interest-bearing debt	1 465.8	1 142.5
NIBD	1 337.2	1 037.2
Total equity	2 891.8	2 879.0
Fair value adjustment on biological assets	-342.2	-459.1
Onerous contracts provision	2.2	7.3
Capital employed as of the end of the period	3 889.0	3 464.8
Average capital employed ¹⁾	3 676.7	3 161.3
Adjusted EBIT	732.7	786.1
ROCE	19.9%	24.9%

1) Calculated as the average capital employed as of the beginning and the end of the period, except when there are material transactions during the year.

Underlying EPS

The following table set forth our calculation of Underlying EPS for the year ended December 31, 2019, and 2018:

UNDERLYING EARNINGS PER SHARE (EUR MILLION)	2019	2018
Operational EBIT ex IFRS 16	712.2	752.8
Accrued payable interest (NET)	-55.1	-36.2
Calculated tax expense	-146.9	-169.9
Minority share of profit	1.3	-0.6
Operational EBIT adjusted for above items	511.5	546.1
Shares outstanding (average)	516 424 239	493 912 153
Underlying EPS (EUR Per share)	0.99	1.11

Operational EBIT % (Margin)

The following table set forth our calculation of Operational EBIT % for the Group and our segments for the year ended December 31, 2019 and 2018.

GROUP OPEBIT % (EUR MILLION)	2019	2018
Group Operational EBIT	720.9	752.8
Operational revenues	4 135.4	3 814.5
Group Operational EBIT %	17.4%	19.7%

CONSUMER PRODUCTS OPEBIT % (EUR MILLION)	2019	2018
Operational EBIT - Consumer Products	38.6	88.5
Operational revenues	2 416.4	2 255.2
Operational EBIT % - Consumer Products	1.6%	3.9%

MARKETS OPEBIT % (EUR MILLION)	2019	2018
Operational EBIT - Markets	75.2	50.5
Operational revenues	2 520.6	2 267.7
Operational EBIT % - Markets	3.0%	2.2%

FARMING OPEBIT % (EUR MILLION)	2019	2018
Operational EBIT - Farming	602.2	625.2
Operational revenues	2 623.9	2 294.3
Operational EBIT % - Farming	23.0%	27.2%

FEED OPEBIT % (EUR MILLION)	2019	2018
Operational EBIT - Feed	22.4	9.6
Operational revenues	519.4	419.3
Operational EBIT % - Feed	4.3%	2.3%

Covenant equity ratio

The following table set forth our calculation of Covenants Equity Ratio, requiring reconciliation of Equity to Covenant Equity Ratio, for the year ended December 31, 2019 and 2018.

Covenant Equity Ratio (EUR MILLION)	2019	2018
Total equity	2 892.6	2 879.0
Right of use assets	-386.8	—
Non current leasing liabilities	258.9	—
Current leasing liabilities	127.1	—
Deferred tax liability	0.1	—
Adjusted total equity	2 891.8	2 879.0
Adjusted total equity and liabilities	5 453.3	5 145.1
Covenant Equity Ratio	53.0%	56.0%

Net Cash Flow per share

The following table set forth our calculation of Net Cash Flow per share, requiring specification of total net cash flow, for the year ended December 31, 2019 and 2018.

Net Cash Flow per share (EUR MILLION)	2019	2018
Cash flow from investments	-308.4	-563.7
Cash flow from operations	759.0	621.2
Effects of IFRS 16 on cash flow from operations	-133.5	—
Acquisition adjustments	51.0	216.7
Net financial items paid and realised currency effects	-75.7	-24.3
Effects of IFRS 16 on cash flow from financing	11.3	—
Total Net Cash Flow ¹⁾	303.7	249.8
Shares outstanding (Average)	516 424 239.0	493 912 153.0
Net Cash Flow per share	0.59	0.51

1) Excluding effects of IFRS 16

Risk and risk management

Risk relates to uncertainty and the factors that may prevent us from generating the expected returns, reaching our goals and deliver on our strategy. Through our risk management processes we identify, quantify, and define actions to manage the risks we are facing. We split our defined risks into subcategories within our four guiding principles - Profit, Planet, Product and People to ensure that they are addressed by our most capable people within each area.

Risk and how we work to manage it

Our ambition is to be a leading, integrated provider of proteins from the ocean. We aim to be a leader in all key areas from production of fish feed to meeting the needs of the market:

- Manufacturing high-quality salmon feed.
- Farming healthy and safe salmon for own value added processing and third-party whole fish sales.
- Processing and selling healthy, delicious and innovative value added seafood products.

“The Mowi Way”.

Through our materiality assessment we have identified areas of opportunity and risk that could influence our ability to achieve our goals and deliver on our strategy. Risk management is what we do to manage our risk in order to provide reasonable assurance to our stakeholders that we will achieve our goals. Different risk management frameworks are in use globally, the most widely used being the COSO ²⁾ enterprise risk framework, which divides risk into four categories:

- 1. Operational risk
- 2. Strategic risk
- 3. Reporting risk
- 4. Compliance risk

We consider our operational risk to cover several individually important subcategories, and have therefore chosen to divide our operational risks into the following sub categories:

- a. Risks related to the sale/supply of our products
- b. Risks related to governmental regulations
- c. Risks related to our fish farming operations
- d. Risks related to our supply of fish feed and feed operations
- e. Risks related to our industry
- f. Risks related to our business
- g. Risks related to our financial arrangements
- h. Risks related to tax and legal matters
- i. Risks related to climate change

All risk categories could, if not properly managed, have a material adverse effects on our business operations and financial results. Each risk category includes one or more identified risks factors that individually and/or in combination with others could significantly affect our performance. We are continuously working to mitigate identified risks and capitalise on opportunities by tracking and following up key performance indicators within the framework of our four guiding principles. We believe that our long-term success depends on our ability to manage the relevant risks associated with our operations, strategy, reporting and compliance.

An overview of our identified risk factors, along with our mitigation efforts and what we do to manage our risk, is outlined in the table below. For more detailed descriptions of the risks/ challenges and opportunities associated with our operations, please see the referenced sections in this Integrated Annual Report. We apply the precautionary approach to risk management through our materiality assessment. Mowi reports in accordance with the Global Reporting Initiative requirements. The appendix found on our website mowi.com provides the required additional disclosures including the GRI disclosure index.

2) Committee of Sponsoring organisations

RISK AND RISK MANAGEMENT

	RISK	SHORT DESCRIPTION	MITIGATION ACTION	REFERENCE
1a	Risks related to the sale and supply of our products			
I	Our results depend on salmon prices.	Our results are substantially dependent on salmon prices, and salmon prices are subject to large short and long-term fluctuations due to variations in supply and demand caused by factors such as smolt transfer, biological factors, quality, shifts in consumption and license changes. Short- or long-term decreases in the price of farm-raised salmon may have a materially adverse effect on our financial figures.	<ul style="list-style-type: none">– Sales contract policy to reduce exposure to fluctuations– Downstream integration to reduce dependence on spot whole-fish prices– Product innovation to grow overall salmon sales– Commitment to sustainable development of the industry and information exchange with authorities to ensure a sustainable operational framework for steady growth	<ul style="list-style-type: none">– Profit– Note 13 Group– Leading the Blue Revolution– Product– Planet– R&D– Analytical information
II	A reduction in the price of salmon may trigger substantial reduction in the value of our biological assets.	A reduction in the price of salmon may trigger substantial reduction in the value of our biological assets, as the price of salmon is a significant factor in the valuation of these assets.	<ul style="list-style-type: none">– Ref Salmon prices above	<ul style="list-style-type: none">– Ref Salmon prices above– Note 6 Group
III	We may be unable to effectively hedge our exposure to short- and medium-term fluctuations in salmon prices.	We seek to manage our exposure to short and medium-term fluctuations in salmon reference prices through sales contracts and Fish Pool financial futures, as well as through our secondary processing activities. An inability to effectively hedge our exposure to short- and medium-term fluctuations in salmon prices may have a materially adverse effect on our financial figures.	<ul style="list-style-type: none">– Sales contract policy to reduce exposure to fluctuations– Downstream integration to reduce dependence on spot whole-fish prices	<ul style="list-style-type: none">– Profit– Note 13 Group– Analytical information– Leading the Blue Revolution
IV	Market demand for our products may decrease.	Increased competition, consolidation and overcapacity may lead to reductions in the price of competing products that could curtail demand for our products. This may have a materially adverse effect on our financial figures.	<ul style="list-style-type: none">– Focus on health benefits of salmon consumption– Continuous effort to find sustainable, more affordable raw materials for feed production and focus on best operational practices to reduce operational costs– Branding strategy	<ul style="list-style-type: none">– Product– Planet– R&D
V	Changes in consumer preferences/lack of product innovation may have an adverse effect on our business.	Our continued success will depend in part on our ability to anticipate, identify and respond quickly to changing consumer preferences for fish, especially secondary processed seafood. If we are unable to do so, this may have a materially adverse effect on our financial figures.	<ul style="list-style-type: none">– Focus on health benefits of salmon consumption– Product innovation to grow overall salmon sales– Continue to strengthen our market and new product development	<ul style="list-style-type: none">– Product– R&D
VI	Disruptions to our supply chain may impair our ability to bring our products to market.	We source and transport our salmon over long distances. As most of our products are perishable and can be stored only for a limited time, disruptions to our supply chain due to weather, earthquakes, natural disaster, fire or explosion, terrorism, pandemics, strikes, government action, environmental incidents or other matters beyond our control could impair our ability to bring our products to the market (timely or at all).	<ul style="list-style-type: none">– Emergency plans to mitigate consequences– Global footprint for farming and processing enabling cross-production– Branding strategy	<ul style="list-style-type: none">– Analytical information
VII	Natural disasters, catastrophes, fire or other unexpected events could cause significant losses of operational capacity.	Our facilities could be materially damaged by natural disasters, and we could incur uninsured losses and liabilities arising from such events, including damage to our reputation and/or suffer material losses in operational capacity.	<ul style="list-style-type: none">– Risk-based insurance coverage– Emergency plans to mitigate consequences– Strict standards for construction of operating units– Global footprint for farming and processing enabling cross-production	<ul style="list-style-type: none">– Analytical information
VIII	The Coronavirus outbreak may impact sales and logistics	At the time of the release of the annual report, the world is facing a severe global Coronavirus pandemic. This may impact sales, particularly in the foodservice segment, and logistics due to temporary border restrictions etc.	<ul style="list-style-type: none">– Close dialog with authorities to ensure that logistics related to food is prioritized– Emergency plans to mitigate consequences	<ul style="list-style-type: none">– Dear stakeholder– BoD report– Note 35

1b	Risks related to governmental regulations			
I	Governmental regulations affect our business.	The fish farming and processing industries are subject to local, regional and national government regulations relating to the farming, processing, packaging, storage, distribution, advertising, labeling, quality and safety of food products.Our operations are also subject to extensive and increasingly stringent regulations administered by environmental agencies in the jurisdictions in which we operate.	<ul style="list-style-type: none">– Continuous dialog with the authorities in the countries in which we operate to secure a sustainable operational framework– Active participation, alone or through joint industry groups, in consultative processes for new or updated regulatory frameworks– Rigorous testing to ensure that our products are safe and healthy– Third-party certification	<ul style="list-style-type: none">– Leading the Blue Revolution– R&D– Product
II	Trade restrictions could have a negative impact on price in some countries.	Trade restrictions resulting in suboptimal distribution of salmon may be intensified, creating a negative impact on price in some countries. Many of our production sites are located outside our principal markets, leaving us exposed to trade restrictions. The effects of trade restrictions may have a significant negative impact on our ability to sell in certain regions or our ability to charge competitive prices for our products in such regions.	<ul style="list-style-type: none">– Dialog with authorities to ensure access to markets globally– Sales contract policy to reduce exposure to fluctuations– Global farming and processing footprint to mitigate the effects of trade restrictions with regional reach– Promotion of health benefits of salmon	<ul style="list-style-type: none">– Leading the Blue Revolution– Profit– Note 13 Group– Analytical information
IV	We may face restrictions with regard to operating sites located close to protected or highly sensitive areas.	Some of our sites are located close to or within sensitive areas with respect to biodiversity. The effect of salmon farming on the environment and biodiversity is being intensively discussed and new regulations in this area could result in the closure of sites or require the implementation of costly measures. In addition, new regulations could result in restrictions to certain additives used in fish feed and in medication becoming prohibited at these sites if they are believed to have an adverse impact on the environment. Compliance with such laws, rules and regulations, or a breach of them, may have a materially adverse effect on our business and financial figures.	<ul style="list-style-type: none">– Continuous dialog with the authorities in the countries in which we operate to document that biodiversity is not adversely affected by our operations– Cooperation agreement with WWF– Norway for mutual exchange of ideas and information– Environmental testing and documentation to ensure that our operations do not leave a lasting footprint	<ul style="list-style-type: none">– Leading the Blue Revolution– R&D– Planet– BoD report
V	Our fish farming operations are dependent on fish farming licenses.	In the jurisdictions in which we operate, we are required to obtain licenses in order to farm fish. We have obtained and currently hold such licenses for our operations. Governments may, however, change the way licenses are distributed, or otherwise dilute or invalidate our licenses. If we are unable to maintain existing or obtain new fish farming licenses, or if a new licensing regulation dilutes the value of our licenses, this may have a materially adverse effect on our business.	<ul style="list-style-type: none">– Continuous dialog with the authorities in the countries in which we operate to discuss our and their role in securing the sustainable development of the industry	<ul style="list-style-type: none">– Dear stakeholder– Leading the Blue Revolution– R&D– Note 9 Group
VI	Antitrust and competition regulations may restrict further growth in some of the jurisdictions in which we operate.	Our business and operations are subject to regulation by antitrust or competition authorities, particularly due to our significant market shares in the jurisdictions in which we operate. The risks of infringing competition laws and regulations are higher in markets in which we hold a leading position. In an acquisition setting, we may be forced to divest certain parts of the acquisition, which may have a materially adverse effect on our business and financial figures.	<ul style="list-style-type: none">– Continuous dialog with the authorities in the countries in which we operate to discuss the potential benefits of industry consolidation from a sustainability point of view	<ul style="list-style-type: none">– Dear stakeholder– Leading the Blue Revolution
VII	We could be adversely affected by violations of the acceptable anti-corruption laws.	Applicable anti-corruption laws, including the US Foreign Corrupt Practices Act and the UK Bribery Act of 2010, generally prohibit companies and their intermediaries from making improper payments, and require companies to keep accurate books and records as well as appropriate internal controls. We operate in some parts of the world that have experienced governmental corruption, and if we were found liable for violations of anti-corruption laws, we may incur civil and criminal penalties which could have a materially adverse effect on our business, financial figures and reputation.	<ul style="list-style-type: none">– Code of Conduct– Leadership Principles	<ul style="list-style-type: none">– Leading the Blue Revolution– People– Corporate governance
VIII	Measures taken by the authorities related to the Coronavirus outbreak may impact our operations	At the time of the release of the annual report, the world is facing a severe global Coronavirus pandemic. The temporary measures taken by the authorities, e.g. related to restrictions of movement, closure of schools, quarantines etc. may impact our operations.	<ul style="list-style-type: none">– Close dialog with authorities to ensure that production of food and related logistics is prioritized– Emergency plans to mitigate consequences	<ul style="list-style-type: none">– Dear stakeholder– BoD report– Note 35

1c Risks related to our fish farming operations				
I	Fish are adversely affected by sea lice, and we may incur significant costs and be exposed to regulatory actions if the challenge is not addressed.	The authorities in all countries with an aquaculture industry have set limits for the acceptable number of sea lice per fish. A failure to control sea lice levels may result in an increased number of treatments, compromised fish welfare, higher costs and the possibility of regulatory actions.	<div>– <i>Implementation of our sea lice strategy.</i></div> <div>– <i>Continuous R&D efforts on most effective lice strategy, as well as new tools to control sea lice in a sustainable manner</i></div>	<div>– <i>R&D</i></div> <div>– <i>Planet</i></div>
II	We may be exposed to criticism and regulatory actions arising from our farming of and use of wild caught cleaner fish for sea lice control.	Our sea lice control strategy is primarily based on using non-medicinal tools and includes the use of cleaner fish. Cleaner fish are predominantly caught from the wild. However, due to regulations which have limited the availability of cleaner fish and seasonal variations, we have begun cleaner fish farming. Catch, farming and use of cleaner fish have raised concerns with regards to protection of wild stocks, husbandry practices, fish welfare and survival. Therefore, the use of cleaner fish could result in negative publicity, reputational harm and possibly regulatory actions.	<div>– <i>R&D in key areas including fish health, fish nutrition and husbandry</i></div> <div>– <i>Good farming practices (identification and implementation of best practices during farming of cleaner fish, as well as at the salmon farms)</i></div>	<div>– <i>R&D</i></div> <div>– <i>Planet</i></div>
III	Our fish stocks, operations and reputation can be adversely affected by various diseases.	Our fish are affected by diseases caused by viruses, bacteria and parasites which may have an adverse effect on fish survival, health, growth and welfare and result in reduced harvest weight and volume, downgrading of products, claims from customers and increased costs. Continued disease problems may also attract negative media attention and public concerns.	<div>– <i>Disease registration and tracking of reasons for reduced survival to monitor development and prioritise R&D</i></div> <div>– <i>Applying best farming practices for disease control</i></div> <div>– <i>R&D efforts within disease management and control, including more knowledge of best farming practices, vaccine testing and use, breeding program which includes selection of best genetics related to fish robustness and resistance to diseases</i></div>	<div>– <i>R&D</i></div> <div>– <i>Planet</i></div>
IV	Our stock may be infected with Kudoa thyrsites, causing soft flesh.	Our salmon has, at times, been infected by the parasite Kudoa thyrsites, or Kudoa, commonly called “soft flesh” syndrome. Kudoa is more common in British Columbia, Canada, although there have also been sporadic cases in Ireland. Kudoa may be difficult to detect during harvesting and processing, as the effect materialises in flesh quality post mortem and takes some time to develop. Even though most of the Kudoa-affected fish can be detected before the product reaches the customer, it must be substantially downgraded or discarded, leading to a reduction in its commercial value.	<div>– <i>Continue to follow the Kudoa mitigation plan, which focuses on stocking only fish above one kg in areas with a high prevalence of Kudoa (R&D has shown lower susceptibility after one kg)</i></div> <div>– <i>Continuous R&D effort to better understand and eradicate the Kudoa challenge</i></div>	<div>– <i>Product</i></div>
V	Our fish stocks can be depleted by environmental factors such as plankton, low oxygen levels and fluctuating seawater temperatures.	Our salmon farming operations are subject to a number of environmental risks which may impact profitability and cash flows through adverse effects on growth, harvest weight, harvest volume, mortality, downgrading and claims.	<div>– <i>Continuous R&D effort to manage the challenges including the use of skirts around the pens and continuous oxygen monitoring systems at the bottom of the pens</i></div> <div>– <i>Plankton (including algae) surveillance systems</i></div>	<div>– <i>Planet</i></div>
VI	Our fish stocks are subject to risks associated with fish escapes and predation.	Salmon escapes are most commonly caused by human error, severe weather and structural issues at our farming sites. In addition to affecting our salmon count, escaped farmed salmon may impact wild salmonid stocks by genetic interaction and the risk of transferring disease. This may result in negative publicity and penalties or other sanctions from governmental authorities. Our salmon is also subject to predation by other animals which can affect our salmon count and adversely impact our results of operations.	<div>– <i>Escape prevention and mitigation plans</i></div> <div>– <i>Tracking of all escape incidents and investigation for cause of incident for information sharing and learning</i></div> <div>– <i>Applying best practices for escape prevention</i></div> <div>– <i>Continuous R&D effort to test farming equipment for severe weather conditions</i></div>	<div>– <i>R&D</i></div> <div>– <i>Planet</i></div> <div>– <i>BoD report</i></div>
VII	Intensive production may result in physical deformities, leading to downgrading and/or losses of biomass as well as to reputational harm.	Intensified production may push the boundaries for how fast fish can grow, and cause production-related disorders relating to physical deformities and cataracts. High water temperatures of more than 14 degrees Celsius early in the freshwater stage, water quality and diet composition may all be contributing factors. Deformities and cataracts may lead to financial losses and damage to the industry and our reputation.	<div>– <i>R&D - feed research trials to document that the diets used in commercial salmon farming are not compromising fish health and welfare</i></div> <div>– <i>R&D salmon growth trials to develop best farming practices for growth</i></div>	<div>– <i>R&D</i></div> <div>– <i>Planet</i></div>

VIII	Our fish stocks might be exposed to contaminants, leading to product recalls, product liability, negative publicity and governmental sanctions.	Farm-raised salmon may be exposed to contamination by undesirable substances through raw materials and ingredients in the fish feed, polluted waters, poor processing hygiene and cross-contamination during handling. Contamination may affect food safety, fish health and the environment, and reduce the public's confidence in eating salmon.	<div>– <i>Vigorous product testing to document that our products are safe</i></div> <div>– <i>Requirements to suppliers and certification of raw materials used in our fish feed</i></div> <div>– <i>Testing of raw materials and feed used in our farming operations</i></div>	<div>– <i>R&D</i></div> <div>– <i>Planet</i></div> <div>– <i>Product</i></div>
IX	Our fish may be exposed to pollutants from open seas resulting in mortality and poor end-product quality.	Fish farming is conducted using open net pen systems located in marine environments. Operations are therefore exposed to pollution from the open sea, including potential oil leaks or spills. Oil products floating into a farm will severely affect the fish's normal oxygen uptake, reduce fish survival and leave an unpleasant taste on surviving fish, making it inedible.	<div>– <i>Testing of end-products to document that they are safe and of high quality</i></div> <div>– <i>Locating farms in areas with clean waters and a low risk of pollution</i></div>	<div>– <i>R&D</i></div> <div>– <i>Product</i></div>
X	Inclement weather could hurt our stocks negatively affect our operations and damage our facilities.	Unusually warm or cold temperatures, altered oxygen levels in the sea resulting from annual variations, as well as extreme weather in the regions where we operate could cause impairment of the health and growth of our fish or result in fish escapes, loss of biomass, lost feeding days, repair costs, damage to infrastructure, etc.	<div>– <i>Ref Fish Escapes above</i></div> <div>– <i>New technology</i></div> <div>– <i>Evaluation of environmental conditions and use of equipment fit for the conditions in the area</i></div>	<div>– <i>Ref Fish Escapes above</i></div> <div>– <i>R&D</i></div>
XI	Our operations are exposed to risks related to biological events or natural phenomena for which insurance coverage is expensive, limited and potentially inadequate.	Our business operations are subject to a number of adverse biological risks, including risks relating to sea lice, fish mortality, disease, predation and other biological risks. There will always be a risk that certain biological events or natural phenomena may occur for which no or only partial insurance coverage is payable.	<div>– <i>Ref Sea lice above</i></div> <div>– <i>Ref Disease above</i></div> <div>– <i>Risk-based insurance coverage</i></div>	<div>– <i>Ref Sea lice above</i></div> <div>– <i>Ref Disease above</i></div>
1d Risks related to our supply of fish feed and our feed operations				
I	Reduced availability of the main ingredients used in fish feed production could result in higher costs for fish feed.	Fish feed is a main cost driver approximately 40-50% of our “cost in box”. Global inventories, currency fluctuations and seawater temperatures all affect the supply of feed ingredients. Fish oil and fish meal are produced using wild caught fish such as anchovies. The extensive use of fish oil combined with a growing fish farming industry presents a sustainability challenge for the industry. Other key ingredients such as canola oil, soy bean protein and wheat are subject to unpredictable price changes caused by supply and demand fluctuations, weather, size of harvest, transportation and storage cost, global policies, etc.	<div>– <i>Continuously working in-house and with feed suppliers to ensure that the feed recipes are altered based on relative prices to secure the lowest possible cost without compromising fish health</i></div> <div>– <i>Efforts to test and document feeds with lower levels of marine ingredients without compromising fish health/performance</i></div>	<div>– <i>R&D</i></div> <div>– <i>Profit</i></div> <div>– <i>Planet</i></div> <div>– <i>Analytical information</i></div>
II	Termination of one or more of our feed contracts at short notice could result in material additional costs.	We still depend on third-party feed suppliers. The fish feed industry is dominated by three large, global suppliers, which normally adapt their production volumes to prevailing supply commitments. If one or more of our feed contracts were terminated at short notice prior to their respective expiration dates, we may be forced to find alternative suppliers at short notice, incurring additional costs.	<div>– <i>Long-term supply contracts with termination clauses</i></div> <div>– <i>Own feed production</i></div>	<div>– <i>Leading the Blue Revolution</i></div>
III	Production issues in our own feed operations could cause us to incur material additional costs.	If our feed operation were to encounter production challenges, including those related to contaminated fish feed/feed ingredients, labour stoppages, disruptions in the supply chain and environmental and regulatory issues, we may be forced to find alternative suppliers in the market at short notice, incurring additional costs and potential disruptions to our farming operations. We could also be liable for losses incurred by third party feed customers.	<div>– <i>Certification of raw materials used</i></div> <div>– <i>Testing of feed ingredients</i></div> <div>– <i>Employee HSE surveys</i></div> <div>– <i>Use of numerous suppliers of feed ingredients</i></div>	<div>– <i>Planet</i></div> <div>– <i>People</i></div>
IV	A reduction in the quality of our fish feed could have a materially adverse effect on our production.	Fish feed is essential to our fish production, as its quality affects the quality and volume of our harvests. Our feed conversion rate may increase due to lower quality or a suboptimal mix of ingredients used.	<div>– <i>Testing to document that our feed is of high quality, contributing to good growth and favourable feed conversion rates</i></div>	<div>– <i>R&D</i></div> <div>– <i>Planet</i></div>
V	Inferior or contaminated fish feed could result in product liability or other serious adverse consequences for us.	Harmful substances may be found in feed ingredients, and although we have implemented risk analysis and screening protocols to prevent the contamination of our feed, undetected contamination could cause severe damage to the salmon, potentially causing health issues for consumers and resulting in liability claims.	<div>– <i>Certification of raw materials used</i></div> <div>– <i>Testing of feed ingredients</i></div> <div>– <i>Testing of end products</i></div> <div>– <i>Risk analysis and screening protocols</i></div>	<div>– <i>R&D</i></div> <div>– <i>Planet</i></div> <div>– <i>Product</i></div>

1e Risks related to our industry				
I	Our facilities may be the target of sabotage by environmental organisations.	Some environmental organisations have the eradication of salmon farming as one of their stated aims. A risk of sabotage can therefore not be ruled out.	<div>– Stakeholder dialog for the exchange of information and ideas</div>	<div>– Leading the Blue Revolution</div>
II	The aquaculture industry may be subject to negative media coverage.	Farm-raised salmon has in some instances been subject to criticism from various research communities and NGOs, which may affect consumer attitudes towards farm-raised salmon. Such negative consumer attitudes may result in a lower demand for our products.	<div>– Stakeholder dialog for the exchange of information and ideas</div> <div>– Documentation of our farming practices and third-party certification</div>	<div>– Leading the Blue Revolution</div> <div>– Planet</div> <div>– Product</div>
1f Risks related to our business				
I	We derive nearly all our revenues from sales of Atlantic salmon and are heavily dependent on the market for Atlantic salmon.	Our business consists primarily of raising and selling Atlantic salmon, and we expect this to continue for the foreseeable future. Accordingly, our business is heavily dependent on the market for Atlantic salmon.	<div>– Ref Market demand for our products above</div> <div>– Ref Change in consumer preferences above</div>	<div>– Ref Market demand for our products above</div> <div>– Ref Change in consumer preferences above</div>
II	We rely heavily on the services of key personnel.	We depend substantially on the leadership of a small number of executive officers and other key employees. The loss of the services provided by these individuals could have a materially adverse effect on our business. We may also find it difficult to attract the necessary employee resources in the remote areas in which we operate.	<div>– Roll out our leadership principles and continue to build a winning culture that supports employee development and attracts new employees</div> <div>– Remuneration of key management personnel</div>	<div>– Leading the Blue Revolution</div> <div>– People</div> <div>– Note 14 Group</div> <div>– Note 15 ASA</div>
III	We are subject to risks associated with our international operations and our expansion into emerging markets.	Our global operational footprint means we are subject to various risks and uncertainties relating to our international operations. These include the imposition of trade protection measures, corruption, the impact of exchange rate fluctuations, political, social and economic conditions, compliance with domestic and international laws, different regulatory structures, differing tax regimes and distribution. Negative consequences in these regards could limit our ability to transact business in current or future markets.	<div>– Identification of risk and risk mitigating actions prior to entering new markets</div> <div>– Risk mapping on a continuous basis</div>	<div>– Risk an Risk Management</div>
IV	Political instability may have a material adverse effect on our business, results of operation and financial condition.	Political instability has in the past, and may in the future, adversely affect our operational results. The Russian ban on imports of salmon products from certain countries and the Chinese restrictions on imports of Norwegian salmon are recent examples in this regard.	<div>– Global farming, processing and supply footprint expanding the opportunities if political actions target a specific place of origin only</div>	<div>– Analytical information</div>
V	We depend on the availability of and good relations with our employees.	Our operations depend on the availability, retention and relative cost of labour, and on maintaining satisfactory relations with employees and labour unions. Labour relation issues may arise from time to time, which could result in strikes or other labour disputes.	<div>– Roll out our leadership principles and continue to build a winning culture that supports employee development and attracts new employees</div> <div>– Fair compensation</div>	<div>– Leading the Blue Revolution</div> <div>– People</div>
VI	We depend on a small number of contractors for key industry supplies, such as fish feed and well boats.	We depend on major industry suppliers of well boats and fish feed. We currently hire most of our well boats, and we purchase a significant share of our fish feed from third parties. There is a limited number of key suppliers of these items to our industry, and failure to maintain good business relationships with these suppliers may have a significantly adverse effect on us.	<div>– Commitment to expand own feed production</div> <div>– Established associated company DESS Aquaculture Shipping</div> <div>– Stakeholder dialog</div>	<div>– Leading the Blue Revolution</div>
VII	Some steps of the production process are outside our control.	We purchase seafood from third parties as an input factor in some of our secondary processing activities. We do not control the production process for the seafood we purchase, and it may contain foreign elements that are harmful or prohibited under the laws of the countries in which we distribute the product. Furthermore, substantial sales of generic and private label products mean that we do not always control the brand under which our products are sold. This may have a negative impact on our reputation in addition to making it difficult for us to build brand loyalty.	<div>– Brand building to differentiate our products</div> <div>– Product testing</div> <div>– Supplier commitment to our code of conduct</div>	<div>– Product</div> <div>– People</div>
VIII	We are subject to risks related to IT and cyber security.	We are dependent on IT systems in all parts of our business, and are as such exposed to risks related to IT and cyber security. In the information security chain, humans are often the weakest link.	<div>– Training of personnel</div> <div>– Use of expert advisers in complex matters</div> <div>– Monitoring and testing of IT systems, including third party testing</div>	<div>– People</div>

1g Risks related to our financing arrangements				
I	If we are unable to access capital, we may be unable to grow or implement our strategy as designed.	Feed production, salmon farming and seafood processing are capital intensive industries. Our future development and growth may depend on access to external capital in the form of debt and/ or equity capital. A lack of access to such capital, or material changes in the terms and conditions of our external financing could limit our future growth and strategy.	<div>– Ref all actions to safeguard profit and reduce/manage costs</div> <div>– Ref Salmon price, market demand, sea lice, disease, Kudoa above</div>	<div>– Ref salmon price, market demand, sea lice, disease, kudoa, contractors for key industry supplies above</div> <div>– Note 13 Group</div> <div>– BoD report</div>
II	We are highly leveraged and subject to restrictions in our financing agreements that impose constraints on our operating and financing flexibility.	We have substantial debts outstanding. We may need to refinance some or all of our borrowings, and may not be able to do so at attractive terms or at all. We may incur additional debt in the future, subject to limitations under our credit facilities and bond terms.	<div>– Ref all actions to safeguard profit and reduce/manage costs</div> <div>– Ref salmon price, market demand, sea lice, disease, Kudoa above</div> <div>– Using a portfolio of financing options to reduce dependence on our syndicated credit facility</div>	<div>– Ref salmon price, market demand, sea lice, disease, kudoa, contractors for key industry supplies above</div> <div>– Note 11 Group</div> <div>– Note 13 Group</div> <div>– BoD report</div>
III	Fluctuations in the value of the derivatives used to hedge our exposure to salmon prices may adversely impact our operating results.	Our business is exposed to fluctuating salmon prices, and we use contracts and derivative financial instruments to reduce such exposure. The use of derivative financial instruments reduces our exposure to changes in prices, but may also limit our ability to benefit from favourable trends in salmon prices, while our contracts can adversely affect our profitability when spot prices are rising.	<div>– Ref salmon price above</div>	<div>– Ref salmon price above</div> <div>– Note 13 Group</div> <div>– BoD report</div>
IV	Fluctuations in foreign exchange rates may adversely impact our operating results.	We are exposed to changes in foreign exchange rates as a part of our business operations. Although we seek to hedge our exposure to currency risk, such hedging arrangements may not be effective, which may ultimately have a materially adverse effect on our business and financial figures.	<div>– Converted the holding company and the Norwegian Markets unit into EUR-denominated companies from January 1, 2016. Converted the Norwegian Farming company and Feed company into EUR- denominated companies from January 1,2018. The overall aim us to better match financing and reporting currency</div> <div>– Foreign Exchange Strategy</div> <div>– Hedging Policy</div>	<div>– Note 13 Group</div> <div>– BoD report</div>
V	We are subject to fluctuations in interest rates due to the prevalence of floating interest rates in our debt.	We are partly financed at floating interest rates, and our hedges against interest rate fluctuations in the main currencies related to our interest-bearing debt may be ineffective in protecting us from the effects of interest rate increases.	<div>– Hedging policy - interest rate swaps</div>	<div>– Note 13 Group</div> <div>– BoD report</div>
VI	If our customers fail to fulfill their contractual obligations we may suffer losses.	We are exposed to the risk of losses if one or more contractual partners do not meet their obligations. We cannot guarantee that we will be able to recover losses from trade receivables from credit insurance companies or that our credit evaluations of trading partners will be effective.	<div>– Insurance policy</div> <div>– Credit ratings of all customers</div> <div>– Close follow up of customers</div>	<div>– Note 13 Group</div> <div>– BoD report</div>
1h Risks related to tax and legal matters				
I	We are exposed to potentially adverse changes in the tax regimes of the jurisdictions in which we operate.	Significant changes in the tax regimes in the countries in which we operate may have a materially adverse effect on our financial figures.	<div>– Tax optimisation within the laws of the countries in which we operate</div>	<div>– Note 15 Group</div>
II	We may become involved in legal disputes.	We may from time to time become involved in legal disputes. We could be involved in criminal or civil proceedings relating to product liability, environmental, food safety, competition or anti-bribery regulations, and other types of dispute which may have a materially adverse effect.	<div>– Contract negotiations</div> <div>– Use of expert advisers in complex matters</div>	<div>– Note 27 Group</div>
1i Risks related to climate change				
I	Physical related risks: the tangible effect of climate change have the potential to damage fish farming facilities, disrupt production activities and could cause us to incur significant costs.	Climate change could affect the severity of weather, sea levels and temperatures, the frequency of algae blooms, and the availability of the raw materials for our fish feeds. If any such effects were to occur, they may have a materially adverse effect on our business and financial figures.	<div>– Doing our part: to reducing our carbon footprint and build up mitigation strategies connected with more resilient equipment</div> <div>– Testing of alternative raw materials in feed and focusing on low carbon footprint feed raw materials</div>	<div>– R&D</div> <div>– Planet</div>

II	Transitional related risks: climate change rules and regulations could increase the costs of operating our facilities or transporting our products.	Climate change and its link to the emission of greenhouse gases is receiving more and more attention. Certain countries and regions have adopted, or are considering, legislation or regulations imposing overall caps or taxes on greenhouse gas emissions, or mandating the increased use of electricity from renewable energy sources. These actions could increase our operating costs.	<div>– <i>Doing our part: endorsing global sustainability issues and addressing climate change by implementing our low carbon transition plan</i></div>	<div>– <i>Dear stakeholder</i> – <i>Planet</i></div>
2	Risks related to our strategy - acquisitions and expansions			
I	The expected benefits of our expansion on the Canadian East Coast is subject to risks and uncertainties.	We expect benefits from our acquisition of Northern Harvest and the Grey Aqua assets on the East Coast of Canada. Whether we will actually realise these anticipated benefits depends on future events and circumstances, some of which are beyond our control. Also the potential synergies we currently anticipate may not be realised.	<div>– <i>Build on Group wide know how and skills and existing customer relations to sell our products</i></div>	<div>– <i>Leading the Blue Revolution</i></div>
II	The construction and potential benefits of our new fish feed facility is subject to risks and uncertainties.	Our ability to complete construction work on a timely basis and within budget is subject to a number of risks, including our ability to construct the plant as planned and start commercial feed production. As the capacity of the plant is higher than our own current needs, we also depend on third party deliveries to fully utilise the plant.	<div>– <i>Utilise key staff from the planning and construction of the feed plant in Norway in 2012–2014</i> – <i>Utilise local expertise with regard to working with authorities</i></div>	<div>– <i>Leading the Blue Revolution</i></div>
III	The construction and potential benefits of our fresh water expansion projects are subject to risks and uncertainties.	The expected benefits are higher quality and larger smolt, produced in a controlled environment and at a lower cost. The anticipated benefits may not be achieved or if achieved, may not be achieved in the expected time frame.	<div>– <i>Build on group wide know how and skills in the construction and production processes.</i></div>	<div>– <i>Leading the Blue Revolution</i></div>
IV	We would be adversely affected if we expanded our business through acquisitions or greenfield projects but failed to successfully integrate them or run them efficiently or retain the associated fish farming licenses.	We regularly evaluate expansion opportunities, such as acquiring other businesses, or building new processing plants and expanding our fish farming operations, or expanding into new related areas of operations. Significant expansion involves risks, and if we are unable to integrate acquired businesses or newly formed operations, expansion may have a materially adverse effect on our business and financial figures.	<div>– <i>Draw on internal key resources</i> – <i>Recruitment of experienced staff</i> – <i>Use of expert advisers in complex matters</i></div>	<div>– <i>People</i></div>
3	Risks related to reporting			
I	A failure to run an effective risk assessment process and update our internal control system accordingly, could imply that there is a risk of material mistakes in our financial figures.	As of December 31, 2018 we consider our internal control system to be effective, but there can be no assurance that, going forward, our efforts will effectively prevent material misstatements in our consolidated statements. If we are unable to maintain effective internal control, this could have a materially adverse effect on our business.	<div>– <i>Global risk and risk management focus</i></div>	<div>– <i>BoD report</i> – <i>Corporate Governance</i></div>
4	Risks related to other legal matters			
I	Developments related to antitrust investigations could have a materially adverse effect.	We are subject to a variety of laws and regulations that govern our business, including those relating to competition (antitrust). If we are found to have violated the competition laws in a jurisdiction, we may be fined, which could have a materially adverse effect on our financial figures.	<div>– <i>Use of expert advisers in complex matters</i></div>	<div>– <i>Note 27 Group</i></div>
II	Failure to ensure food safety and compliance with food safety standards could result in serious adverse consequences for us.	The food industry in general experiences high levels of customer awareness with respect to food safety and product quality, information and traceability. We may fail to meet new and exacting customer requirements, which could reduce demand for our products.	<div>– <i>Applying best practices related to food safety at all stages of the production chain</i> – <i>Vigorous product testing to document that our products are safe</i> – <i>Third-party certification with respect to best practices in hygiene and food safety</i></div>	<div>– <i>R&D</i> – <i>Product</i></div>
III	Any failure to comply with laws and regulations in the countries in which we operate could result in serious adverse consequences for us.	Our global operational footprint makes us subject to various risks and uncertainties relating to our international operations, including compliance with domestic and international laws. Any failure to comply with the laws and regulations in the countries in which we operate could result in fines, withdrawal of operating rights and other serious adverse consequences for us.	<div>– <i>Use of expert advisers in complex matters</i> – <i>Recruitment of highly skilled employees</i> – <i>Code of Conduct</i></div>	<div>– <i>People</i></div>

GRI Index

Profit

Kristian Ellingsen,
Chief Financial Officer

Planet

Catarina Martins,
Chief Sustainability Officer

Product

Ola Brattvold,
Chief Operating Officer
Sales & Marketing

People

Anne Lorgen Riise,
Group Director HR

R&D

Øyvind Oaland,
Global Director R&D

Mowi uses the GRI Standards for voluntary reporting of sustainable development. The guidelines comprise economic, environmental and social dimensions relating to an enterprise's activities, products and services. GRI collaborates with the United Nations Environment Program and UN Global Compact. Mowi has reported according to GRI since 2010.

We believe that our reporting practice is consistent with GRI's reporting principles in all material respects.

The report is externally assured by our auditor EY. The external assurance, as outlined in the Independent Auditor's Assurance report, concludes that the report is presented, in all material respects in accordance with the GRI Standards.

The GRI index, including the full definition of each indicator and references to specific sections in this report as well as additional information, can be

found on our website Mowi.com and the index is also presented in this integrated annual report.

GRI Standards, both general and specific, are comprised of requirements. The general standard applies to all reporting organisations depending on the chosen 'in accordance' level. The specific standard is selected with regard to the materiality principle. In order to report 'in accordance' with the core requirements Mowi has answered each of the requirements for the required standards. Only in exceptional cases, if certain required information has not been possible to disclose, accepted reasons for omission have been applied.

The Index is a reference to the disclosed information and gives an overview over the omissions and the reasons why omissions are applied.

Any page reference in the index refers to Mowi's Annual Report.



GENERAL STANDARD DISCLOSURES

Disclosure No.	Disclosure description	Mowi Response / Source	Assured by third party
ORGANISATIONAL PROFILE			
102-1	Name of the organisation	MOWI ASA	Yes
102-2	Activities, brands, products, and services	Part 1 and Part 2 (segment overview). MOWI avoids selling products to countries or business partners that are prohibited by international sanctions	Yes
102-3	Location of headquarters	Sandviksboder 77AB, 50 35 Bergen, Norway: Part 3, Note 1 General Information	Yes
102-4	Location of operations	Part 1, Map of Operations & Part 3 Note 4 Business segments	Yes
102-5	Ownership and legal form	Part 3, Corporate Governance and Note 27 Share and Shareholder information in Group Financial Statements	Yes
102-6	Markets served	Part 2, Profit & Product	Yes
102-7	Scale of the organisation	Part 1, Map of Operations and key figures, Part 2, Profit & Product	Yes
102-8	Information on employees and other workers	Part 2, People	Yes
102-9	Supply chain	Part 1, Leading the Blue Revolution, Part 2, People, Part 4 Analytical information and Part 2 Product	Yes
102-10	Significant changes to the organisation and its supply chain	Part 1, Dear stakeholder & Leading the Blue Revolution	Yes
102-11	Precautionary Principle or approach	Part 1, Dear stakeholder & Leading the Blue Revolution	Yes
102-12	External initiatives	Part 2, Planet & Part 4 Risk and Risk Management	Yes
102-13	Membership of associations	Part 1, Leading the Blue Revolution, Part 2, People	Yes
STRATEGY			
102-14	Statement from senior decision-maker	Part 1, Dear stakeholder (CEO), Part 3, Board Report.	Yes
ETHICS AND INTEGRITY			
102-16	Values, principles, and norms of behaviour	Part 1, Long term value drivers, Part 2 Achievement on ambitions	Yes
Governance			
102-18	Governance structure	Part 1, Leading the Blue Revolution. Part 2, People	Yes
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder Groups	Part 1, Leading the Blue Revolution. Part 2, People	Yes
102-41	Collective bargaining agreements	Part 2, People	Yes
102-42	Identifying and selecting stakeholders	Part 1, Leading the Blue Revolution and Part 3, Corporate Governance	Yes
102-43	Approach to stakeholder engagement	Part 1, Leading the Blue Revolution and Part 3, Corporate Governance	Yes
102-44	Key topics and concerns raised	Part 1, Leading the Blue Revolution	Yes
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	Part 3, Group Results note 1 & 23. Mowi includes all subsidiaries in the accounts and the same principle is used for extra-financial reporting and sustainability reporting.	Yes
102-46	Defining report content and topic boundaries	This index, Part 1 Leading the Blue Revolution (Mowi's most material value drivers)	Yes
102-47	List of material topics	This index, Part 1 Leading the Blue Revolution (Mowi's most material value drivers)	Yes

Disclosure No.	Disclosure description	Mowi Response / Source	Assured by third party
102-48	Restatement of information	No significant restatement of information	Yes
102-49	Changes in reporting	No significant changes in Reporting	Yes
102-50	Reporting period	01.01.2019-31.12.2019	Yes
102-51	Date of most recent report	March 25 2020	Yes
102-52	Reporting cycle	Annual/Yearly	Yes
102-53	Contact point for questions regarding the report	Head of Sustainability Reporting	Yes
102-54	Claims of reporting in accordance with the GRI standards	GRI standards core	Yes
102-55	GRI content index	This index	Yes
102-56	External Assurance	Integrated Annual Report, GRI Reporting, GSI Reporting and CDP reporting are all audited by our external auditor EY	Yes

SPECIFIC STANDARD DISCLOSURES

Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
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Mowi Material topic: Climate friendly food production

GRI MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Part 1, Dear stakeholder Material long term value drivers	No			Yes
103-2	The management approach and its components	Part 1, Dear stakeholder Material long term value drivers	No			Yes
103-3	Evaluation of the management approach	Part 1, Material long term value drivers: Part 2, Achievement on ambitions	No			Yes

GRI 201: ECONOMIC PERFORMANCE

201-2	Financial implications and other risks and opportunities due to climate change	Partial disclosure - Part 2, Planet, The Global Picture (CDP report) and Risks related to climate change in Part 4, Risk and Risk Management	Yes	Not applicable	Financial implications and other risks and opportunities due to climate change are reported in our CDP report and our Risk and Risk Management in Part 4 includes climate change	Yes
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GRI 302- ENERGY

302-1	Energy consumption within the organisation	Part 2, Planet, The Global Picture - Climate Friendly Food production	Yes - omission for GRI 301-b Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used	Information not readily available	Mowi aims to improve this reporting	Yes
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Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
GRI 305- EMISSIONS						
305-1	Direct (Scope 1) GHG emissions	Part 2, Planet, The Global Picture - Climate Friendly Food Production & Salmon: The Climate Friendly Protein	No			Yes
305-2	Energy indirect (Scope 2) GHG emissions (location based)	Part 2, Planet, The Global Picture - Climate Friendly Food Production & Salmon: The Climate Friendly Protein	No			Yes
305-3	Other indirect (Scope 3) GHG emissions	Disclosed in Part 2, Planet, The Global Picture - Climate Friendly Food Production	Yes			Yes
Mowi own disclosure	No. and percentage of sites ASC certified	Part 2, Planet, The Global Picture	No			Yes

Mowi Material topic: Fish escape prevention

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Escape Prevention	No			Yes
103-2	The management approach and its components	Part 2, Planet, Escape Prevention	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Escape Prevention	No			Yes
Mowi own disclosure	Number of salmon escaped and not recaptured	Part 2, Planet, Escape Prevention	No			Yes

Mowi Material topic: Fish welfare, health and robustness

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Fish Health and Welfare	No			Yes
103-2	The management approach and its components	Part 2, Planet, Fish Health and Welfare	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Fish Health and Welfare	No			Yes
Mowi own disclosure	Main causes of mortality	Part 2, Planet, Fish Health and Welfare	No			Yes
Mowi own disclosure	% survival in sea	Part 2, Planet, Fish Health and Welfare	No			Yes

Mowi Material topic: Sea lice management

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Sea Lice Management	No			Yes
103-2	The management approach and its components	Part 2, Planet, Sea Lice Management	No			Yes

Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
103-3	Evaluation of the management approach	Part 2, Planet, Sea Lice Management	No			Yes
Mowi own disclosure	Sites above national action limits	Part 2, Planet, Sea Lice Management	No			Yes

Mowi Material topic: Responsible use of medicines and chemicals

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Medicine Use	No			Yes
103-2	The management approach and its components	Part 2, Planet, Medicine Use	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Medicine Use	No			Yes
Mowi own disclosure	% sites using cleaner fish	Part 2, Planet, Sea Lice Management	No			Yes
Mowi own disclosure	% treated fish using non-medicinal tools	Part 2, Planet, Sea Lice Management	No			Yes
Mowi own disclosure	% reduction in total medicine use	Part 2, Planet, Sea Lice Management	No			Yes
Mowi own disclosure	Antibiotic use - active substance use per tonne biomass produced	Part 2, Planet, Medicine Use	No			Yes

Mowi Material topic: Responsible and circular nutrient and waste management

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Biodiversity	No			Yes
103-2	The management approach and its components	Part 2, Planet, Biodiversity	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Biodiversity	No			Yes
Mowi own disclosure	% of sites operating within nationally acceptable benthic levels	Part 2, Planet, Biodiversity	No			Yes

Mowi Material topic: Wildlife interactions

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, Planet, Biodiversity	No			Yes
103-2	The management approach and its components	Part 2, Planet, Biodiversity	No			Yes
103-3	Evaluation of the management approach	Part 2, Planet, Biodiversity	No			Yes

Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
GRI 304- BIODIVERSITY						
304-1	Biodiversity area impacts	Part 2, Planet, Biodiversity	No	Reporting on GRI 304-1 a.-v. Size of operational site in km² is not applicable for aquaculture industry according to GRI		Yes
304-2	Description of biodiversity impacts	Part 2, Planet, Biodiversity	No	Reporting on GRI 304-2b. Significant direct and indirect positive and negative impacts was reported on according to Mowi's Materiality assessment		Yes

Mowi Material topic: Efficient and sustainable fish feed

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Planet, Part 2, Sustainable Feed	No			Yes
103-2	The management approach and its components	Planet, Part 2, Sustainable Feed	No			Yes
103-3	Evaluation of the management approach	Planet, Part 2, Sustainable Feed	No			Yes
Mowi own disclosure	Fish-in fish-out ratio (FIFO)	Planet, Part 2, Sustainable Feed	No			Yes
Mowi own disclosure	Source of feed raw materials (% origin)	Planet, Part 2, Sustainable Feed	No			Yes
Mowi own disclosure	% certified feed raw materials (fish and soy)	Planet, Part 2, Sustainable Feed	No			Yes
Mowi own disclosure	Fish meal inclusion in % per tonne feed used	Planet, Part 2, Sustainable Feed	No			Yes
Mowi own disclosure	Fish oil inclusion in % per tonne feed used	Planet, Part 2, Sustainable Feed	No			Yes

Mowi Material topic: Ensure food safety and quality

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, Product, Safe Seafood	No			Yes
103-2	The management approach and its components	Part 2, Product, Safe Seafood	No			Yes
103-3	Evaluation of the management approach	Part 2, Product, Safe Seafood	No			Yes

Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
GRI 416- CUSTOMER HEALTH & SAFETY						
416-1	Products assessed for risks to customer health & safety	Part 2, Product, Safe Seafood	No			Yes
Mowi own disclosure	Level of dioxins and dioxin-like PCBs (pg-WHO-TEQ/g)	Part 2, Product, Data section	No			Yes
Mowi own disclosure	Level of mercury (mg/kg)	Part 2, Product, Data section	No			Yes

Mowi Material topic: Healthy seafood

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, Product, Healthy Seafood	No			Yes
103-2	The management approach and its components	Part 2, Product, Healthy Seafood	No			Yes
103-3	Evaluation of the management approach	Part 2, Product, Healthy Seafood	No			Yes
Mowi own disclosure	Omega 3 levels in harvested fish and other nutrient levels	Part 2, Product, Data section	No			Yes

Mowi Material topic: Ethical business conduct

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, People, Ethical Business Conduct	No			Yes
103-2	The management approach and its components	Part 2, People, Ethical Business Conduct	No			Yes
103-3	Evaluation of the management approach	Part 2, People, Ethical Business Conduct	No			Yes

GRI 205: ANTI-CORRUPTION

205-1	Operations assessed for risks related to corruption	Part 4, Risk & Risk Management	No			Yes
205-3	Confirmed incidents of corruption and actions taken	Part 3, Corporate Governance	No			Yes

GRI 205: ANTI-COMPETITIVE BEHAVIOUR

206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Part 3, Group Results	No			Yes
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GRI 307: ENVIRONMENTAL COMPLIANCE

307-1	Non-compliance with environmental laws and regulations	Part 2, People, Ethical Business Conduct	No			Yes
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Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
GRI 419: SOCIOECONOMIC COMPLIANCE						
419-1	Non-compliance with laws and regulations in the social and economic area	Part 2, People, Ethical Business Conduct	No			Yes

Mowi Material topic: Ensure employee safety and security

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, People, Employee Health and Safety	No			Yes
103-2	The management approach and its components	Part 2, People, Employee Health and Safety	No			Yes
103-3	Evaluation of the management approach	Part 2, People, Employee Health and Safety	No			Yes

GRI 403: OCCUPATIONAL HEALTH AND SAFETY						
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Part 2, People, Employee Health and Safety	Yes - omission on 403-2 a. - does not report ODR and LDR. Injury rate and absentee rates are not broken down by region and gender. 403-2b Injury rate and work-related fatalities for workers (excluding employees) whose/workplace is controlled by the organisation is not reported	Information not available	Will from 2020 report on the new 2018-indicators that are material to Mowi	Yes

Mowi Material topic: Purpose driven organisation

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 1, Leading the Blue Revolution, Part 2, People, Providing safe and meaningful jobs.	No			Yes
103-2	The management approach and its components	Part 1, Leading the Blue Revolution, Part 2, People, Providing safe and meaningful jobs.	No			Yes
103-3	Evaluation of the management approach	Part 1, Leading the Blue Revolution, Part 2, People, Providing safe and meaningful jobs.	No			Yes

GRI 201: ECONOMIC PERFORMANCE						
201-3	Coverage of the organisation's defined benefit plan obligations	Part 1, Leading the Blue Revolution: Part 2, Profit : Part 3, Financial statement, notes, analytical information	No			Yes

Disclosure No.	Disclosure description	Reference	Omission	Reason for omission	Explanation of omission	Assured by third party
GRI 406: NON-DISCRIMINATION						
406-1	Incidents of discrimination and corrective actions taken	Part 2, People, Ethical Business Conduct	No			Yes

Mowi Material topic: Respectful use of local areas

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, People, Commitment to local Communities	No			Yes
103-2	The management approach and its components	Part 2, People, Commitment to local Communities	No			Yes
103-3	Evaluation of the management approach	Part 2, People, Commitment to local Communities	No			Yes

Mowi Material topic: Local jobs and value creation

GRI MANAGEMENT APPROACH						
103-1	Explanation of the material topic and its Boundary	Part 2, People, Commitment to local Communities.	No			Yes
103-2	The management approach and its components	Part 2, People, Commitment to local Communities.	No			Yes
103-3	Evaluation of the management approach	Part 2, People, Commitment to local Communities.	No			Yes

GRI 203: INDIRECT ECONOMIC IMPACTS						
203-1	Infrastructure investments and services supported	Part 2, People, Commitment to local Communities	No			Yes







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