



Quarterly Report

Q1 2020



As COVID-19 spread in the Norwegian society, there was an immediate need for hand sanitizers and disinfectant liquid for hospitals and other emergency units. At short notice Arcus produced more than 29,000 litres as a non-profit initiative, with the first delivery already March 13.

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Message from the CEO

First, I would like to thank my colleagues for their extraordinary contribution in a very challenging time. Good internal cooperation, a strong drive for solutions and a positive attitude have helped us meet the increased demand and live up to our customers' expectations.

The time since the COVID-19 outbreak has been demanding, but we have managed to keep operations stable. We operate in a non-cyclical industry and have a strong organization that has been able to adapt quickly and solve the challenges we have faced. Supply of wine and other raw materials has been close to the plan, due to good cooperation with our suppliers. Fortunately, no employees have so far confirmed COVID-19 infection.

We have experienced strong growth in sales to the monopolies in Norway and Finland, where government restrictions on HORECA have been comprehensive. Sales to Duty Free Travel Retail, and sales to hotels, restaurants and cafés have fallen sharply. This development has affected the financial results for the quarter with strongly increased revenues and improved EBITDA-margin. Organic growth at 6.9 percent in the quarter is the second best since listing at the Oslo Stock Exchange December 2016.

Wine

Sales of wine increased by 10.6 percent during the quarter. The growth was especially strong in Norway with revenue growth of 35.5 percent, making the quarter the 10th quarter in a row with increased market share. In Sweden, revenues from existing business continued to grow, but sales were lower compared to Q1 last year due to the loss of producers in March 2019. High sales of bag-in-box strengthened margins, while the strong EUR worked the opposite way. In Q2, the adverse currency effects will be stronger. Prices will be adjusted May 1 in Norway and September 1 in Sweden.

Spirits

Sales of spirits increased in all major markets, except Duty Free Travel Retail and Germany, with a total revenue growth of 13.9 percent. There was strong growth in vodka sales in most markets, but we also saw increased sales of aquavit and agency products. Higher volume of internal wine bottling with low margin, combined with high sales of vodka, reduced the gross margin somewhat. Positive contribution from our associated Cognac Company Tiffon, increased the EBITDA-margin.

Logistics

Logistics' revenues increased by 13.3 percent in the quarter mainly driven by higher sales to Vinmonopolet, but also due to new agencies won by Vectura's existing customers. Despite the very high volumes to Vinmonopolet, operations and deliveries were executed in line with demand.

Overall, a great start of 2020 in our smallest quarter.



Kenneth Hamnes
Group CEO, Arcus ASA

Key figures Q1 2020

CONSOLIDATED GROUP FIGURES

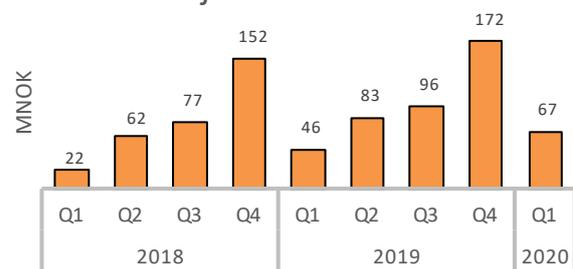
MNOK	First quarter		Full Year
	2020	2019	2019
Total operating revenue	611.2	552.1	2 762.8
Gross profit ¹⁾	261.5	237.6	1 161.7
EBITDA ^{1) 2)}	66.7	44.5	377.3
EBITDA adjusted ^{1) 2)}	66.6	46.1	397.1
Pre-tax profit ²⁾	54.3	-10.9	172.5
Earnings per share, parentcompany shareholders (NOK)	0.66	-0.14	1.88
Key figures			
Gross margin ¹⁾	42.8 %	43.0 %	42.0 %
EBITDA margin ¹⁾	10.9 %	8.1 %	13.7 %
EBITDA margin adjusted ¹⁾	10.9 %	8.3 %	14.4 %
Equity ratio ¹⁾	32.3 %	33.2 %	29.7 %
Financial position			
Total equity	1 871.4	1 617.5	1 662.2
Net interest bearing debt (cash) ¹⁾	1 868.6	1 694.7	1 807.1

¹⁾ Alternative Performance Measure (APM) – see separate chapter for definition and reconciliation.

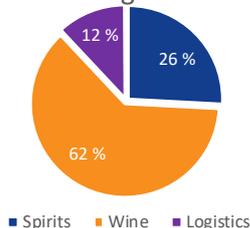
Operating revenue



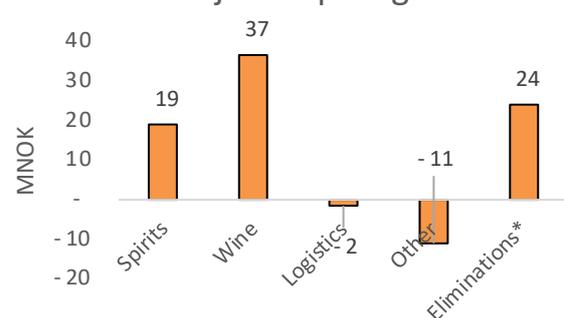
EBITDA adjusted²⁾



Operating revenue per segment¹⁾



EBITDA adjusted pr segment^{1,2)}



¹⁾ Figures for Q1 2020

²⁾ EBITDA adjusted is EBITDA adjusted for non-recurring effects but is not corrected for foreign exchange effects. See separate chapter/note on APM for reconciliation. "Other" segment represents HQ and eliminations.

*Segment elimination includes a positive IFRS 16 adjustment of 23.9 MNOK

Highlights Q1 2020

OVERALL PERFORMANCE

- **Operating revenue** for Q1 2020 was 611.2 MNOK, compared to 552.1 MNOK in Q1 last year (+10.7 percent). Operating revenue increased for all business areas. Organic growth for Q1 was +6.9 percent, with an estimated positive currency effect of approximately 17.1 MNOK due to stronger SEK, EUR and DKK vs NOK this year.
- **Adjusted EBITDA** for Q1 was 66.6 MNOK compared to 46.1 MNOK in Q1 last year (+44.6 percent). Adjusted EBITDA improved in all business areas.

BUSINESS SEGMENTS

- **Wine** revenues amounted to 377.3 MNOK, compared to 341.1 MNOK in Q1 last year (+10.6 percent). Organic growth was +6.0 percent. Adjusted EBITDA margin was 9.7 percent for Q1 2020, compared to 8.0 percent in Q1 last year.
- **Spirits** revenues amounted to 199.7 MNOK, compared to 175.3 MNOK in Q1 last year (+13.9 percent). Organic revenue grew by 6.8 percent¹. Adjusted EBITDA margin was 9.4 percent for Q1, compared to 5.7 percent in Q1 last year.
- **Logistics** revenues amounted to 77.6 MNOK compared to 68.5 MNOK in Q1 last year (+13.3 percent). Adjusted EBITDA margin was -2.3 percent for Q1, compared to -3.3 percent in Q1 last year.

¹Calculated on external spirits sales

Wine: Strong growth, improved margins

MNOK	First quarter		Full Year
	2020	2019	2019
Total operating revenue	377.3	341.1	1 603.4
Gross profit ¹⁾	88.7	78.6	365.1
Gross margin ¹⁾	23.5 %	23.0 %	22.8 %
EBITDA ¹⁾	36.3	26.8	161.1
EBITDA adjusted ¹⁾	36.6	27.2	169.9
EBITDA margin ¹⁾	9.6 %	7.9 %	10.0 %
EBITDA margin adjusted ¹⁾	9.7 %	8.0 %	10.6 %

¹⁾ Alternative Performance Measure (APM) – see separate chapter for definition and reconciliation.

OPERATING REVENUE

Total operating revenue for Wine was 377.3 MNOK for the first quarter, compared to 341.1 MNOK in Q1 last year. Organic growth was 6.0 percent, while reported growth was 10.6 percent. Reported growth includes positive effects from stronger SEK and EUR, as well as the effect from the acquisition of Wongraven Wines in December 2019.

In Norway and Finland, the restrictions on travel and HORECA related to the COVID-19 pandemic led to significant growth at the monopolies in March. This effect was less significant in Sweden where restrictions were less comprehensive.

In Sweden, Arcus' sales at Systembolaget were down in a growing market, explained by the loss of producers in the subsidiary Vinunic. Excluding the lost agencies, Arcus grew sales at Systembolaget.

In Norway, Arcus' sales grew more than the fast-growing market, leading to increased market share during the period. Both own brands and the agency business outperformed the market in the quarter.

In Finland, Arcus' sales to Alko increased more than the market growth in the period. The current portfolio responded well to the significant demand during COVID-19 restrictions in March, increasing Arcus' market shares at Alko.

Sales to Duty Free Travel Retail increased in the quarter, despite the significant reduction in March due to an abrupt halt to travelling in mid-March. Introduction of new brands and higher sales of existing products in the beginning of the period explain the increase.

EBITDA

The adjusted EBITDA-margin for Wine was 9.7 percent in the first quarter, up from 8.0 percent same period last year.

The increase in revenues combined with overall flat development in indirect costs are the main reasons for the increased EBITDA-margin. In addition, favourable mix with more Bag-in-Box and price increases at the monopolies led to increased gross margin in the period despite negative currency effects. In Q2, the adverse currency effects will be stronger. Prices will be adjusted May 1 in Norway and September 1 in Sweden.

WINE

Arcus is the largest importer of wine in Norway, the second largest in Sweden, and the fifth largest in Finland. Arcus imports and markets agency wines, as well as Arcus brands.

Spirits: Strong revenue growth

MNOK	First quarter		Full Year
	2020	2019	2019
Sales	153.5	138.5	811.6
Other revenue	46.2	36.8	164.0
Total operating revenue	199.7	175.3	975.6
Gross profit ¹⁾	99.6	93.6	484.3
Gross margin ¹⁾	49.9 %	53.4 %	49.6 %
EBITDA ¹⁾	18.5	9.8	146.9
EBITDA adjusted ¹⁾	18.8	10.0	148.9
EBITDA margin ¹⁾	9.3 %	5.6 %	15.1 %
EBITDA margin adjusted ¹⁾	9.4 %	5.7 %	15.3 %

¹⁾ Alternative Performance Measure (APM) – see separate chapter for definition and reconciliation.

OPERATING REVENUE

Total operating revenue for Spirits in the first quarter of 2020 was 199.7 MNOK, compared to 175.3 MNOK for the same period last year, an increase of 13.9 percent (of which a third stems from internal wine bottling). Organic growth was 6.8 percent¹.

The quarter was significantly influenced by strong growth in March as the COVID-19 pandemic led to a drop in sales HORECA, DFTR and border trade, but an increase in sales in the monopolies and grocery retail.

Arcus increased revenues in monopoly markets in Q1. Revenue improved substantially compared to last year in Norway, but market share declined slightly as the market grew even faster than Arcus. Both in Sweden and Finland Arcus managed to keep pace with market growth and defended the market shares.

Arcus in Denmark saw a revenue increase in the quarter with growth in sales led by vodka. Overall market shares increased due to increased shares in vodka and premixed cocktails, while shares were stable in the declining aquavit category.

DFTR lost all momentum mid-March as travelling was abruptly halted due to the pandemic, and revenues

came in behind last year. Volumes to Germany declined, but depletions to retailers remained stable. In other markets revenue were by and large flat compared to last year.

EBITDA

The adjusted EBITDA margin for Spirits was 9.4 percent for Q1 2020, compared to 5.6 percent Q1 2019.

Increased revenues with indirect costs at same level as last year and a positive contribution from the associated company Tiffon increased EBITDA. Higher volume of internal wine bottling reduced the gross margin.

SPIRITS

Arcus is a global leader in aquavit with brands such as Gammel Opland, Linie, Løiten and Aalborg. Other important categories are bitter (Gammel Dansk), vodka (Vikingfjord, Kalinka, Amundsen and Dworek), cognac (Braastad) and gin (Star Gin, Vanlig Gin and Skagerrak). Key markets are Norway, Denmark, Sweden, Finland, Germany and Duty Free Travel Retail (DFTR). Arcus brands are produced and bottled at Gjelleråsen, outside Oslo.

¹ Calculated on external spirits sales

Logistics: Strong volume and revenue growth

MNOK	First quarter		Full Year
	2020	2019	2019
Total operating revenue	77.6	68.5	328.1
Gross profit ¹⁾	77.6	68.5	328.1
Gross margin ¹⁾	100.0 %	100.0 %	100.0 %
EBITDA ¹⁾	-1.8	-2.2	13.8
EBITDA adjusted ¹⁾	-1.8	-2.3	15.4
EBITDA margin ¹⁾	-2.3 %	-3.2 %	4.2 %
EBITDA margin adjusted ¹⁾	-2.3 %	-3.3 %	4.7 %

¹⁾ Alternative Performance Measure (APM) – see separate chapter for definition and reconciliation.

VOLUME

Distributed volume in the first quarter was 12.8 million liters, an increase of 2.1 million liters from the same quarter last year. This equals an increase of 20.0 percent, while Vinmonopolet's total volume in the first quarter was up 15.7 percent. The volume growth was driven by significantly higher sales to Vinmonopolet during the last weeks of March, as sales to Duty Free Travel Retail and cross-border shopping was very low. New agencies won by Vectura's existing importers also contributed.

By the end of the first quarter, Vectura's share of volume to Vinmonopolet was 53.1 percent, compared to 50.1 percent by the end of same quarter last year.

Distributed volume in the horeca-channel declined by 17.0 percent compared to first quarter last year as most bars and restaurants have been closed from mid-March. By the end of February, volumes in the horeca-channel was up by 8.7 percent, mainly due to increased dropsizes for existing customers.

Sales to other wholesalers decreased by 1.4 percent compared to first quarter last year.

OPERATING REVENUE

Operating revenue increased by 13.3 percent to 77.6 MNOK in the quarter, compared to 68.5 MNOK in the same period last year. The increase is volume-

driven, but at lower revenue per liter as volumes delivered to Vinmonopolet is lower than in the Horeca-channel. This corresponds to the lower complexity and higher dropsizes for Vinmonopol-deliveries.

EBITDA

Adjusted EBITDA in the first quarter was -1.8 MNOK, an improvement of 0.5 MNOK compared to the same quarter last year.

Significantly more efficient handling in the warehouse and more cost-effective distribution due to deliveries only to Vinmonopolet in the last weeks of the quarter, led to significantly lower direct costs per liter. This compensated for the decline in revenue per liter, due to changes in channel-mix in the same period.

An extraordinary provision for loss on receivables of 2.2 MNOK was booked to account for potential Corona-related losses, as Vectura constantly has receivables related to both horeca- and wholesale customers.

LOGISTICS

Vectura is the leading integrated logistics service provider for alcoholic-beverage importers in Norway. Vectura serves both Arcus-Gruppen AS and external customers. Vectura is located next to Arcus' production facility at Gjelleråsen, outside Oslo.

Financial position

CASH FLOW AND FINANCIAL POSITION

Reported net cash flow from operations before tax in Q1 2020 was 12.8 MNOK, compared to -125.1 MNOK in Q1 2019 (change of +137.8 MNOK).

The Q1 cash flow is higher this year mainly due to higher pre-tax profit in the period and cut-off effects last year when payments arrived first banking day in April. Net working capital increased in the period as is normal for the season but increased less than last year due to these cut-off effects.

Net interest bearing debt was 1,868.6 MNOK compared to 1694.7 MNOK at the end of Q1 2019. Excluding IFRS16 effects, it was 731.9 MNOK vs 782.3 MNOK last year. The higher cash flow in the period increased the cash position more than the stronger SEK vs NOK increased the long-term loan in SEK, reducing net debt compared to last year.

Other information

ANNUAL GENERAL ASSEMBLY

Today the Board of Directors has decided to arrange the Annual General Meeting at 10 June 2020. Due to uncertainty in society related to the COVID-19 outbreak, the Board of Directors decided on 20 March 2020 to cancel the The Annual General Meeting convened for 21 April 2020, and to postpone the dividend proposal.

DIVIDEND PROPOSAL

The Board has today proposed a dividend of 113 MNOK, equal to 1.66 NOK/share. This is the same dividend as last year. ⁴

POSSIBLE MERGER OF VECTURA AND CUVECO

The Norwegian Competition Authority (Konkurransetilsynet) has approved the possible merger between Vectura and Cuveco. The merger project has moved on to the next stage of negotiations and planning.

MORE GOLD MEDALS

Gammel Opland and Aalborg Taffel received Gold medals in the San Francisco World Spirits Competition, considered by many the World Championship of Spirits. More than 3,000 products from all over the world competed, and 40 experts from around the world blind tasted the submissions. Since 2007, Arcus' aquavits have won more than 100 medals in international competitions.

⁴ The dividend corresponds to 69 percent of the profit/loss for the year, adjusted for non-recurring items and IFRS16 effects.

This is an APM that has been calculated in a similar manner as previous years.

Environmental, Social and Governance (ESG)

DISINFECTANT LIQUID TO HOSPITALS

As COVID-19 spread in the Norwegian society, there was an immediate need for hand sanitizers and disinfectant liquids for hospitals and other emergency units. At short notice, Arcus produced more than 29,000 litres as a non-profit initiative, with the first delivery already on March 13.

HELPING SWEDISH BARS AND RESTAURANTS

For every sale of Snälleroås 10-pack, Arcus Sweden gives 5 kroner to "Krøgarhjälpen", where all restaurants and bars who are struggling financially can apply for financial assistance. Arcus Sweden hopes to sell 100,000 packages during 2020, which corresponds to a contribution of SEK 500,000.

Employees at Wine Sweden have offered to help and assist their customers in all kind of labour they may need. The initiative has been very welcome, and many of the employees have had several assignments each day.

STRONGER GENDER BALANCE

In the SHE Index February 2020, measuring gender balance at management level in large Norwegian companies, Arcus scored 68 pts. The average score was 63 pts. For «Consumer products and retail», the average score was 51 pts. Arcus was ranked 42nd of 96 participating companies.

INITIATIVE TO REDUCE CLIMATE IMPACT

Wine Sweden is one of 35 companies participating in the Swedish Climate Initiative for the Beverage Industry, with the aim of reducing its climate impact and becoming a more sustainable industry. The first measurement show that the greatest climate impact comes from packaging, with 77 percent followed by transportation, with 20 percent. Read the full report here; http://www.okorkat.se/wp-content/uploads/2020/02/DKI_klimatpaverkan_2018_final.pdf

NORWEGIAN PACKAGING ASSOCIATION

Arcus' Erik Bern has been elected Chairman of the Board of Directors at the Norwegian Packaging Association (Den Norske Emballasjeforeningen). The association aims to reduce the harmful effects of plastic on the environment, and to be a driving force for smart and environmentally friendly use of packaging.

GRADUATES TARGETED IN COVID-19 CAMPAIGN

The annual graduate campaign promoting "think before you drink" and "drink water" has been changed for 2020. This year, the theme is "graduates against corona" promoting social distancing and hand wash. The social media message has so far reached more than 200,000 people. Arcus has no advertising or promotion connected to this, but acts as a financial sponsor.

Group consolidated accounts

The interim financial statement has not been audited.

CONDENSED STATEMENT OF INCOME

MNOK	Note	First quarter		Full Year
		2020	2019	2019
Sales	2,9	595.1	541.9	2 710.4
Other revenue	2	16.1	10.2	52.4
Total operating revenue	2,9	611.2	552.1	2 762.8
Cost of goods		-349.6	-314.6	-1 601.1
Gross Profit		261.5	237.6	1 161.7
Gain on sale of fixed assets		0.1	0.0	0.0
Salaries and personnel cost		-118.5	-108.7	-439.2
Advertising & Promotion expenses (A&P)		-20.3	-24.0	-116.0
Other operating expenses		-57.4	-57.0	-213.5
Share of profit from AC ¹⁾ and JCE ²⁾		1.3	-1.9	4.1
Other income and expenses	3	0.1	-1.5	-19.7
EBITDA		66.7	44.5	377.3
Depreciation	5,6	-28.7	-24.8	-111.8
Amortisations	5,6	-2.7	-1.9	-7.7
Operating profit (EBIT)		35.4	17.8	257.8
Financial income	12	47.9	5.9	25.9
Financial expenses	7,10,12	-29.0	-34.6	-111.2
Pre-tax profit		54.3	-10.9	172.5
Tax		-8.6	2.0	-39.2
Profit/loss for the year		45.7	-9.0	133.3
Profit/loss for the year attributable to parent company shareholders		44.6	-9.7	127.7
Profit/loss for the year attributable to non-controlling interests		1.1	0.7	5.5
Earnings per share, continued operations		0.66	-0.14	1.88
Diluted earnings per share, continued operations		0.63	-0.14	1.79

¹⁾Associated Companies, ²⁾Jointly Controlled Entities

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

MNOK	Note	First quarter		Full Year
		2020	2019	2019
Profit/loss for the year		45.7	-9.0	133.3
Items that will not be reclassified against the statement of income				
Change in actuarial gains and losses pensions		0.0	0.0	-2.0
Tax on change in actuarial gains and losses pensions		0.0	0.0	0.4
Total		0.0	0.0	-1.6
Items that may be reclassified against the statement of income				
Translating differences in translation of foreign subsidiaries		162.4	-23.5	-5.0
Tax on translating differences in translation of foreign subsidiaries		0.0	0.0	0.0
Total		162.4	-23.5	-5.0
Total other comprehensive income		162.4	-23.5	-6.6
Total comprehensive income for the year		208.1	-32.5	126.7
Total comprehensive income for the year attributable to parent company shareholders		204.9	-32.2	121.6
Total comprehensive income for the year attributable to non-controlling interests		3.2	-0.3	5.2

CONDENSED STATEMENT OF FINANCIAL POSITION

MNOK	Note	First quarter		Full Year
		31.03.2020	31.03.2019	31.12.2019
Intangible assets	6	2 080.1	1 852.8	1 923.2
Tangible assets	5	1 427.0	1 214.9	1 431.2
Deferred tax asset		79.4	116.2	86.1
Financial assets		69.8	58.6	65.3
Total fixed assets		3 656.4	3 242.4	3 505.8
Inventories		532.7	488.6	486.6
Accounts receivables and other receivables		1 404.5	1 017.7	1 392.5
Cash and cash equivalents		206.0	124.4	205.0
Total current assets		2 143.3	1 630.8	2 084.1
Total assets		5 799.6	4 873.1	5 589.9
Paid-in equity		772.1	772.1	772.1
Retained earnings		1 094.6	842.5	886.2
Non-controlling interests		4.7	2.9	3.9
Total equity		1 871.4	1 617.5	1 662.2
Non-current liabilities to financial institutions	8	774.3	693.0	703.8
Non-current liabilities at fair value through profit or loss	7,10	59.6	69.8	69.3
Non-current lease liabilities	8	1 140.0	1 028.9	1 151.0
Pension obligations		18.5	21.1	23.7
Deferred tax liability		118.3	99.7	101.3
Other non-current liabilities		0.3	0.5	0.5
Total non-current liabilities		2 111.0	1 913.0	2 049.6
Bank Overdraft	8	0.0	44.5	0.0
Current finance lease liabilities	8	155.1	48.4	154.2
Tax payable		4.9	0.0	5.0
Accounts payable and other payables		1 657.3	1 249.7	1 718.8
Total current liabilities		1 817.3	1 342.6	1 878.0
Total equity and liabilities		5 799.6	4 873.1	5 589.9

CONDENSED STATEMENT OF CHANGES IN EQUITY

MNOK		31.03.2020			31.03.2019		
		Attributed to equity holders of the parent company	Non- controlling interest	Total equity	Attributed to equity holders of the parent company	Non- controlling interest	Total equity
Statement of changes in equity	Note						
Equity 1 January		1 658.3	3.9	1 662.2	1 651.1	3.0	1 654.0
Total comprehensive income for the period		204.9	3.2	208.1	-32.2	-0.3	-32.5
Dividends		0.0	0.0	0.0	0.0	-1.2	-1.2
Re-purchase of own shares		0.0	0.0	0.0	-1.3	0.0	-1.3
Sharebased payments	10,11	1.1	0.0	1.1	-1.5	0.0	-1.5
Transfer from minority to majority at end of period		2.3	-2.3	0.0	-1.4	1.4	0.0
Equity at the end of period		1 866.7	4.7	1 871.4	1 614.6	2.9	1 617.5

In several of the Group's wine companies, there are managing directors with non-controlling interests. Most of these managing directors have put options associated with their ownership, which they can exercise at a certain point of time in the future.

Although the Group does not have control of the shares at the end of the reporting period, the Group also does not control the possible exercise of the put-option. Because of this, these non-controlling interests are recognized as though they are owned by the Group, but with partial presentation of the non-controlling interests.

Partial presentation of non-controlling interests means that the non-controlling interests' share of the profit for the year is shown in the statement of income, but are not stated in the equity. At period end, the non-controlling interests' share of the profit for the year, adjusted for the dividend distributed for the period, are reclassified from non-controlling interest to the majority's share of equity.

The presented remaining non-controlling interest in the equity is non-controlling interests where there are no put-options associated.

CONDENSED STATEMENT OF CASHFLOW

MNOK	Note	First quarter		Full Year
		2020	2019	2019
Pre-tax profit		54.3	-10.9	172.5
Depreciation and amortisations	5,6	31.4	26.8	119.6
Received dividend from associated companies		1.0	0.0	0.4
Net interest in period		26.6	25.8	97.5
Other items without cash effect		5.0	-6.1	-6.3
Change in inventories		-46.1	-47.5	-45.5
Change in receivables		1.6	328.2	-38.9
Change in payables		-61.1	-441.3	27.4
Cash flow from operating activities before tax		12.8	-125.1	326.7
Tax paid		-11.9	-9.6	-34.9
Cash flow from operating activities		0.9	-134.6	291.8
Proceeds from sale of tangible & intangible fixed assets		0.1	0.0	0.1
Payments on acquisition of tangible & intangible fixed assets	5,6	-15.8	-2.4	-20.0
Payments on acquisition of Brands	6	0.0	0.0	-0.3
Payments on acquisition of operations		0.0	0.0	-50.7
Cash flows from investment activities		-15.7	-2.4	-70.8
Payments - co-investment program	7.12	0.0	-2.1	-2.1
New debt to financial institutions	8	-2.5	0.0	0.0
Repayment debt to financial institutions	8	-17.6	-12.1	-66.2
Change other long term loans		0.0	1.0	1.0
Interest paid in period		-26.5	-25.7	-97.3
Paid dividend and Group contributions		0.0	-1.2	-116.2
Other financing payments		0.0	-3.7	-2.9
Cash flow from financing activities		-46.7	-43.8	-283.7
Cash flow from discontinued operations		0.0	0.0	0.0
Total cash flow		-61.5	-180.8	-62.7
Holdings of cash and cash equivalents at the beginning of period		205.0	282.6	282.6
Effect of exchange rate changes on cash and cash equivalents		62.5	-21.9	-14.8
Holdings of cash and cash equivalents at the end of period		206.0	79.9	205.0

Specification of cash and cash equivalents at the end of the period

Cash and cash equivalents at the end of the period	206.0	124.4	205.0
Overdraft cashpool system at the end of the period	0.0	-44.5	0.0
Holdings of cash and cash equivalents at the end of period	206.0	79.9	205.0

Notes

NOTE 1 ACCOUNTING PRINCIPLES

The Group's condensed interim financial statements are prepared according to IAS 34 Interim Financial Reporting. The interim reporting does not include all information that is normally prepared in a full annual financial statement and should be read in conjunction with the Group's annual financial statement as at 31.12.2019.

The Board approved the consolidated financial statement for the year 2019 on April 29th, 2020.

The accounting principles used in the Group's interim reporting are consistent with the principles presented in the approved financial statement for 2019. There are no significant effects from adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard that has been issued but is not yet effective.

As of 31.03.2020, the following exchange rates have been used in translation of income and financial position figures from subsidiaries with functional currency other than NOK:

Exchange rates		Year to date		Year end
		2020	2019	2019
EUR average rate	Income statement items	10.4668	9.7464	9.8540
EUR closing rate	Balance sheet items	11.5785	9.6862	9.8807
SEK average rate	Income statement items	0.9805	0.9354	0.9308
SEK closing rate	Balance sheet items	1.0395	0.9297	0.9426
DKK average rate	Income statement items	1.4007	1.3058	1.3198
DKK closing rate	Balance sheet items	1.5451	1.2976	1.3228

NOTE 2 REVENUES

The following table present the Group's total external revenues by market:

Group			
MNOK	First quarter		Full Year
Total operating revenues	2020	2019	2019
Norway	271.9	220.2	1 124.7
Sweden	236.7	236.8	1 074.9
Denmark	32.6	28.1	156.0
Finland	47.2	40.8	227.7
Germany	4.1	4.3	56.9
USA	1.1	1.1	4.6
DFTR ¹⁾	16.6	20.4	111.7
Other	1.0	0.5	6.3
Total operating revenues	611.2	552.1	2 762.8

The following tables present the segments' total external and internal revenues by market:

Spirits			
MNOK	First quarter		Full Year
Total operating revenues	2020	2019	2019
Norway	100.8	85.4	463.1
Sweden	36.1	28.9	142.2
Denmark	32.1	27.7	153.5
Finland	9.8	8.7	46.3
Germany	4.1	4.3	56.9
USA	1.1	1.1	4.6
DFTR ¹⁾	14.6	18.7	102.7
Other	1.0	0.5	6.3
Total operating revenues	199.7	175.3	975.6

Wine			
MNOK	First quarter		Full Year
Total operating revenues	2020	2019	2019
Norway	142.7	105.4	510.5
Sweden	195.0	201.8	904.0
Finland	37.0	32.1	179.6
DFTR ¹⁾	1.9	1.8	9.1
Total operating revenues	377.3	341.1	1 603.4

Logistics			
MNOK	First quarter		Full Year
Total operating revenues	2020	2019	2019
Norway	77.6	68.5	328.1
Total operating revenues	77.6	68.5	328.1

¹⁾ DFTR; Duty Free Travel Retail

NOTE 3 OTHER INCOME AND EXPENSES

Other income and expenses comprises significant positive and negative non-recurring items and restructuring costs. The main purpose of this item is to show these significant non-recurring and non-periodic items, so that the development and comparability of the ordinary items presented in the statement of income are more relevant for the activities.

Other income and expenses during Q1 are insignificant.

Group

MNOK	First quarter		Full Year
Other income and expenses	2020	2019	2019
Salary & personnel cost	0.0	-1.5	-9.1
Other operating expenses	0.1	0.0	-10.6
Other income and expenses	0.1	-1.5	-19.7

Spirits

MNOK	First quarter		Full Year
Other income and expenses	2020	2019	2019
Salary & personnel cost	0.0	-0.1	-0.7
Other operating expenses	-0.3	0.0	-1.3
Other income and expenses	-0.3	-0.1	-2.0

Wine

MNOK	First quarter		Full Year
Other income and expenses	2020	2019	2019
Salary & personnel cost	0.0	-0.4	-6.5
Other operating expenses	-0.3	0.0	-2.3
Other income and expenses	-0.3	-0.4	-8.8

Logistics

MNOK	First quarter		Full Year
Other income and expenses	2020	2019	2019
Salary & personnel cost	0.0	0.1	-1.2
Other operating expenses	0.0	0.0	-0.4
Other income and expenses	0.0	0.1	-1.6

Other

MNOK	First quarter		Full Year
Other income and expenses	2020	2019	2019
Salary & personnel cost	0.0	-1.1	-0.7
Other operating expenses	0.7	0.0	-6.6
Other income and expenses	0.7	-1.1	-7.3

NOTE 4 SEGMENT INFORMATION

MNOK	First quarter		Full Year
External sales	2020	2019	2019
Spirits	153.5	139.3	811.9
Wine	366.4	336.4	1 574.1
Logistics	66.2	57.8	283.0
Other	9.0	8.5	41.4
Total external sales	595.1	541.9	2 710.4

MNOK	First quarter		Full Year
Sales between segments	2020	2019	2019
Spirits	0.0	-0.8	-0.3
Wine	1.2	0.3	3.7
Logistics	2.6	2.6	10.6
Eliminations	-3.8	-2.1	-14.0
Total sales revenue between segments	0.0	0.0	0.0

MNOK	First quarter		Full Year
External other revenue	2020	2019	2019
Spirits	2.1	1.7	9.7
Wine	8.3	2.8	19.9
Logistics	5.1	5.1	20.2
Other	0.6	0.5	2.6
Total external other revenue	16.1	10.2	52.4

MNOK	First quarter		Full Year
Other revenue between segments	2020	2019	2019
Spirits	44.1	35.1	154.3
Wine	1.4	1.6	5.7
Logistics	3.7	3.0	14.3
Other	45.1	44.0	176.8
Eliminations	-94.3	-83.7	-351.1
Total other revenue between segments	0.0	0.0	0.0

MNOK	First quarter		Full Year
EBITDA	2020	2019	2019
Spirits	18.5	9.8	146.9
Wine	36.3	26.8	161.1
Logistics	-1.8	-2.2	13.8
Other	-10.2	-13.3	-37.1
Eliminations	23.9	23.4	92.7
Total EBITDA	66.7	44.5	377.3

MNOK	First quarter		Full Year
EBIT	2020	2019	2019
Spirits	12.2	3.6	121.6
Wine	34.3	26.1	158.0
Logistics	-4.7	-5.0	2.4
Other	-11.6	-14.9	-43.1
Eliminations	5.1	8.0	18.8
Total EBIT	35.4	17.8	257.8

MNOK	First quarter		Full Year
Total comprehensive income for the year	2020	2019	2019
Spirits	190.0	-31.4	74.7
Wine	45.1	18.7	113.8
Logistics	-5.2	-3.6	2.5
Other	-15.0	-12.0	-42.8
Eliminations	-6.9	-4.1	-21.4
Total comprehensive income for the year	208.1	-32.5	126.7

NOTE 5 FIXED ASSETS

MNOK	First quarter		Full Year
Fixed Assets	2020	2019	2019
Purchase cost at beginning of period	1 863.1	658.0	658.0
Additions tangible fixed assets	15.8	2.1	19.1
Additions user rights through lease	0.3	920.6	1 185.0
Transferred from assets under construction	0.0	0.0	-0.3
Value changes	0.0	0.0	16.3
Reclassifications	0.0	-0.4	-0.3
Purchase price, disposed assets	0.0	0.0	-14.6
Translation differences	9.5	-0.9	-0.1
Purchase cost at end of period	1 888.7	1 578.1	1 863.1
Accumulated depreciation at beginning of period	-431.9	-342.2	-342.2
Accumulated depreciation, disposed assets	0.0	1.2	14.5
Ordinary depreciation in period	-27.2	-23.1	-104.7
Reclassifications	0.0	0.4	0.3
Translation differences	-2.6	0.5	0.2
Accumulated depreciation at end of period	-461.7	-363.2	-431.9
Book Value at end of period	1 427.0	1 214.9	1 431.2

The table above include both tangible fixed assets and rights of use assets.

Specification of split tangible fixed assets and rights of use assets

MNOK	First quarter		Full Year
Fixed Assets	2020	2019	2019
Tangible fixed assets	163.3	149.9	152.0
Right of Use assets	1 263.7	1 064.9	1 279.3
Book value at end of period	1 427.0	1 214.9	1 431.2

Specification of fixed assets per asset category

MNOK	First quarter		Full Year
Fixed Assets	2020	2019	2019
Land, buildings and other real estate	1 096.7	898.9	1 107.2
Machinery and equipment	285.4	291.1	293.4
Fixtures and fittings, tools, office equipment etc.	16.1	18.6	16.9
Assets under construction	28.8	6.3	13.6
Book Value at end of period	1 427.0	1 214.9	1 431.2

NOTE 6 INTANGIBLE ASSETS

MNOK	First quarter		Full Year
Intangible assets	2020	2019	2019
Purchase cost at beginning of period	2 128.2	2 074.1	2 074.1
Addition of intangible assets	0.0	0.3	1.5
Aquisition of business	0.0	0.0	61.5
Transferred from assets under construction	0.0	0.0	0.3
Translation differences	161.6	-27.6	-9.3
Purchase cost at end of period	2 289.8	2 046.7	2 128.2
Acc. depreciation and amortizations at beginning of period	-205.0	-190.2	-190.2
Depreciation in period	-1.4	-1.9	-7.2
Amortisations in period	-2.7	-1.9	-7.7
Translation differences	-0.6	0.1	0.0
Acc. depreciation and amortizations at end of period	-209.7	-193.9	-205.0
Book Value at end of period	2 080.1	1 852.8	1 923.2
<i>Specification of intangible assets</i>			
MNOK	First quarter		Full Year
Intangible assets	2020	2019	2019
Goodwill	1 131.1	1 026.9	1 048.2
Brands	929.0	801.0	854.0
Software	20.0	24.9	21.0
Book Value at end of period	2 080.1	1 852.8	1 923.2

NOTE 7 LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

MNOK	First quarter		Full Year
Liabilities at fair value through profit and loss	2020	2019	2019
Book value at beginning of period	69.3	74.2	74.2
Additions in period	0.0	0.0	0.0
Changes in value during period	-14.5	-2.0	-3.4
Interest during period	0.1	0.1	0.2
Translation differences	4.7	-2.4	-1.7
Book value at end of period	59.6	69.8	69.3
<i>From this;</i>			
Current liability	0.0	0.0	0.0
Non-current liability	59.6	69.8	69.3
Total liabilities through profit and loss	59.6	69.8	69.3

Liabilities at fair value through profit and loss consist of put options regarding minority shares in companies included in the Wine business, held by non-controlling interests.

NOTE 8 INTEREST BEARING DEBT**Interest bearing liabilities, including leasing**

MNOK	First quarter		Full Year
Interest bearing debt	2020	2019	2019
Debt at beginning of period	2 012.2	897.8	897.8
New debt in period	0.3	920.3	1 185.4
Value changes	0.0	0.0	16.3
Repayments in period	-17.5	-12.1	-66.2
Translation differences	79.6	-31.4	-21.1
Interest bearing debt at end of period	2 074.6	1 774.7	2 012.2
Capitalized borrowing costs at beginning of period	-3.1	-4.8	-4.8
Amortized borrowing costs during period	0.4	0.4	1.6
Translation differences	-2.5	0.1	0.1
Capitalized borrowing costs at end of period	-5.2	-4.3	-3.1
Book value interest bearing debt at end of period	2 069.4	1 770.3	2 009.0

The table above include both liabilities to financial institutions and lease obligations.

Specification of split liabilities to financial institutions and lease obligations

MNOK	First quarter		Full Year
Interest bearing liabilities	2020	2019	2019
Liabilities to financial institutions	774.3	693.0	703.8
Lease obligations	1 295.1	1 077.4	1 305.2
Book value interest bearing debt at end of period	2 069.4	1 770.3	2 009.0

Current interest bearing, including leasing and bank overdraft:

MNOK	First quarter		Full Year
Interest bearing liabilities	2020	2019	2019
Current portion of non-current loans	0.0	0.0	0.0
Current portion of non-current lease obligations	155.1	48.4	154.2
Bank overdraft	0.0	44.5	0.0
Current interest bearing liabilities at end of period	155.1	92.9	154.2

NOTE 9 TRANSACTIONS WITH RELATED PARTIES

In addition to subsidiaries and associated companies, the Group's related parties are defined as the owners, all members of the Board of Directors and Group senior management, as well as companies in which any of these parties have either controlling interests, board appointments or are senior staff. All transactions with related parties that are not eliminated in the Group accounts are presented below:

Sale and purchase transactions with related parties

MNOK	First quarter		Full Year
Purchase of goods and services	2020	2019	2019
Tiffon SA	16.8	17.7	57.5
Hoff SA	4.4	5.8	21.0
Total purchase transactions	21.2	23.5	78.5

MNOK	First quarter		Full Year
Sale of goods and services	2020	2019	2019
Tiffon SA	1.9	0.0	1.2
Total sale transactions	1.9	0.0	1.2

Receivables and debt at end of period

MNOK	31.03.2020	31.03.2019	31.12.2019
Current receivables from related parties			
Tiffon SA	2.2	0.4	0.0
Total current receivables from related parties	2.2	0.4	0.0

MNOK	31.03.2020	31.03.2019	31.12.2019
Non-current receivables from related parties			
Smakeappen AS	0.5	0.5	0.5
Total non-current receivables from related parties	0.5	0.5	0.5

MNOK	31.03.2020	31.03.2019	31.12.2019
Current debt to related parties			
Tiffon SA	4.0	3.6	4.4
Hoff SA	1.4	1.4	0.5
Total current debt to related parties	5.3	5.0	4.9

NOTE 10 FINANCIAL INSTRUMENTS

MNOK	Financial instruments at fair value through profit and loss	Financial instruments at amortized cost	Financial instruments at fair value through OCI	Total book value at end of period
Assets				
Other investments in shares	0.0	0.0	0.3	0.3
Other long term receivables	0.0	0.5	0.0	0.5
Accounts receivables	0.0	1 268.3	0.0	1 268.3
Other receivables ¹⁾	2.9	81.8	0.0	84.8
Cash and cash equivalents	0.0	206.0	0.0	206.0
Total financial assets as of first quarter 2020	2.9	1 556.7	0.3	1 559.9
Total financial assets as of first quarter 2019	0.0	1 120.3	0.0	1 120.3
Liabilities				
Liabilities to financial institutions	0.0	774.3	0.0	774.3
Leasing commitments	0.0	1 295.1	0.0	1 295.1
Liabilities at fair value through profit and loss	59.6	0.0	0.0	59.6
Other non-current term debt	0.0	0.0	0.0	0.0
Accounts payable	0.0	562.7	0.0	562.7
Other current debt ²⁾	0.0	10.9	0.0	10.9
Total financial liabilities as of first quarter 2020	59.6	2 643.0	0.0	2 702.6
Total financial liabilities as of first quarter 2019	70.2	1 309.1	0.0	1 379.3

¹⁾ Prepayments are not defined as financial assets according to IFRS, and hence not included in the figures.

²⁾ Accrued costs and public taxes are not defined as financial liabilities according to IFRS, and hence not included in the figures.

Fair value hierarchy**Assets**

MNOK	Level 1	Level 2	Level 3	Book Value
Currency derivatives	0.0	2.9	0.0	2.9
Total financial assets	0.0	2.9	0.0	2.9

Liabilities

MNOK	Level 1	Level 2	Level 3	Book Value
Liabilities at fair value through profit and loss	0.0	0.0	59.6	59.6
Currency derivatives	0.0	0.0	0.0	0.0
Total financial liabilities	0.0	0.0	59.6	59.6

There has not been any transfers of financial assets or liabilities between levels during the period.

Changes financial liabilities, level 3

MNOK	First quarter		Full Year
	2020	2019	2019
Financial liabilities, level 3, at beginning of period	69.3	74.2	74.2
Fair value at the first time of recognition	0.0	0.0	0.0
Changes in value during the period	-14.5	-2.0	-3.4
Interest during period	0.1	0.1	0.2
Translation differences	4.7	-2.4	-1.7
Financial liabilities, level 3 at end of period	59.6	69.8	69.3

At the end of the period, liabilities measured at fair value, categorized at level 3 in the fair value hierarchy is related to put-options held by non-controlling interests in wine companies in Norway and Sweden. The liabilities for these put-options are estimated on the basis of pricing mechanisms that underlie the shareholder agreements, discounted to the balance sheet date. The main parameters of price mechanisms share value development measured by EBIT (earnings) until the estimated due date, multiplied by a marketbased multiple. As a basis for EBIT, the Group's budgets and long term plans towards expected maturity date is used.

NOTE 11 OPTIONS

The General Meeting has granted options to the Group Executive Management and a few other key employees. The table below show outstanding options from 2018 and 2019. All options from 2017 have been cancelled at the end of Q4 2019, due to vesting conditions not being met.

As of end of Q1 2020, the Group Executive Management holds 2,331,705 options. The share options has a vesting period of three years and the options can be exercised during the next two years. The options will expire after five years.

Changes in outstanding options are shown in the table below;

Number of options	First quarter		Full Year
	2020	2019	2019
Change in number of options:			
Outstanding options beginning of period	3 095 893	2 417 500	2 417 500
Issued during period	0	0	2 195 086
Forfeited during the period	0	-366 840	-1 516 693
Outstanding options end of period	3 095 893	2 050 660	3 095 893

Option calculation assumptions:		Options #2018	Options #2019
Grant date		April 11th 2018	April 11th 2019
Total outstanding options at end of period:		1 062 091	2 033 802
Vesting period - Start		April 2018	April 2019
Vesting period - End		April 2021	April 2022
Redemption period - Start		April 2021	April 2022
Redemption period - End		April 2023	April 2024
Share price on the allocation date	NOK	43.70	38.80
Share price on the balance sheet date	NOK	30.90	30.90
Redemption price - minimum	NOK	45.22	40.52
Redemption price - maximum	NOK	131.10	116.40
Risk-free interest rate	%	0.55 %	0.55 %
Volatility	%	20.0 %	20.0 %
Expected dividend	%	3.6 %	3.6 %

NOTE 12 FINANCIAL INCOME AND EXPENSES

MNOK	First quarter		Year to date		Full Year
	2020	2019	2020	2019	2019
Interest income	7.0	3.8	7.0	3.8	22.5
Other financial income	40.9	2.0	40.9	2.0	3.4
Total financial income	47.9	5.9	47.9	5.9	25.9
Interest cost	-25.6	-25.8	-25.6	-25.8	-94.1
Other financial expenses	-3.3	-8.8	-3.3	-8.8	-17.0
Total financial expenses	-29.0	-34.6	-29.0	-34.6	-111.2
Net financial profit/loss	18.9	-28.7	18.9	-28.7	-85.3

The significant increase of financial income during Q1 2020 is due to significant exchange rate translation effects on monetary items.

NOTE 13 OTHER EVENTS**Change in overdraft facility and extension of term loan**

The Group's overdraft facility at SEB has been increased from 600 MNOK to 800 MNOK to provide additional liquidity reserves during the potentially volatile situation caused by the COVID-19 outbreak.

The due date on the group's term loan has also been extended by one year to December 1 2022.

Events after the close of Q1 2020**Possible merge between Vectura and Cuveco**

The Norwegian Competition Authority (Konkurransetilsynet) has approved the possible merger between Vectura and Cuveco. The merger project will then move on to the next stage of negotiations and planning.

Other events

No other significant events have occurred between the close of Q1 and the date on which Arcus's interim financial statements for Q1 2020 were approved. This applies to events that would have provided knowledge of factors present at the close of Q1 2020, or events concerning matters that have arisen since the close of Q1 2020.

Alternative Performance Measures (APM)

In the discussion of the reported operating results, financial position, cash flows and notes, the Group refers to certain alternative performance measures (APM), which are not defined by generally accepted accounting principles (GAAP) such as IFRS.

Arcus ASA management makes regular use of these alternative performance measures and is of the opinion that this information, along with comparable GAAP measures, is useful to investors who wish to evaluate the company's operating performance, ability to repay debt and capability to pursue new business opportunities. Such alternative performance measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

Gross Profit

Gross profit is defined by Arcus ASA as total operating revenue minus the cost of goods sold.

Gross margin = Gross profit / Total revenue

Group

MNOK	First quarter		Full Year
	2020	2019	2019
Total operating revenues	611.2	552.1	2 762.8
Cost of goods	-349.6	-314.6	-1 601.1
Gross Profit	261.5	237.6	1 161.7

Spirits

MNOK	First quarter		Full Year
	2020	2019	2019
Total operating revenues	199.7	175.3	975.6
Cost of goods	-100.1	-81.8	-491.3
Gross Profit	99.6	93.6	484.3

Wine

MNOK	First quarter		Full Year
	2020	2019	2019
Total operating revenues	377.3	341.1	1 603.4
Cost of goods	-288.6	-262.5	-1 238.3
Gross Profit	88.7	78.6	365.1

Logistics

MNOK	First quarter		Full Year
	2020	2019	2019
Total operating revenues	77.6	68.5	328.1
Cost of goods	0.0	0.0	0.0
Gross Profit	77.6	68.5	328.1

Other income and expenses

To provide more information in the Group's consolidated income statement, significant positive and negative non-recurring items and restructuring costs are separated out to a separate line in the statement of income called other income and expenses. Other income and expenses are presented net on this income statement line. See also detailed specifications of what these items include in note 3 relating to the individual line items.

EBITDA and EBITDA Adjusted

EBITDA is defined by Arcus ASA as operating profit before depreciation, write down and amortisation.

EBITDA adjusted is defined by Arcus ASA as operating profit before depreciation, amortisation and other income and expenses.

EBITDA-margin = EBITDA/Total operating revenue

EBITDA-margin adjusted = EBITDA adjusted /Total operating revenue

Below is a reconciliation from EBIT to EBITDA adjusted:

Group			
MNOK	First quarter		Full Year
EBITDA adjusted	2020	2019	2019
EBIT	35.4	17.8	257.8
Depreciation, amortisations and write downs	31.4	26.8	119.6
EBITDA	66.7	44.5	377.3
Other income and expenses	-0.1	1.5	19.7
EBITDA adjusted	66.6	46.1	397.1

Spirits			
MNOK	First quarter		Full Year
EBITDA adjusted	2020	2019	2019
EBIT	12.2	3.6	121.6
Depreciation, amortisations and write downs	6.3	6.2	25.3
EBITDA	18.5	9.8	146.9
Other income and expenses	0.3	0.1	2.0
EBITDA adjusted	18.8	10.0	148.9

Wine			
MNOK	First quarter		Full Year
EBITDA adjusted	2020	2019	2019
EBIT	34.3	26.1	158.0
Depreciation, amortisations and write downs	2.0	0.7	3.1
EBITDA	36.3	26.8	161.1
Other income and expenses	0.3	0.4	8.8
EBITDA adjusted	36.6	27.2	169.9

Logistics			
MNOK	First quarter		Full Year
EBITDA adjusted	2020	2019	2019
EBIT	-4.7	-5.0	2.4
Depreciation, amortisations and write downs	3.0	2.8	11.5
EBITDA	-1.8	-2.2	13.8
Other income and expenses	0.0	-0.1	1.6
EBITDA adjusted	-1.8	-2.3	15.4

Parent Company			
MNOK	First quarter		Full Year
EBITDA adjusted	2020	2019	2019
EBIT	-11.6	-14.9	-43.1
Depreciation, amortisations and write downs	1.3	1.5	6.0
EBITDA	-10.2	-13.3	-37.1
Other income and expenses	-0.7	1.1	7.3
EBITDA adjusted	-10.9	-12.2	-29.8

Other definitions alternative performance measures shown in key figures table:**Equity ratio**

Equity ratio = Total equity/Total equity and liabilities

Net interest bearing debt

Net interest bearing debt = Liabilities to financial institutions + lease liabilities + bank overdraft - Cash and cash equivalents:

MNOK	First quarter		Full Year
	31.03.2020	31.03.2019	31.12.2019
Net interest bearing debt			
Non-current liabilities to financial institutions	774.3	693.0	703.8
Book value of Capitalized arrangement fees	5.2	4.3	3.1
Non-current lease liabilities	1 140.0	1 028.9	1 151.0
Current lease liabilities	155.1	48.4	154.2
Cash and cash equivalents	-206.0	-124.4	-205.0
Net interest bearing debt	1 868.6	1 694.7	1 807.1

Organic growth

Organic revenue growth represent the Segment's and the Group's revenues, adjusted for currency effects and structural changes, such as acquisitions or divestitures.

Group

MNOK	First quarter		Year to date	
Total revenues	2020	2019	2020	2019
Reported total operating revenues	611.2	552.1	611.2	552.1
Currency effects	0.0	17.1	0.0	17.1
Structural changes	-2.9	0.0	-2.9	0.0
Baseline organic growth	608.2	569.2	608.2	569.2
Growth	10.7 %		10.7 %	
Organic Growth	6.9 %		6.9 %	

Spirits

MNOK	First quarter		Year to date	
Total revenues	2020	2019	2020	2019
Reported total operating revenues	199.7	175.3	199.7	175.3
Currency effects	0.0	4.6	0.0	4.7
Structural changes	0.0	0.0	0.0	0.0
Baseline organic growth	199.7	180.0	199.7	180.0
Growth	13.9 %		13.9 %	
Organic Growth	11.0 %		10.9 %	

Wine

MNOK	First quarter		Year to date	
Total revenues	2020	2019	2020	2019
Reported total operating revenues	377.3	341.1	377.3	341.1
Currency effects	0.0	12.1	0.0	12.1
Structural changes	-2.9	0.0	-2.9	0.0
Baseline organic growth	374.4	353.2	374.4	353.2
Growth	10.6 %		10.6 %	
Organic Growth	6.0 %		6.0 %	

Logistics

MNOK	First quarter		Year to date	
Total revenues	2020	2019	2020	2019
Reported total operating revenues	77.6	68.5	77.6	68.5
Currency effects	0.0	0.0	0.0	0.0
Structural changes	0.0	0.0	0.0	0.0
Baseline organic growth	77.6	68.5	77.6	68.5
Growth	13.3 %		13.3 %	
Organic Growth	13.3 %		13.3 %	

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ANNUAL REPORT

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THINK BEFORE
YOU DRINK. MAKE
GREAT MOMENTS
EVEN BETTER.

The Arcus logo features the word "Arcus" in a white, elegant serif font. A white, curved line arches over the letters, starting above the 'A' and ending above the 'S', creating a distinctive graphic element.