

QUARTERLY REPORT

Fourth quarter 2021

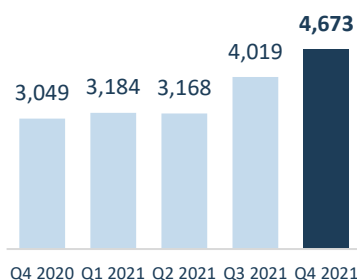


HIGHLIGHTS IN THE FOURTH QUARTER

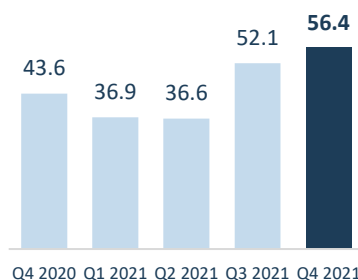
- Strong utilisation of increased production capacity contributed to a record high harvest volume, but results affected by higher costs due to biological challenges and weak price achievement
- Total Operational EBIT for the fourth quarter, was NOK 890 million (NOK 15.78 per kg)
- Total operational EBIT for Norway for the fourth quarter was NOK 853 million (NOK 16.36 per kg)
- Fish Farming Northern Norway continued the solid trend with strong biological and operational performance
- Fish Farming Central Norway had a record high harvest volume, but higher costs related to biological challenges weakens the results
- Sales and Industry with large volumes through its harvesting and processing facilities, but weak price achievement affects results negatively
- Icelandic Salmon post a good result with increased harvest volume, stable cost level and improved price achievement
- SalMar expects increased volume in all regions in 2022. The forecast for Norway is 175,000 tonnes, Iceland is 16,000 tonnes, and Scotland is 46,000 tonnes¹
- SalMar has an optimistic outlook for the future, and the board of directors recommends a dividend of NOK 20 per share for the 2021 financial year
- InnovaNor, Northern Norway's most modern and efficient harvesting and secondary processing plant, is in operation, with gradual ramp up of both harvesting and VAP activity in 2022
- SalMar Aker Ocean formally launched in the fourth quarter. With an ambition to create the world's leading offshore aquaculture company, this company will be reported as a separate segment from 2022

NOK million	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating revenue	4,673	3,049	15,044	12,912
Operational EBIT	890	414	2,927	3,008
Operational EBIT %	19.1%	13.6 %	19.5%	23.3 %
Production tax	-22	-	-72	-
Fair value adjustments	-320	-329	596	-180
Profit/loss from associates	-8	9	95	42
Profit/loss before tax	493	77	3,387	2,572
EPS – diluted	3,50	0,22	22,57	17,49
NIBD incl. leasing liabilities	5,543	5,826	5,543	5,826
Equity ratio %	55,1 %	49,9 %	55,1 %	49,9 %
Harvested volume (1,000 tgw)	56,4	43,6	182,1	161,5
EBIT/kg gw (NOK)	15.78	9.50	16.08	18.62

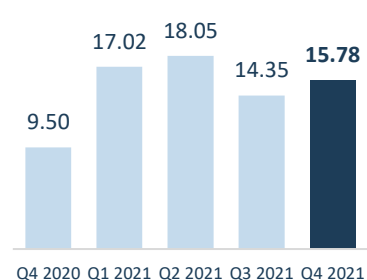
Operating revenues
(NOK million)



Harvested volume
(1 000 tgw)



EBIT/kg gw
(NOK)



¹ 100% basis. SalMare share is 50%.



FINANCIAL PERFORMANCE

Revenue and results for the fourth quarter 2021

In the fourth quarter 2021, the SalMar Group posted record high harvest volume, but results were affected by extraordinary costs and somewhat lower price achievement.

Fish Farming Northern Norway continues the solid trend with strong biological and operational performance resulting in strong results. Fish Farming Central Norway with record high harvest volume, but extraordinary costs related to biological challenges weakens result in the quarter.

The Sales and Industry segment handled large volumes through its harvesting and processing plants. However, weak price achievements affected results negatively.

Icelandic Salmon with stable cost development and improved price achievement strengthened its result.

In the fourth quarter 2021, the SalMar Group harvested 56,400 tonnes of salmon, compared with 52,100 tonnes in the third quarter and 43,600 tonnes in the fourth quarter 2020.

In addition, Norskott Havbruk (Scottish Sea Farms) harvested 4,900 tonnes of salmon in the quarter. By comparison, this company harvested 10,100 tonnes in the third quarter this year and 6,400 tonnes in the corresponding period last year. SalMar owns 50 per cent of Norskott Havbruk.

In the fourth quarter 2021, the price of salmon (NASDAQ Salmon Index) averaged NOK 60.08 per kg, up from an average of NOK 55.48 per kg in the third quarter and up from NOK 43.69 per kg in the same quarter in 2020.

SalMar generated gross operating revenues of NOK 4,673 million in the fourth quarter 2021, compared with NOK 4,019 million in the third quarter and NOK 3,049 million in the fourth quarter 2020.

The SalMar Group achieved an operational EBIT of NOK 890 million in the quarter, up from NOK 748 million in the previous quarter and NOK 414 million in the corresponding quarter last year. The increase is mainly attributable to a record-high volume harvested in the quarter.

The SalMar Group achieved an operational EBIT per kg of NOK 15.78 in the fourth quarter, up from NOK 14.35 per kg in the third quarter this year and NOK 9.50 per kg in the fourth quarter 2020.

Reference is made to the segment section for further details.

SalMar's most important key figure for measuring its performance is the alternative performance measure operational EBIT, see note 10 for further details. This shows the result of the Group's underlying operations during the period. Specific items not associated with underlying operations are presented on separate lines.

A production tax amounting to NOK 0.40 per kg has been payable by the Norwegian operation since 1 January 2021. Payment of the production tax in Norway and the resource

tax in Iceland reduced profits by NOK 22 million in the fourth quarter 2021.

Fair value adjustments had a negative impact on SalMar's recognised operating profit of NOK 320 million in the quarter. The fair value of the standing biomass decreased by NOK 132 million in the quarter due to slightly higher cost in the calculation, while there was a NOK -163 million change in provisions for onerous contracts and NOK -26 million in unrealised changes in the value of Fish Pool contracts in the quarter. See Note 4 for further details.

As a result, SalMar posted an operating profit of NOK 548 million in the fourth quarter 2021, a decrease from 952 million from the previous quarter, and an increase from NOK 85 million from the same period in 2020. Operating profit in the fourth quarter 2020 was reduced by fair value adjustments totalling NOK -329 million.

Associates amounted to NOK -8 million in the period, compared with NOK 4 million in the third quarter this year and NOK 9 million in the fourth quarter 2020. The bulk of the contribution from Associates derives from SalMar's share of the loss after tax from Norskott Havbruk, which was NOK -11 million in the quarter.

Net interest expenses totalled NOK 48 million in the quarter. This is NOK 4 million more than in the previous quarter and NOK 18 million more than in the fourth quarter 2020. The increase is largely attributable to interest expenses relating to the green bond that SalMar issued in the second quarter 2021.

Other financial items totalled NOK 2 million in the fourth quarter, compared with NOK 1 million in the previous quarter and NOK 13 million in the fourth quarter 2020.

Profit before tax in the fourth quarter totalled NOK 493 million, compared with NOK 912 million in the third quarter and NOK 77 million in the corresponding quarter last year.

A tax expense of NOK 97 million has been recognized for the quarter. This gives a net profit for the period of NOK 396 million. The tax expense recognised in the fourth quarter 2020 came to NOK 25 million, while net profit totalled NOK 52 million.

Currency exchange effects through the quarter resulted in translation differences of NOK -25 million with respect to associates and subsidiaries accounted for in foreign currencies. Net cash-flow hedging after tax came to NOK 29 million. These are items that may subsequently be reclassified to profit and loss and increased the period's total result to NOK 400 million. In the fourth quarter 2020, the corresponding items decreased the result by NOK 86 million to NOK -34 million.



Revenue and results for 2021

The SalMar Group generated gross operating revenues of NOK 15,044 million in 2021, up from NOK 12,912 million in 2020.

Excluding Norskott Havbruk, the Group harvested 182,100 tonnes in 2021 compared to 161,500 tonnes in 2020.

In 2021, the price of salmon (NASDAQ Salmon Index) averaged NOK 57.92 per kg, compared with NOK 54.34 per kg in 2020.

Operational EBIT for 2021 totalled NOK 2,927 million, down from NOK 3,008 million in 2020. This gives an operational EBIT per kg of NOK 16.08 for 2021, compared with NOK 18.62 per kg in the same period in 2020.

A production tax of NOK 0.40 per kg has been payable by the Norwegian operation since 1 January 2021. Payment of the production tax in Norway and the resource tax in Iceland reduced profits by NOK 72 million in 2021.

Fair value adjustments increased operating profit by NOK 596 million in 2021. Operating profit for the year, therefore, ended at NOK 3,451 million. Operating profit for 2020 came to NOK 2,828.0 million, after a negative contribution from fair value adjustments of NOK 180 million in total.

Associates contributed NOK 95 million in 2021. The contribution derives primarily from SalMar's share of the profit from Norskott Havbruk, which amounted to NOK 94 million in 2021. In the same period last year, Associates contributed NOK 42 million.

Net interest expenses totalled NOK 169 million in 2021, compared with NOK 140 million in the same period last year. Net other financial items totalled NOK 11 million in the period. In the corresponding period last year, the Group reported other financial items totalling NOK -159 million.

Profit before tax in 2021, therefore, totalled NOK 3,387 million, compared with NOK 2,572 million in the same period in 2020.

A tax expense of NOK 719 million has been recognized for 2021, which brings the net profit for the period to NOK 2,668 million.

Cash flow

The SalMar Group generated a cash flow from operating activities of NOK 716 million in the fourth quarter 2021, compared with NOK 24 million in the same period in 2020.

Net cash flow used in investing activities in the quarter totalled NOK 854 million, compared with NOK 506 million in the fourth quarter last year.

During the period and due to Norskot Havbruk's acquisition of Grieg Seafood Hjalmland UK Ltd, SalMar increased the investment in Norskott Havbruk with NOK 306 million.

Other investments in the quarter relate primarily to the expansion of smolt capacity with NOK 242, NOK 147 million invested in Farming and Ocean, NOK 121 million in Sales & Industry and NOK 40 million in investments in the value chain in Iceland.

The Group had a net cash flow from financing activities of NOK 367 million in the fourth quarter 2021, compared with NOK 535 million in the same period last year.

The Group's interest-bearing debt decreased by NOK 159 million in the fourth quarter. Instalments on leasing liabilities and net interest paid totalled NOK 87 million. In the same quarter last year, interest-bearing debt rose by NOK 1,626 million, while instalments on leasing liabilities and net interest paid totalled NOK 86 million.

In the fourth quarter a capital increase due to payment of the first instalment from Aker into SalMar Aker Ocean amounted to NOK 639 million. In addition dividends paid out from subsidiaries and other changes accounted for NOK 26 million. In the same quarter last year, dividend was paid out at NOK 1 482 million and capital increased in Icelandic Salmon including other changes amounted to NOK 477 million.

SalMar had a net change in cash flow of NOK 229 million in the period, compared with NOK 53 million in the same period in 2020. Adjusted for NOK 3 million in currency effects, this increased the Group's total holding of cash and cash equivalents by NOK 231 million in the period. As a result, the Group's overall cash holding at the close of the quarter stood at NOK 902 million.

The SalMar Group generated a net cash flow from operating activities of NOK 2,908 million in 2021, compared with NOK 3,172 million in the same period in 2020. Net cash flow from investing activities was NOK -2,827 million in 2021, compared with NOK -3,747 million in the same period last year. Cash flow from financing activities totalled NOK 602 million in 2021, compared with NOK 561 million in the same period last year.

As a result, the Group had an overall net cash flow of NOK 684 million in 2021, compared with a net of NOK -15 million last year.



Financial position

At the end of 2021, SalMar's balance sheet totalled NOK 28,085 million, up from NOK 21,998 million last year. The main reason for the increase in various balance sheet items is the acquisition of Nekton and Refsnes and ongoing investments in the value chain.

At the end of 2021, SalMar had non-current assets totalling NOK 17,841 million, up from NOK 14,080 million at the end of 2020.

The Group's intangible assets totalled NOK 8,530 million at the close of the quarter, up from NOK 6,826 million from 31 December 2020.

The book value of the Group's property, plant and equipment was NOK 7,133 million on 31 December 2021, up from NOK 5,554 million yearend 2020. Investments are being made in accordance with established plans, including the expansion of smolt capacity, the new harvesting plant in Northern Norway, InnovaNor, in addition to general maintenance and other investments in capacity in the value chain.

The groups right-of-use assets totalled NOK 877 million, up from NOK 849 million at the end of 2020.

Non-current financial assets increased from NOK 851 million at the end of 2020 to NOK 1,300 million at the end of 2021. The main reason for the increase is the capital contribution to Norskott Havbruk due to acquisition of Grieg Seafood Hjalmland UK Ltd.

At the end of 2021, SalMar had current assets totalling NOK 10,244 million, up from NOK 7,918 million at the end of 2020.

At the end of 2021, the book value of inventory came to NOK 7,928 million, up from NOK 6,670 million at the end of 2020. Trade receivables totalled NOK 935 million, up from NOK 589 million at the end of 2020. Other short-term receivables were NOK 480 million, up from NOK 436 million at the end of 2020.

As of 31 December 2021, the SalMar Group had cash and cash equivalents of NOK 902 million, up from NOK 223 million at the end of 2020.

As of 31 December 2021, the Group's total equity amounted to NOK 15,483 million, corresponding to an equity ratio of 55,1 per cent, compared to NOK 10,987 million at the end of 2020. For further details, reference is made to the attached separate presentation of movements in equity.

As of 31 December 2021, the SalMar Group had total interest-bearing debt of NOK 5,478 million. Of this amount, long-term debt accounted for NOK 4,907 million, while short-term debt totalled NOK 571 million. By comparison, total interest-bearing debt at the end of 2020 was NOK 5,116 million. See Note 8 for further details.

The Group's leasing liabilities totalled NOK 967 million at the close of the fourth quarter 2021, compared to NOK 934 million at the end of 2020.

At the end of 2021 provisions and other current liabilities totalled NOK 6,157 million, compared to NOK 4,962 million at the end of 2020.

As of 31 December 2021, the SalMar Group had net interest-bearing debts, including leasing liabilities of NOK

5,543 million, compared to NOK 5,826 million at the end of 2020.



OPERATIONAL PERFORMANCE

In 2021 SalMar reports its operations in four segments: Fish Farming Central Norway, Fish Farming Northern Norway, Icelandic Salmon and Sales and Industry. From 2022 SalMar Aker Ocean will be included as a separate segment.

Fish Farming Central Norway

Fish farming Central Norway is SalMar's largest segment. It encompasses the Group's operations in the Møre og Romsdal and Trøndelag counties.

NOK million	Q4 2021	Q4 2020	2021	2020
Operating revenue	2,091	1,086	6,542	5,895
Operational EBIT	615	271	2,118	2,218
Operational EBIT %	29 %	25 %	32 %	37.6 %
Harvested volume (1,000 t _{gw})	34.6	20.9	110.7	100.4
EBIT/kg gw (NOK)	17.76	12.96	19.14	22.10

Fish Farming Central Norway harvested a record volume of 34,600 tonnes of salmon in the fourth quarter 2021, compared with 20,900 tonnes in the fourth quarter 2020. In 2021 the segment harvested 110,700 tonnes, an increase from 100,400 tonnes in 2020.

The segment generated operating revenues of NOK 2,091 million in the quarter, compared with NOK 1,086 million in the corresponding period last year. The increase is due to the higher volume harvested and higher salmon prices.

The segment's result in fourth quarter 2021 is affected by slightly higher costs due to handling of biological challenges. In the period a site with ISA was harvested out affecting both cost and price achievement. In addition, extraordinary costs related to the use of external capacity for sea lice treatments affected the results in the period. Without these elements the cost level is on the same level as in Q3 2021.

EBIT per kg gutted weight was NOK 17.76 in the fourth quarter 2021, up from NOK 12.96 per kg in the same period last year.

The generation of fish that were transferred to sea farms in the autumn of 2020 accounted for 70 per cent of the volume harvested in the quarter. The biological performance of this generation has been slightly weaker compared to previous generations resulting in slightly higher cost. The remaining volume harvested was from the spring 2020 generation, whose harvesting was finished during the period and with stable performance from previous quarters.

The biological performance of the fish in sea is good moving into the winter. The segment will continue to harvest from the autumn 2020 generation in the first quarter 2022 and will begin harvesting from the spring 2021 generation.

In first quarter 2022 the segment expects significantly lower volume due to seasonal variation and a slightly lower cost level.

The segment expects to continue its strong utilization of existing MAB production capacity in 2022 and expects to harvest 117,000 tonnes in 2022 up from 110,400 tonnes in 2021.

Fish Farming Northern Norway

Fish Farming Northern Norway encompasses the Group's operations in Troms and Finnmark county.

NOK million	Q4 2021	Q4 2020	2021	2020
Operating revenue	1,022	822	3,343	2,613
Operational EBIT	429	156	1,243	848
Operational EBIT %	42 %	19 %	37 %	32 %
Harvested volume (1,000 t _{gw})	17.5	19.1	59.8	49.9
EBIT/kg gw (NOK)	24.48	8.18	20.76	16.99

Fish Farming Northern Norway harvested 17,500 in the fourth quarter 2021, compared with 19,100 tonnes in the same period last year. In 2021 the segment harvested 59,800 tonnes, an increase from 49,900 tonnes in 2020.

The segment generated gross operating revenues of NOK 1,022 million in the quarter, compared with NOK 822 million in the fourth quarter 2020. The increase is due to higher prices in the fourth quarter 2021 compared with last year.

The segment posted a solid result with low cost level due to strong biological and operational performance, which has led to effective utilisation of the segment's increased production capacity. The overall cost level is at a low level despite the costs are still affected by high harvest and well boat cost. Expect gradual improvement in 2022 of these cost elements when InnovaNor will be up and running.

Most of the volume was harvested in October and November, period of the quarter with lowest spot prices, which affects the price achievement.

Fish Farming Northern Norway had NOK 24.48 EBIT per kg gutted weight in fourth quarter 2021, compared to NOK 8.18 in the same period the year before.

The autumn 2020 generation accounted for 75 per cent of the volume harvested in the period and continued with solid biological and operational performance. The remaining 25 per cent came from harvesting of the spring 2020 generation that was completed in the quarter. The biological performance of this generation has been good. The segment will continue harvesting the autumn 2020 generation in the first quarter 2022.

The segment expects a similar cost level and a lower volume harvested in the first quarter 2022.

The segment expect continued effective utilization of the MAB production capacity in 2022 with expected harvest volume of 58,000 tonnes in 2022. Further improvement is expected in 2023 due to improved site and zone structure and smolt stocking plans.



Icelandic Salmon

Icelandic Salmon is Iceland's largest producer and processor of farmed salmon. The company is fully vertically integrated, with its own hatchery, sea farms, harvesting plant and sales force.

NOK million	Q4 2021	Q4 2020	2021	2020
Operating revenue	357	173	919	662
Operational EBIT	37	-20	74	-50
Operational EBIT %	10 %	-11%	8 %	-8%
Harvested volume (1,000 t _{gw})	4.3	3.6	11.5	11.2
EBIT/kg gw (NOK)	8.72	-5.51	6.41	-4.49

Icelandic Salmon harvested 4,300 tonnes of salmon in the fourth quarter 2021, compared with 3,600 tonnes in the same period last year. In 2021 the company harvested 11,500 tonnes up from 11,200 tonnes in 2020.

The business generated gross operating revenues of NOK 357 million in the quarter, compared with NOK 173 million in the same period in 2020. The rise in operating revenues relates primarily to improved price achievement as well as a higher volume harvested than in the corresponding quarter last year.

Icelandic Salmon finished the harvest of the 2019 generation in the quarter with a stable cost development and reported significantly improved biological performance compared to previous generations. The segment also started harvesting the 2020 generation with continued good biological performance. Operational EBIT per kg came to NOK 8.72, up from NOK -5.51 per kg in the same period last year.

Icelandic Salmon launched a new brand in August 2021 and positive effects are already materializing in improved price achievement.

The company will continue harvesting from the 2020 generation in the first quarter 2022 and reports a good status of the biomass going into the winter period.

The segment expects to harvest lower volume in the first quarter 2022 than in the previous quarter, while the cost level is expected to remain stable.

The total harvested volume in 2021 was 11,500 tonnes. Some of the harvest planned for 2021 is being rolled over into 2022 to optimise the biological performance of the fish. The segment expects to harvest 16,000 tonnes in 2022.

Sales and Industry

The Sales and Industry segment sells all the fish that the Group harvests in Norway. The harvested volume is sold primarily to markets in Europe, Asia, and America. The harvesting and secondary processing plants are InnovaMar and Vikenco in Central Norway and InnovaNor in Northern Norway.

NOK million	Q4 2021	Q4 2020	2021	2020
Operating revenue	4,375	2,857	14,406	12,393
Operational EBIT	-106	73	-152	282
Operational EBIT %	-2.4 %	2.6%	-1.1 %	2.3%

Sales and Industry generated gross operating revenues of NOK 4,375 million in the fourth quarter 2021, compared with NOK 2,857 million in the corresponding period last year.

The segment harvested 36,300 tonnes of salmon in the fourth quarter 2021, compared with 29,900 tonnes in the fourth quarter 2020.

The segment made an operational EBIT of NOK -106 million in the period, negatively affected by weak price achievement, compared with NOK 73 million in the fourth quarter 2020.

The contract rate in the fourth quarter 2021 was 26 per cent, higher spot prices at the end of the period gave a negative contribution from the contracts. Spot price achievement was low in particular in October and November, the period with the highest volume and lowest spot prices.

The harvesting and processing plants achieved good capacity utilisation because of large volumes harvested. In the first quarter 2022, SalMar expects lower volumes and activity levels due to seasonal variations.

InnovaNor, Northern Norway's largest and most modern harvesting and secondary processing plant is in operation, and SalMar expects a gradual ramp-up of both harvesting and value-added products (VAP) activity during 2022.

For the first quarter 2022 the contract rate is expected to be around 35 per cent, and 30 per cent for the full year of 2022. The price level on contracts for 2022 is higher than in 2021.

Eliminations

Research and development (R&D) costs are included as eliminations in the segments' reported results. Of a total harvested volume of 56,400 tonnes in the fourth quarter 2021, R&D costs accounted for NOK 0.66 per kg. During the period, SalMar also recognised legal expenses relating to litigation concerning alleged price-fixing and costs relating to SalMar Aker Ocean, which have affected the financial result. From 2022 SalMar Aker Ocean will be included as a separate segment.



Associates

Norskott Havbruk

Norskott Havbruk is recognised as an associate, with SalMar's share (50 per cent) of the company's profit/loss after tax (and fair value adjustment of the biomass) being included as financial income. The figures in the table below reflect the company's overall performance

NOK million	Q4 2021	Q4 2020	2021	2020
Operating revenues	344	427	2,307	1,699
Operational EBIT	-29	76	244	308
Operational EBIT %	-8.3%	17.8%	10.6%	18.2%
Fair value adj. biomass	7	-21	15	-143
Profit/loss before tax	-27	50	242	143
SalMar's share after tax	-11	22	94	49
Harvested volume (1,000 t _{gw})	4,9	6,4	32,4	24,0
EBIT/kg gw (NOK)	-5.84	11.87	7.55	12.87

Norskott Havbruk harvested 4,900 tonnes in the quarter, compared with 6,400 tonnes harvested in the fourth quarter 2020. In 2021 the segment harvested 32,400 tonnes, an increase from 24,000 tonnes in 2020.

Norskott Havbruk generated gross operating revenues of NOK 344 million in the fourth quarter 2021, compared with NOK 773 million the previous quarter and NOK 427 million in the fourth quarter last year. The decrease is due to lower volume harvested.

EBIT per kg gutted weight came to NOK -5.84 in the period. This is down from NOK 11.87 per kg in the same period last year.

Costs related to the acquisition of Grieg Seafood Hjalmland UK Ltd. has been recognized in the period amounting to NOK 6.7 per kg. Without these effects EBIT/kg in the period was NOK 0.8 per kg.

Biological challenges, particularly those linked to gill health, have had a negative impact on the period's result. It has also led to harvesting of fish with a lower average weight, which has affected both cost and price achieved.

SalMar's share of Norskott Havbruk's net profit came to NOK -11 million in the fourth quarter 2021. Weaker operating results contributed to a lower profit than in the same period last year.

On 29 June 2021, Scottish Sea Farms Ltd, signed an agreement to purchase 100 per cent of the shares in Grieg Seafood Hjalmland UK Ltd (GSHU) from Grieg Seafood ASA. The transaction was approved and completed 15th of December 2021 and work for integrating the company is progressing.

A significant increase in the volume harvested is expected in 2022 as a result of the GSHU acquisition. The company expects to harvest 46,000 tonnes in 2022.

MARKETS

Supply and biomass

In the fourth quarter 2021, the global supply of Atlantic salmon totalled approximately 808,900 tonnes, an increase of 4.1 per cent on the same period in 2020.

At 445,400 tonnes, output in Norway in the quarter was 10 per cent higher than in the same period a year before. Output fell by 7 per cent in Chile, 13 per cent in UK and 5 per cent in North America. Output increased 48 per cent in the Faeroes and 10 per cent in other producing countries.

According to figures from Kontali, the standing biomass in Norway at the end of the fourth quarter 2021 is estimated to be 2.5 per cent lower than the end of 2020. At the same time, the standing biomass is estimated to be 8.8 per cent lower in Chile, 8.2 per cent lower in the UK and 11.5 per cent lower in the Faeroes.

Prices and foreign exchange rates

Atlantic salmon was traded at NOK 50.78 per kg at the start of the quarter (NASDAQ Salmon Index). At the end of December, Atlantic salmon was traded at a price of NOK 64.12 per kg.

The price of salmon in the period averaged NOK 60.08 per kg, up from NOK 43.69 per kg in quarter four 2020.

NASDAQ Salmon Index NOK/kg



Against the most important trading currencies for salmon the Norwegian krone (NOK) weakened 0.6 per cent against GBP and 0.5 per cent against the USD, and strengthened against the EUR by 1.7 per cent through the quarter.

Norwegian exports

Norway exported around 431,000 tonnes (round weight) of salmon in the fourth quarter 2021, up 10 per cent from the 392,000 tonnes exported in the same period last year. The value of these exports rose by 34 per cent year-on-year, from NOK 18.2 billion to NOK 24.4 billion.

A substantial secondary processing industry makes Poland the largest single market for Norwegian salmon. In the fourth quarter 2021, around 65,400 tonnes of salmon were exported to this market, 3 per cent more than in the corresponding quarter in 2020. Exports increased by 17 per cent to the USA, 22 per cent to France, 9 per cent to Spain, 2 per cent to the UK and 15 per cent to Vietnam/China/Hong Kong. Exports to Denmark decreased by 6 per cent in the fourth quarter 2021.



OTHER MATTERS

Covid-19

The many public health measures implemented worldwide during the pandemic have increased market uncertainty. Throughout the Covid-19 period, SalMar has nevertheless demonstrated that it is well equipped to handle challenging situations. The company has strong financial flexibility, good local secondary processing capacity and, not least, a corporate culture of working even harder when the going gets tough.

The effective rollout of vaccination programmes worldwide and the outlook for an end to the pandemic means that SalMar takes an optimistic view on the future and reinforces its confidence in the future of the aquaculture sector.

Expansion of smolt production capacity

Access to high quality roe and smolt of the right size and quality is crucial to secure good performance in salmon farming. The SalMar Group currently has projects underway to expand capacity and safeguard quality at several of its smolt facilities.

In October 2019, it was decided to expand the Senja facility, and construction started in May 2020, with completion expected in 2022.

Construction of a new smolt facility in Tjuin in Trøndelag County, which was decided in May 2021, is progressing according to plan.

SalMar has also constructed a new closed net pen. The first production cycle at the installation was completed in the summer of 2021. A second production cycle has now commenced, and the project continues to be evaluated.

Expansion of harvesting and processing capacity

SalMar's new harvesting and processing plant in Northern Norway, InnovaNor, became operational in the fourth quarter 2021.

This was an important strategic and industrial investment for SalMar as it is an important element for further improvement of operational and biological performance in the value chain. It has strengthened the company's position in Northern Norway and paves the way for further increased value creation and employment in the region.

Offshore strategy

The establishment of salmon farming in the open ocean is an important element in SalMar's strategy to secure sustainable growth. In pursuit of this strategy, the company announced a partnership with Aker on 26 August 2021. The companies agreed to channel their joint efforts in this field through SalMar Aker Ocean. The company was established and transaction closed 15th of November 2021.

SalMar will own 66.6 per cent of SalMar Aker Ocean, while Aker will own 33.4 per cent. All of SalMar's interests in offshore aquaculture is incorporated into the new company. In three tranches, Aker will contribute NOK 1.65 billion in cash contributions. The first tranche of NOK 639 million was paid in the fourth quarter of 2021 when the transaction closed.

SalMar Aker Ocean will operate within offshore fish farming, including offshore and semi-offshore. By combining Aker and SalMar's industry experience, leading competence in salmon production, software, and cleantech the aim is to create the world's most reliable and intelligent offshore farming operations with the highest requirements for fish welfare and a zero-emissions value chain ambition.

SalMar Aker Ocean will be at the forefront of ensuring sustainable growth on the salmon's terms. The company will initially focus on establishment of offshore fish farming in Norwegian waters, which will require establishment of a regulatory framework for offshore fish farming. SalMar Aker Ocean will collaborate with Norwegian authorities, the aquaculture industry, and other interested parties for the establishment of a regulatory framework.

In January 2022, SalMar Aker Ocean announced that the company had appointed Roy Reite as the company's CEO. Mr Reite has broad experience from the Norwegian maritime industry and fish farming.

As previously announced, SalMar's current CFO & COO, Trine Sæther Romuld, will take up the new position as CFO at SalMar Aker Ocean.

Green financing and private placement

In 2021, SalMar secured NOK 7.5 billion in green financing, at favourable terms, through a NOK 4 billion drawing facility and the issue of a green bond worth NOK 3.5 billion. For further details of the green bond, see the information available on SalMar's website.

In June 2021, SalMar announced that the company had completed a successful private placement of shares, which raised gross proceeds of NOK 2,709 million.

This gives the company the freedom to act and supports the company's ambitious growth plans. SalMar sees opportunities for both strategic growth through business acquisitions and the purchase of additional production capacity to be offered under Norway's 'traffic light system' for aquaculture industry growth in 2022.

Credit rating

In April 2021, SalMar was awarded an A- rating by Nordic Credit Rating. See Nordic Credit Rating's website for further details.



SHARES AND SHAREHOLDERS

As of 31 December 2021, SalMar had a total of 117,799,999 shares outstanding, divided between 13,731 shareholders.

The company's major shareholder, Kverva Industrier AS, owns 50.88 per cent of the shares. The 20 largest shareholders own a total of 72.25 per cent of the shares. SalMar ASA is the 109th largest shareholder with 102,361 shares, corresponding to 0.1 per cent of the total number of shares outstanding as of 31 December 2021.

SalMar's share price fluctuated between NOK 564.80 and NOK 653.40 in the fourth quarter 2021. The final price at the close of the quarter was NOK 608.00 compared with NOK 581.60 at the close of the previous quarter. This corresponds to an increase in value of 4.5 per cent during the fourth quarter.

In 2021 the share price increased 20.7 per cent from the closing price of NOK 503.60 at the end of 2020.

A total of 8.0 million shares were traded in the quarter, which corresponds to 6.9 per cent of the total number of shares outstanding. The volume of shares traded daily averaged 125,600.

EVENTS AFTER THE REPORTING DATE

SalMar ASA to launch a voluntary offer for all outstanding shares in NTS ASA

14th of February 2022 SalMar announced launch of a voluntary offer to acquire all outstanding shares in NTS ASA at NOK 120 per share. The Offer values the equity capital of the Company at approximately NOK 15.1 billion.

Shareholders representing a total of 50.1% of the outstanding shares have given pre-acceptances related to the Offer.

NTS, with its subsidiaries SalmoNor AS, Norway Royal Salmon ASA and Frøy ASA have a long track-record in salmon farming, both in Central and Northern Norway as well as the Western fjords of Iceland. It is therefore expected that a combination with SalMar will realize significant synergies through a more efficient utilization of the common resources.

The combination will in total strengthen the competence base and production capacity, and be a catalyst for further sustainable growth in the local communities where the companies operate both in Northern parts of Central Norway, Northern Norway and in the Western fjords of Iceland.

Salmar will convene an extraordinary general meeting, to approve issuance of new Salmar shares as consideration to NTS shareholders. An offer document is being prepared, to be distributed to the shareholders of NTS as soon as possible after the required regulatory approval from the Oslo Stock Exchange, which is expected to be obtained no later than 31 March 2022. Completion of the offer is subject to, among other things, regulatory approvals and a satisfactory confirmatory due diligence.

For further details see separate stock exchange notice distributed 14th of February 2022.

Appointment of new CFO

Gunnar Nielsen has been appointed to the position of CFO at SalMar ASA, with effect from 1 April 2022.

Nielsen has served in several senior executive positions in the seafood, banking, industrial and auditing sectors. In addition, Nielsen has extensive experience of board and financial management, reporting and communication in listed companies. Last through the role as CFO of Bakkafrost.

As mentioned above, SalMar ASA's current CFO, Trine Sæther Romuld, will transfer to the new position as CFO of SalMar Aker Ocean.



OUTLOOK

Markets

Growth in demand for Atlantic salmon is expected to be low to moderate in 2022. Figures from Kontali estimate a global harvest volume at the same level as in 2021. Although the Covid-19 pandemic has created market uncertainty, 2021 has shown how robust the salmon market is. Factoring in the continuous rollout of vaccines worldwide, SalMar takes an optimistic view on the future prospects of the salmon industry.

Compared with the same period last year, the global volume of salmon harvested is expected to decrease by 8 per cent in the first quarter 2022, according to figures compiled by Kontali. The harvested volume is expected to decrease by 2 per cent in Norway, 20 per cent in Chile, 14 per cent in UK, 8 per cent in North America and 5 per cent in other markets. Volume in the Faroes is expected to be the same level.

The Fish Pool forward price as of 14 February 2022 indicates an average salmon price of NOK 79.00 per kg and NOK 73.50 per kg in February and March 2022 respectively. The forward price for 2022 is NOK 66.66 per kg.

Company

In 2022, SalMar expects a contract share of around 35 per cent in the first quarter and 30 per cent for the full year, where the prices on contracts are higher than in 2021. SalMar expects lower volume due to seasonality and a slightly lower cost level in the first quarter of 2022.

SalMar is increasing harvest volume in all regions in 2022 and expects to harvest 175,000 tonnes in Norway, 16,000

tonnes in Iceland and 46,000 tonnes in Scotland, whereof SalMar's relative share will be 23,000 tonnes.

SalMar is maintaining its ongoing investment programmes. In 2022, it expects to invest around NOK 1.7 billion in its Norwegian operations to further develop its already strong platform for growth. The construction of the smolt facilities Senja 2 and Tjuin make up the largest individual investments. NOK 0.2 billion is expected to be invested in Iceland, where investments in increased farming capacity constitutes the largest proportion. In SalMar Aker Ocean one expects to invest NOK 0.2 billion for the upgrade of Ocean Farm 1 and finalizing design of new units Smart Fish Farm and Ocean Farm 2.

SalMar has flexible financing frameworks and is positioned for further sustainable growth through investment along the entire value chain. Not for growth's sake, but because salmon is a sustainable marine protein that Norway and the rest of the world needs.

Together with our dedicated employees, SalMar has built a strong culture that is well equipped for further growth. SalMar continues to invest along the entire value chain to ensure it remains both robust and well-focused.

In 2021, SalMar has demonstrated its capacity to adapt to changing market conditions, delivering strong operational and biological results and maintaining a robust financial position. On this basis, SalMar's board of directors is recommending that a dividend of NOK 20 per share is paid for the 2021 financial year. The board of directors considers that the company has the financial capacity needed to achieve further growth, both within traditional coastal and offshore-based aquaculture.

The Board of Directors and CEO of SalMar ASA
Frøya, 17 February 2022

Leif Inge Nordhammer
Chair

Margrethe Hauge
Director

Linda Litlekalsøy Aase
Director

Magnus Dybvad
Director

Tone Ingebrigtsen
Director (employee-elected)

Simon Søbstad
Director (employee-elected)

Gustav Witzøe
CEO



INCOME STATEMENT

<i>NOK million</i>	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating revenue	4,673	3,049	15,044	12,912
Cost of goods sold	2,392	1,572	7,328	5,871
Payroll expenses	441	366	1,540	1,320
Other operating expenses	735	463	2,443	1,902
EBITDA	1,105	648	3,734	3,820
Depreciation and write-downs	215	234	807	812
Operational EBIT	890	414	2,927	3,008
Production tax	-22	-	-72	-
Fair value adjustment	-320	-329	596	-180
Operating profit	548	85	3,451	2,828
Income from investments in associates	-8	9	95	42
Net interest expenses	-48	-30	-169	-140
Other financial items	2	13	11	-159
Profit before tax	493	77	3,387	2,572
Tax	97	25	719	563
Net profit for the period	396	52	2,668	2,008
Other comprehensive income:				
<i>Items to be reclassified to P&L in subsequent periods:</i>				
Change in translation diff. associates	8	-26	14	-4
Change in translation diff. subsidiaries	-33	-79	-97	88
Cash flow hedge, net after tax	29	19	-75	128
Total comprehensive income	400	-34	2,510	2,220
<i>Allocation of net profit for the period:</i>				
Non-controlling interests	-17	27.1	51	29
Shareholders in SalMar ASA	413	25	2,617	1,979
Earnings per share (NOK)	3.51	0.22	22.61	17.52
Earnings per share - diluted	3.50	0.22	22.57	17.49



BALANCE SHEET – GROUP

NOK million	31.12.2021	30.09.2021	31.12.2020	30.09.2020
ASSETS				
Non-current intangible assets	8,530	8,534	6,826	6,904
Non-current tangible assets	7,133	6,762	5,554	5,212
Right-of-use assets	877	891	849	732
Non-current financial assets	1,300	1,000	851	888
Total non-current assets	17,841	17,187	14,080	13,736
Inventory	7,928	8,089	6,670	6,862
Trade receivables	935	912	589	654
Other current receivables	480	398	436	279
Cash and cash equivalents	902	670	223	169
Total current assets	10,244	10,069	7,918	7,965
TOTAL ASSETS	28,085	27,255	21,998	21,701
EQUITY AND LIABILITIES				
Paid-in equity	3,426	3,423	692	678
Other equity	9,804	8,966	9,159	10,553
Non-controlling interests	2,253	2,066	1,136	786
Total equity	15,483	14,456	10,987	12,017
Provisions	2,259	2,337	1,828	1,834
Non-current interest-bearing liabilities	4,907	5,006	3,678	2,289
Non-current leasing liabilities	751	784	769	661
Total non-current liabilities	7,916	8,127	6,275	4,784
Current interest-bearing liabilities	571	632	1,438	1,212
Current leasing liabilities	216	191	165	149
Other current liabilities	3,898	3,850	3,133	3,538
Total current liabilities	4,686	4,673	4,736	4,899
TOTAL EQUITY AND LIABILITIES	28,085	27,255	21,998	21,701
Net interest-bearing debt (NIBD)	4,576	4,968	4,893	3,332
NIBD incl. leasing liabilities	5,543	5,943	5,826	4,142
Equity share	55.1 %	53.0 %	49.9 %	55.4 %



CASH FLOW

<i>NOK million</i>	Q4 2021	Q4 2020	FY 2021	FY 2020
Profit before tax	493	77	3,387	2,572
Tax paid in the period	-514	-562	-549	-588
Depreciation and write-downs	215	234	807	812
Share of profit/loss from associates	8	-9	-95	-42
Change in fair value adjustments	320	329	-596	180
Change in working capital	131	-99	-259	-2
Other changes	62	54	213	242
Net cash flow from operating activities	716	24	2,908	3,172
Net cash flow used in investing activities	-854	-506	-2,827	-3,747
Change in interest-bearing liabilities	-159	1,626	-82	1,902
Downpayment leasing liabilities	-54	-55	-198	-184
Interest leasing liabilities	-15	-14	-57	-55
Net interest paid financing activities	-19	-16	-94	-84
Dividend paid out	-10	-1,482	-2,271	-1,493
Capital contribution - net	639	480	3,321	480
Other changes	-16	-3	-16	-4
Net cash flow from financing activities	367	535	602	561
Net change in cash for the period	229	53	684	-15
Foreign exchange effects	3	1	-6	7
Cash at the start of the period	670	169	223	231
Cash at the close of the period	902	223	902	223



CHANGES IN EQUITY

2021	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.21	28.3	-0.1	415.3	248.4	130.4	9,028.6	1,135.9	10,986.9
Net profit for the year						2,616.7	51.4	2,668.1
Comprehensive income					-37.8	-74.6	-45.9	-158.2
Total comprehensive income for the year	0.0	0.0	0.0	0.0	-37.8	2,542.2	5.5	2,509.9
<i>Transactions with shareholders</i>								
Dividend paid						-2,261.4	-9.8	-2,271.2
Capital contribution	1.1		2,707.9				639.1	3,348.1
Net transaction costs re. capital contribution			-21.2					-21.2
Change in non-controlling interests						400.2	-400.2	0.0
Addition non-controlling interests							889.6	889.6
Share-based remuneration - capital contribution				54.2			1.3	55.5
Share-based remuneration - deferred tax						1.1	0.0	1.1
Share-based remuneration - release		0.0		-7.5		0.0	-8.6	-16.0
Other changes						0.5	-0.1	0.4
Sum transactions with shareholders	1.1	0.0	2,686.7	46.7	0.0	-1,859.6	1,111.4	1,986.4
Equity as at 31.12.21	29.5	0.0	3,102.0	295.1	92.7	9,711.2	2,252.8	15,483.2

2020	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.20	28.3	-0.1	415.3	201.5	73.3	8,289.4	732.4	9,740.1
Net profit for the year						1,979.0	29.3	2,008.3
Comprehensive income					57.2	127.9	27.0	212.1
Total comprehensive income for the year	0.0	0.0	0.0	0.0	57.2	2,107.0	56.2	2,220.4
<i>Transactions with shareholders</i>								
Dividend paid						-1,469.9	-23.1	-1,493.0
Capital contribution							500.9	500.9
Net transaction costs re. capital contribution							-21.0	-21.0
Change in non-controlling interests						109.8	-109.8	0.0
Share-based remuneration - capital contribution				46.9				46.9
Share-based remuneration - deferred tax						-1.7		-1.7
Share-based remuneration - release		0.0				0.0		0.0
Other changes						-5.9	0.2	-5.7
Sum transactions with shareholders	0.0	0.0	0.0	46.9	0.0	-1,367.8	347.3	-973.6
Equity as at 31.12.20	28.3	-0.1	415.3	248.4	130.4	9,028.6	1,135.9	10,986.9

SEGMENTS

NOK million	Farming Central Norway	Farming Northern Norway	Sales and Industry	Icelandic Salmon	Eliminations	Group
Q4 2021						
Operating revenue (NOK mill.)	2,090.5	1,022.3	4,375.4	356.6	-3,171.9	4,672.9
Operational EBIT (NOK mill.)	615.2	429.0	-106.1	37.3	-84.9	890.5
Operational EBIT %	29.4 %	42.0 %	-2.4 %	10.4 %		19.1 %
Harvested volume (1,000 tgv)	34.6	17.5		4.3		56.4
EBIT/ kg gw (NOK)	17.76	24.48		8.72		15.78
Q4 2020						
Operating revenue (NOK mill.)	1,085.6	822.2	2,856.7	173.2	-1,888.7	3,049.0
Operational EBIT (NOK mill.)	271.3	155.8	72.9	-19.6	-66.6	413.8
Operational EBIT %	25.0 %	19.0 %	2.6 %	-11.3 %		13.6 %
Harvested volume (1,000 tgv)	20.9	19.1		3.6		43.6
EBIT/ kg gw (NOK)	12.96	8.18		-5.51		9.50
FY 2021						
Operating revenue (NOK mill.)	6,541.9	3,342.6	14,406.4	918.8	-10,165.9	15,043.9
Operational EBIT (NOK mill.)	2,118.5	1,242.5	-152.1	74.0	-356.0	2,927.0
Operational EBIT %	32.4 %	37.2 %	-1.1 %	8.1 %		19.5 %
Harvested volume (1,000 tgv)	110.7	59.8		11.5		182.1
EBIT/ kg gw (NOK)	19.14	20.76		6.41		16.08
FY 2020						
Operating revenue (NOK mill.)	5,895.3	2,612.9	12,392.9	662.3	-8,651.0	12,912.3
Operational EBIT (NOK mill.)	2,218.4	847.8	282.3	-50.5	-290.5	3,007.5
Operational EBIT %	37.6 %	32.4 %	2.3 %	-7.6 %		23.3 %
Harvested volume (1,000 tgv)	100.4	49.9		11.2		161.5
EBIT/ kg gw (NOK)	22.10	16.99		-4.49		18.62



KEY FIGURES – GROUP

	Q4 2021	Q4 2020	FY 2021	FY 2020
No. of shares (diluted) - end of period (mill.)	117.813	113.188	115.922	113.164
Earnings per share (NOK)	3.51	0.22	22.61	17.52
Earnings per share - diluted (NOK)	3.50	0.22	22.57	17.49
EBITDA %	23.7 %	21.3 %	24.8 %	29.6 %
Operational EBIT %	19.1 %	13.6 %	19.5 %	23.3 %
EBIT %	11.7 %	2.8 %	22.9 %	21.9 %
Profit before tax %	10.6 %	2.5 %	22.5 %	19.9 %
Cash flow per share - diluted (NOK)	6.08	0.21	25.09	28.03
Net interest bearing debt (NOK mill.)	4,576	4,893	4,576	4,893
NIBD incl. leasing liabilities (NOK mill.)	5,543	5,826	5,543	5,826
Equity ratio %	55.1 %	49.9 %	55.1 %	49.9 %

Earnings per share = Earnings after tax / average number of shares

Earnings per share - diluted = Earnings after tax / average number of shares - diluted

Earnings before tax % = Earnings before tax / operating revenue

Cash flow per share - diluted = Cash flow from operating activities / average no. of shares - diluted

Equity ratio = Equity / total assets



NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Accounting principles

This report has been prepared in accordance with International Financial Reporting Standards (IFRS), including the standard for interim reporting (IAS 34). The same accounting principles and calculation methods used in the last year-end financial statements have been used here. Please refer to the Group's latest IFRS year-end financial statements, which are published on the Group's website, www.salmar.no, for a complete description of the accounting principles.

A production tax amounting to NOK 0.40 per kg harvested weight was imposed on the Norwegian business with effect from 1 January 2021. Similarly, a resource tax was introduced in Iceland with effect from 1 January 2020. The amount of this latter is due to increase stepwise over a seven-year period. To highlight the performance of underlying operations before deduction of the production tax, SalMar has elected to report it on a separate line in the income statement under Operational EBIT. To ensure consistent treatment of the equivalent tax in Iceland, that country's resource tax has been similarly classified. In Iceland, a resource tax was introduced with effect from 1 January 2020. Due to the stepwise application of Iceland's new resource tax, the effect in 2020 was negligible. Its impact has therefore not been reclassified in the comparable figures.

This interim report has not been subject to external audit.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA INDUSTRIER AS	59,934,476	50.88 %
FOLKETRYGDFONDET	6,555,356	5.56 %
CACEIS Bank	2,236,647	1.90 %
State Street Bank and Trust Comp	1,598,036	1.36 %
BNP Paribas Securities Services	1,569,002	1.33 %
State Street Bank and Trust Comp	1,518,495	1.29 %
LIN AS	1,299,685	1.10 %
JPMorgan Chase Bank, N.A., London	1,170,203	0.99 %
CLEARSTREAM BANKING S.A.	1,066,044	0.90 %
The Northern Trust Comp, London Br	1,022,490	0.87 %
JPMorgan Chase Bank, N.A., London	992,543	0.84 %
SIX SIS AG	927,477	0.79 %
CACEIS Bank	774,110	0.66 %
Brown Brothers Harriman (Lux.) SCA	723,542	0.61 %
State Street Bank and Trust Comp	718,345	0.61 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	688,759	0.58 %
VERDIPAPIRFONDET KLP AKSJENORGE IN	617,440	0.52 %
The Bank of New York Mellon	595,832	0.51 %
VPF DNB AM NORSKE AKSJER	573,595	0.49 %
Pictet & Cie (Europe) S.A.	527,788	0.45 %
Top 20	85,109,865	72.66 %
Others	32,690,134	27.75 %
Total	117,799,999	100.00 %

As at 31 December 2021 SalMar ASA owned 102,361 treasury shares.



Note 3 - Inventory and biological assets

	31.12.2021	30.09.2021	31.12.2020	30.09.2020
Book value of inventory				
Raw materials	223.2	191.4	246.9	222.9
Biological assets	7,280.8	7,397.7	5,988.8	6,240.2
Finished goods	424.0	499.9	434.1	399.1
Total	7,928.0	8,089.1	6,669.8	6,862.2
Fair value adjustment of biological assets				
Roe, fry, smolt and cleaner fish at cost	285.0	214.9	297.9	30.2
Biological assets held at sea farms at cost	4,350.2	4,404.1	3,924.0	3,992.5
Total biological assets before fair value adjustment	4,635.2	4,619.0	4,221.9	4,022.7
Fair value biological assets	2,645.6	2,778.7	1,766.9	2,217.5
Total biological assets	7,280.8	7,397.7	5,988.8	6,240.2

Raw materials largely comprise feed for smolt and marine-phase fish production. Raw materials used in secondary processing, as well as packaging materials, are also included. Stocks of biological assets are associated with SalMar's fish farming operations on land and at sea.

Finished goods comprise whole salmon, fresh and frozen, as well as processed salmon products.

	31.12.2021	30.09.2021	31.12.2020	30.09.2020
Change in the book value of biological assets				
Biological assets - opening balance	7,397.7	5,988.8	5,720.8	5,907.3
Addition resulting from business acquisition	-	187.0	-	-
Increase due to production/purchase	1,913.9	1,974.2	5,743.7	1,704.3
Reduction due to sale/harvesting	-1,886.2	-1,762.8	-5,253.1	-1,234.6
Reduction due to incident-based mortality	-	-	-59.7	-5.1
Fair value adjustment on opening balance (reversed)	-2,778.7	-1,766.9	-1,954.0	-2,358.7
Fair value adjustment on closing balance (new)	2,645.6	2,778.7	1,766.9	2,217.5
Translation differences	-11.5	-1.3	24.3	9.5
Biological assets - closing balance	7,280.8	7,397.7	5,988.8	6,240.2

Biological assets in further detail

Live fish are recognised in the financial statements in accordance with IAS 41 Agriculture. IAS 41 contains a methodological hierarchy for the measurement of biological assets for accounting purposes. The main rule is that such assets must be measured at fair value.

The company's stocks of live fish are recognised at fair value in accordance with IAS 41. Present value is calculated on the basis of estimated revenues less production costs remaining until the fish at the individual sites are harvestable. A fish is harvestable when it has reached the estimated weight required for harvesting specified in the company's budgets and plans. The estimated value is discounted to present value on the balance sheet date.

Estimated future revenues are calculated on the basis of Fish Pool forward prices on the balance sheet date. A quarterly price average is calculated, since the fish are harvested over several periods. Forward prices are adjusted for export supplements, shipping, sales and harvesting costs. An adjustment is also made for expected variations in fish quality.

Smolt are recognised at cost.

Forward price underpinning the calculation of fair value (NOK):

	Period of expected harvest:	31.12.2021	Period of expected harvest:	30.09.2021	Period of expected harvest:	31.12.2020	Period of expected harvest:	30.09.2020
	Q1-2022	68.67	Q4-2021	60.50	Q1-2021	50.33	Q4-2020	54.47
	Q2-2022	68.23	Q1-2022	64.80	Q2-2021	56.77	Q1-2021	63.60
	Q3-2022	56.43	Q2-2022	66.00	Q3-2021	53.67	Q2-2021	65.10
	Q4-2022	62.27	Q3-2022	56.28	Q4-2021	55.83	Q3-2021	54.90
	1st half 2023	65.25	Q4-2022	62.02	1st half 2022	61.85	Q4-2021	56.40
	2nd half 2023	55.75	Q1-2023	63.00	2nd half 2022	54.15	Q1-2022	62.75
Discount rate Norway		5 %		6 %		6 %		6 %
Discount rate Iceland		4 %		4 %		3 %		3 %

The Group different monthly discount rates for operations in Norway and the operation in Iceland. The discount rate reflects the biomass's capital cost, risk and a synthetic licencing fee and site rental cost. The monthly discount rates in the two regions are not the same because of the difference in the areas' natural preconditions for biological production, which therefore requires differentiation in the recognised synthetic licence fee and site rental cost.

Note 4 - Fair value adjustments

Fair value adjustments are part of the Group's operating profit/loss, but changes in fair value are presented on a separate line to provide a better understanding of the Group's profit/loss on the sale of goods. The item Fair Value Adjustments comprises:

	Q4 2021	Q4 2020	FY 2021	FY 2020
Change in fair value of the biomass	-132.1	-447.6	835.2	-186.1
Change in provisions for onerous contracts	-162.9	-17.6	-181.0	-16.0
Unrealised change in value of Fish Pool contracts	-25.5	-22.4	-14.4	-8.6
Unrealised changes in the value of currency and forward currency contracts	-	159.0	-44.2	31.2
Fair value adjustments recognised in profit and loss	-320.5	-328.6	595.6	-179.5



Note 5 - Business combinations

Business combinations in 2021

Nekton Havbruk AS

With effect from 1 July 2021, the Group agreed to acquire 51 per cent of the shares in Nekton Havbruk AS. The purpose of the transaction is to expand the Group's production of harvestable fish. For accounting purposes, the transaction will be treated as a business combination, with the non-controlling interest assessed at fair value. No material external transaction costs were incurred in connection with the acquisition. Assets and liabilities recognised as a result of the acquisition are as follows:

	Book value	Adjustment to fair value	Fair value
Acquisition's effect on the balance sheet (NOK 1,000):			
Intangible assets	11,248	108,752	120,000
Property, plant & equipment	16,117	-1,824	14,292
Inventory and biological assets	75,237	-22,757	52,480
Current assets	95,036	0	95,036
Deferred tax assets/liabilities	18,656	-17,470	1,186
Non-current liabilities	-2,303	0	-2,303
Current liabilities	-156,776	-4,762	-161,538
Net identifiable assets and liabilities	57,215	61,939	119,154
Goodwill			37,709
Non-controlling interests			-76,863
Cash consideration			80,000

Refsnes Laks AS

With effect from 25 August 2021 the Group agreed to acquire 45 per cent of the shares in Refsnes Laks AS. The transaction has been approved by the Norwegian Competition Authorities. The purpose of the transaction is to expand the Group's production of harvestable fish. Through shareholder agreements, SalMar has established control and the company are consolidated into the SalMar Group from the time of acquisition, which is defined as the Competition Authority's time for approval of the transaction. For accounting purposes, the transaction will be treated as a business combination, with the non-controlling interest assessed at fair value. Assets and liabilities recognised as a result of the acquisition are as follows:

	Book value	Adjustment to fair value	Fair value
Acquisition's effect on the balance sheet (NOK 1,000):			
Intangible assets	25,992	1,224,008	1,250,000
Property, plant & equipment	111,661	0	111,661
Other non-current assets	11,138	0	11,138
Inventory and biological assets	187,789	0	187,789
Other current assets	345,078	0	345,078
Deferred tax assets/liabilities	-38,011	-268,930	-306,942
Non-current liabilities	-344,970	0	-344,970
Current liabilities	-61,602	-1,598	-63,201
Net identifiable assets and liabilities	237,074	953,479	1,190,554
Goodwill			287,224
Non-controlling interests			-812,778
Cash consideration			665,000

Note 6 - Changes in non-controlling interests

Changes in non-controlling interests 2021

With effect from 15 November 2021, Aker ASA entered into a strategic partnership with SalMar establishing SalMar Aker Ocean AS. As a part of the transaction a share issue was carried out in SalMar Aker Ocean, where Aker ASA contributed a net capital increase of 639.1 million. The transaction led to a reduction in SalMar's holding of shares in the company from 100.0 per cent to 85.0 per cent. The reduction is recognised as a change in non-controlling interests, and the NOK 400.2 million effect is recognised directly in equity in the period.

Changes in non-controlling interests 2020

On 15 October 2020, a share issue was carried out in Icelandic Salmon AS (previously Amarlux AS). In this connection, 4,347,826 new shares were issued, raising net proceeds for the company of NOK 500 million at a price of NOK 115 per share. The transaction led to a reduction in SalMar's holding of shares in the company from 59.36 per cent to 51.02 per cent. The reduction is recognised as a change in non-controlling interests, and the NOK 109.8 million effect is recognised directly in equity in the period.

Note 7 - Financial assets – investments where the equity method is applied

	Norskott Havbruk	Others	TOTAL
Opening balance 01.01.2021	682.3	70.2	752.5
Share of year's profit/loss	93.6	1.3	94.9
Other items in comprehensive income	13.3	0.5	13.8
Dividend received	0.0	-2.2	-2.2
Addition resulting from business acquisition	0.0	6.1	6.1
Capital contribution	305.5	2.3	307.8
Other changes	0.0	1.5	1.5
Closing balance 31.12.2021	1,094.7	79.7	1,174.4

With effect from 15 December 2021, Scottish Sea Farms Ltd acquired 100% of the shares in Grieg Seafood Hjaltdland UK Ltd. Scottish Sea Farms Ltd are 100% owned by Norskott Havbruk AS, a company owned 50/50 by SalMar ASA and Lerøy Seafood Group ASA. As part of financing the transaction, a share issue was carried out in Norskott Havbruk AS, and further in Scottish Sea Farms Ltd. The total capital contribution in Norskott Havbruk was NOK 611.0 million, where SalMars contribution was NOK 305.5 million.

**Note 8 - Interest-bearing liabilities**

	31.12.2021	30.09.2021	31.12.2020	30.09.2020
Non-current interest-bearing liabilities				
Debt to credit institutions	5,068.6	5,176.6	4,000.0	2,446.6
Next year's instalment on debt to credit institutions	-162.0	-170.1	-322.4	-157.4
Non-current debt to credit institutions	4,906.6	5,006.5	3,677.6	2,289.2
Leasing liabilities	967.2	974.9	933.7	810.6
Next year's lease payments	-216.4	-191.0	-164.6	-149.5
Non-current leasing liabilities	750.7	783.9	769.1	661.1
Total non-current interest-bearing liabilities	5,657.3	5,790.4	4,446.8	2,950.4
Current interest-bearing liabilities				
Current debt to credit institutions	409.3	461.8	1,116.1	1,054.2
Next year's instalment on debt to credit institutions	162.0	170.1	322.4	157.4
Total debt to credit institutions	571.3	632.0	1,438.4	1,211.6
Next year's lease payments	216.4	191.0	164.6	149.5
Total current interest-bearing liabilities	787.7	823.0	1,603.0	1,361.1
Total interest-bearing liabilities	6,445.0	6,613.4	6,049.8	4,311.4
Cash & cash equivalents	901.6	670.4	223.4	169.3
Leasing liabilities	967.2	974.9	933.7	810.6
Net interest-bearing liabilities (NIBD)	4,576.2	4,968.0	4,892.6	3,331.5

Breakdown of net interest-bearing liabilities by currency (all figures are in NOK):

	NOK	EUR	JPY	USD	GBP	Other	Total
Non-current debt to credit institutions	4,663.5	405.0	0	0	0	0.0	5,068.6
Leasing liabilities	942.0	9.9	0	0	0	15.2	967.2
Current debt to credit institutions	414.0	-77.5	41.4	30.4	0.9	0.0	409.3
Total interest-bearing liabilities	6,019.6	337.4	41.4	30.4	0.9	15.2	6,445.0
Cash & cash equivalents	776.5	4.4	20.8	31.9	3.1	64.8	901.6
Leasing liabilities	942.0	9.9	0	0	0	15.2	967.2
Net interest-bearing liabilities (NIBD)	4,301.0	323.2	20.5	-1.5	-2.2	-64.8	4,576.2

Financing activities - change in liabilities:

	31.12.2020	Cash flow from financing activities	Not cash-generating effects				31.12.2021
			Change subsidiaries	Currency effects	Change in next year's instalments on long-term debt	Other effects	
Non-current debt to credit institutions	3,677.6	621.0	451.1	-11.6	160.3	8.0	4,906.6
Current debt to credit institutions	1,438.4	-703.1	-2.7	-1.0	-160.3	0.0	571.3
Debt to credit institutions	5,116.1	-82.0	448.4	-12.5	0.0	8.0	5,477.9
Leasing liabilities	933.7	-198.4	47.5	-0.3	0.0	184.7	967.2
Total interest-bearing liabilities	6,049.8	-280.5	495.9	-12.9	0.0	192.7	6,445.0

Further details on interest-bearing debt:

During the year, SalMar ASA has issued an unsecured green bond loan totalling NOK 3,500 million. No instalments on the loan are payable during the period of the agreement, which matures on 22 January 2027. The bond carries an interest rate at 3-months NIBOR + 1.35 per cent per annum, falling due quarterly. The loan is capitalised at amortised cost using the effective interest rate method. The loan's net book value as at 31 December 2021 is NOK 3,459 million. The bond loan has a financial covenant requiring an equity ratio of 30 per cent in the agreement period. The bond loan is listed on the Oslo Stock Exchange under the ticker SALM01 ESG.

At the same time as the bond loan was entered into, a currency swap was agreed for EUR 98.3 million at a fixed rate of interest. The currency swap has the same term as the bond loan. The purpose of the currency swap is to reduce the group's foreign exchange risk relating to net investments in international operations denominated in EUR. In addition, the currency swap provides a fixed rate of interest on that portion corresponding to NOK 1,000 million. The market value of the swap contract is recognised at fair value in the balance sheet. Changes in value are recognised primarily in OCI. The hedging instrument's change in value during the period comprises three main elements: changes in value from changes in interest in NOK; changes in value from the spot exchange rate; and hedging costs relating to swap costs and premiums. If the net investment in international operations falls below EUR 98.3 million, the ineffective portion will be recognised in profit and loss. In addition, the swap contract will have a small element linked to accrued, unpaid interest. This effect is recognised as interest in profit and loss. As at 31 December 2021, the currency swap had a market value of NOK 24.9 million, which is recognised under other current receivables in the balance sheet.

During the year, the Group's operation in Iceland signed a new financing agreement lasting until June 2024. This replaces a previous financing agreement that matured in December 2021. The loan agreement has a total framework of EUR 56 million, and comprises an instalment loan in the amount of EUR 22.5 million, a revolving credit facility of EUR 28.5 million and an overdraft of EUR 5.0 million. The most important financial covenants relating to the agreement are a solvency requirement under which the recognised equity ratio must remain above 35 per cent. There are also requirements relating to interest coverage ratio and the key figure NIBD/EBITDA. As at 31 December 2020 and 31 March 2021, the debt relating to the Group's operation in Iceland was classified as a current liability because there was less than 12 months to maturity. From the effect of 30 June 2021, this debt is classified as a non-current liability, with the exception of that portion of the loan which, under the terms of the agreement, falls due for payment in less than 12 months.

Note 9 - Interest and other financial items

	Q4 2021	Q4 2020	FY 2021	FY 2020
Interest income	6.9	1.5	15.2	10.3
Net interest expenses, ex. interest on leasing liabilities	-40.9	-17.9	-127.3	-94.6
Interest expenses relating to leasing liabilities	-14.5	-13.8	-57.3	-55.2
Net currency effects	5.8	13.6	21.5	-151.6
Other net financial items	-3.4	-0.9	-10.9	-7.3
Net interest and other financial items	-46.1	-17.5	-158.9	-298.5



Note 10 - Alternative performance measures

The SalMar Group prepares its financial statements in accordance with international accounting standards (IFRS). In addition, management has established alternative performance parameters to provide useful and relevant information to users of its financial statements. Alternative performance parameters have been established to provide better understanding of the company's underlying performance, and do not replace the consolidated financial statements prepared in accordance with international accounting standards (IFRS). The performance parameters have been reviewed and approved by the Group's management and Board of Directors. Alternative performance parameters may be defined and used in other ways by other companies.

The alternative performance measures are deduced from the performance measures defined in IFRS. The figures are defined below and calculated in a consistent manner. They are presented in addition to other performance measures, in keeping with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA).

Operational EBIT

Operational EBIT is an alternative performance measure used by the Group. The relationship between Operational EBIT and operating profit/loss is presented in the table below. The difference between Operational EBIT and operating profit/loss relates to items which are classified in the financial statements on the line for fair value adjustments. These items are market value and fair value assessments linked to assumptions about the future. Operational EBIT shows the underlying operation and the results of transactions undertaken in the period prior to production tax in Norway and resource tax in Iceland.

	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating profit (EBIT)	547.7	85.2	3,451.0	2,828.0
Production tax	22.3	-	71.6	-
<i>Fair value adjustment:</i>				
Change in fair value of the biomass	132.1	447.6	-835.2	186.1
Change in provisions for onerous contracts	162.9	17.6	181.0	16.0
Change in unrealised Fish Pool contracts	25.5	22.4	14.4	8.6
Change in unrealised value of forward currency contracts	-	-159.0	44.2	-31.2
Operational EBIT	890.5	413.8	2,927.0	3,007.5

EBIT/kg gw

EBIT per kg gutted weight is defined as a key performance parameter for SalMar. The performance parameter is used to assess the profitability of the goods sold and the Group's operations. The performance parameter is expressed per kg of harvested volume.

Q4 2021	Farming		Icelandic Salmon	SalMar Group
	Central Norway	Northern Norway		
Operational EBIT (NOK 1 000)	615,187	429,017	37,260	890,457
Volume harvested (tonnes)	34,639	17,526	4,272	56,437
EBIT/kg gw (NOK)	17.76	24.48	8.72	15.78
Q4 2020	Farming		Icelandic Salmon	SalMar Group
	Central Norway	Northern Norway		
Operational EBIT (NOK 1 000)	271,335	155,841	-19,648	413,814
Volume harvested (tonnes)	20,941.8	19,056	3,565	43,563
EBIT/kg gw (NOK)	12.96	8.18	-5.51	9.50
FY 2021	Farming		Icelandic Salmon	SalMar Group
	Central Norway	Northern Norway		
Operational EBIT (NOK 1 000)	2,118,499	1,242,506	74,007	2,926,996
Volume harvested (tonnes)	110,671	59,847	11,537	182,056
EBIT/kg gw (NOK)	19.14	20.76	6.41	16.08
FY 2020	Farming		Icelandic Salmon	SalMar Group
	Central Norway	Northern Norway		
Operational EBIT (NOK 1 000)	2,218,390	847,754	-50,490	3,007,500
Volume harvested (tonnes)	100,394	49,903	11,239	161,535
EBIT/kg gw (NOK)	22.10	16.99	-4.49	18.62

Net interest-bearing debt (NIBD) and net interest-bearing debt including leasing liabilities

Net interest-bearing debt is an alternative performance measure used by the Group. The performance measure is used to express the Group's working capital, and is an important performance measure for investors and other users, because it shows net borrowed capital used to finance the Group. Net interest-bearing debt is defined as long-term and short-term debt to credit institutions, less cash & cash equivalents. Leasing liabilities under IFRS 16 are not included in the calculation of net interest-bearing debt. To highlight total interest bearing debt including leasing liabilities, this is presented as a separate measure.

	31.12.2021	30.09.2021	31.12.2020	30.09.2020
Non-current debt to credit institutions	4,906.6	5,006.5	3,677.6	2,289.2
Current debt to credit institutions	571.3	632.0	1,438.4	1,211.6
Cash & cash equivalents	-901.6	-670.4	-223.4	-169.3
Net interest-bearing debt (NIBD)	4,576.2	4,968.0	4,892.6	3,331.5
Leasing liabilities	967.2	974.9	933.7	810.6
NIBD incl. leasing liabilities	5,543.4	5,942.9	5,826.3	4,142.2

Cash flow per share - diluted

The Group uses diluted cash flow per share to highlight the cash flow from period's operating activities per share outstanding (diluted). The key figure is arrived at by dividing the cash flow from operating activities by the average number of shares outstanding (diluted) in the period.

	Q4 2021	Q4 2020	FY 2021	FY 2020
Cash flow from operating activities	715.9	23.5	2,908.4	3,171.8
Average no. of shares outstanding (diluted) in the period (1,000 shares)	117,813	113,188	115,922	113,164
Diluted cash flow per share (NOK)	6.08	0.21	25.09	28.03