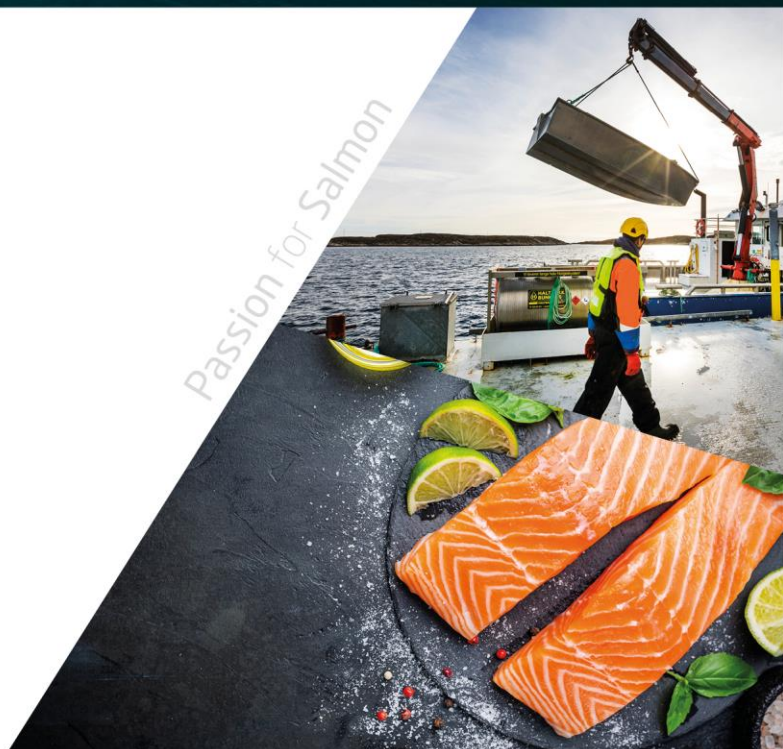


QUARTERLY REPORT

Third quarter 2020



Passion for Salmon

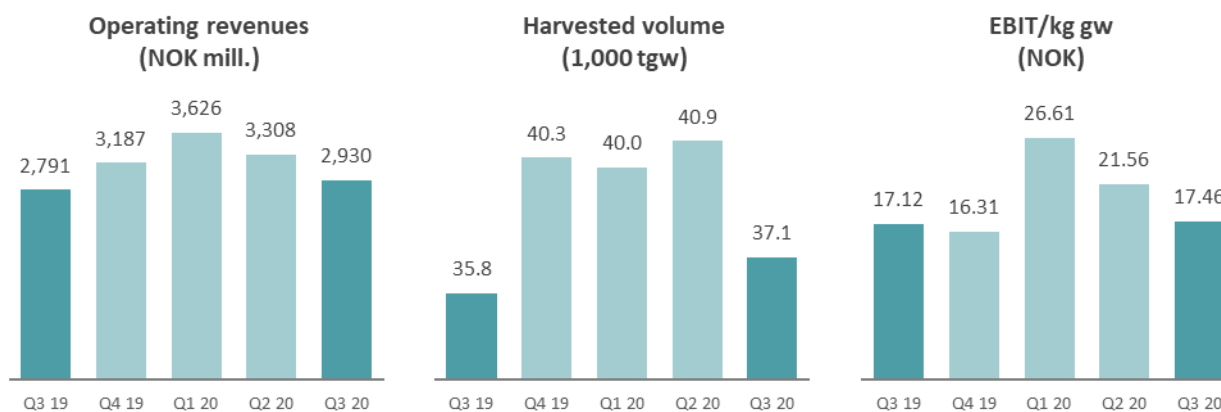


HIGHLIGHTS IN THE THIRD QUARTER

- Strategic and operational focus has led to good biological and operational performance, which has produced a strong financial result.
- Operational EBIT for the Group came to NOK 647 million, with an EBIT per kg of NOK 17.46.
- Good biological and operational performance has given strong results from both fish farming Central Norway and fish farming Northern Norway.
- Strong results within sales and processing segment due to good operational performance and a positive contribution from fixed-price contracts.
- Increased MAB capacity in Norway following the ‘traffic-light’ auction in August and the conversion of 8 development licences.
- SalMar still expects to harvest 152,000 tonnes in Norway and 12,000 tonnes in Iceland in 2020, with the flexibility to optimise the harvesting profile.
- SalMar expects to harvest 163,000 tonnes in Norway and 14,000 tonnes in Iceland in 2021.
- Icelandic Salmon was successfully listed on the Merkur Market in October.
- The Board proposes a dividend of 13 NOK per share, and will invite to an extraordinary general meeting

KEY FIGURES – GROUP

NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Operating revenue	2,929.8	2 791.2	9,863.3	9,050.9	12,237.6
Operational EBIT	646.8	613.5	2,593.7	2,409.5	3,067.6
Operational EBIT %	22.1%	22.0%	26.3%	26.6%	25.1%
Fair value adjustments	-69.7	-254.3	149.1	-251.4	-33.0
Profit/loss from associates	48.0	-39.0	33.3	40.9	118.7
Profit/loss before tax	522.2	263.1	2,495.0	2,267.0	3,158.4
EPS – diluted	3.27	1.79	17.28	16.10	22.03
NIBD incl. leasing liabilities	4,142.2	3,349.7	4,142.2	3,349.7	3,531.7
Equity ratio %	55.4%	51.8%	55.4%	51.8%	54.2%
Harvested volume (1,000 tgw)	37.1	35.8	118.0	112.8	153.1
EBIT/kg gw (NOK)	17.46	17.12	21.99	21.37	20.04



FINANCIAL PERFORMANCE

Revenues and results for the third quarter 2020

Strategic and operational focus led to good biological and operational performance, which enabled the SalMar Group to achieve a strong financial result in the third quarter 2020.

The segments Fish Farming Central Norway and Fish Farming Northern Norway both posted strong results in the third quarter. This reflects the dedication and hard work of employees in all areas of production, as well as good biological performance. The Sales and Processing segment also posted a strong result, which is attributable to good operational performance and a positive contribution from fixed-price contracts. As expected, Icelandic Salmon (formerly Arnarlax) had a weak quarter, its results affected by low price achievement and high production costs for the fish harvested.

The SalMar Group harvested a total of 37,100 tonnes of salmon in the third quarter 2020, compared with 40,900 tonnes in the second quarter this year and 35,800 tonnes in the third quarter last year.

Norskott Havbruk (Scottish Sea Farms) harvested 8,100 tonnes in the quarter, up from 6,500 tonnes the quarter before, and down from 10,000 tonnes in the third quarter last year. SalMar owns 50 per cent of Norskott Havbruk.

The average price of salmon (NASDAQ Salmon Index) in the third quarter 2020 was NOK 47.53 per kg, down from an average of NOK 57.83 per kg in the second quarter this year and from NOK 49.61 per kg in the third quarter of 2019.

SalMar generated gross operating revenues of NOK 2,929.8 million in the third quarter 2020, compared with NOK 3,307.9 million in the second quarter this year and NOK 2,791.2 million in the third quarter of 2019.

The Group made an Operational EBIT of NOK 646.8 million in the third quarter 2020, compared with NOK 881.9 million the quarter before and NOK 613.5 million in the third quarter of 2019.

The SalMar Group made an Operational EBIT of NOK 17.46 per kg in the third quarter 2020, down from NOK 21.56 per kg in the second quarter this year, and up from NOK 17.12 per kg in the third quarter of 2019.

Please see the segment results for further details.

SalMar's most important key figure for measuring its performance under IFRS is Operational EBIT. 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.

Fair value adjustments reduced the recognised operating profit by NOK 69.7 million in the period. The fair value of the biomass was reduced by NOK 142.8 million in the quarter. Unrealised changes in Fish Pool contracts gave a positive effect of NOK 19.4 million, while unrealised currency and forward currency contracts added NOK 54.6 million to the quarter's result. See Note 4 for further details.

Thus, SalMar posted an operating profit (EBIT) of NOK 577.1 million in the third quarter 2020, compared with NOK

1,580.6 million in the second quarter this year and NOK 359.2 million in the corresponding period in 2019.

Operating profit in the third quarter 2019 was affected by fair value adjustments totalling NOK -254,3 million.

Associates contributed with NOK 48.0 million in the third quarter 2020, compared with NOK 7.8 million in the second quarter this year and NOK -39.0 million in the third quarter last year. The contribution received in the period derives largely from SalMar's share of the profit from Norskott Havbruk, which amounted to NOK 46.4 million.

Net interest expenses totalled NOK 31.1 million in the quarter, down from NOK 35.8 million in the second quarter this year and NOK 42.8 million in the same period in 2019. Other financial items came to NOK -71.7 million in the quarter, compared with NOK 25.5 million in the second quarter this year and NOK -14.3 million in the same period in 2019. The change is attributable largely to a net currency effect of NOK -65.9 million in the period.

SalMar made a profit before tax of NOK 522.2 million in the third quarter 2020, down from NOK 1,578.2 million the quarter before, but up from NOK 263.1 million in the same period in 2019.

A tax expense of NOK 103.9 million has been calculated for the third quarter 2020, which gives a consolidated net profit of NOK 418.3 million in the quarter. In the third quarter 2019, the Group posted a tax expense of NOK 70.6 million and a net profit of NOK 192.4 million.

The NOK weakened against both the GBP and the EUR towards the end of the quarter. This resulted in positive translation differences in associates and subsidiaries denominated in foreign currencies of NOK 22.6 million and had a positive impact on cash-flow hedging of NOK 59.0 million. This increased the Group's comprehensive income in the period to NOK 499.9 million. The corresponding items in the previous quarter totalled NOK -87.0 million, while in the third quarter of 2019 they came to NOK 62.5 million.

Revenues and results in the first nine months of 2020

The SalMar Group generated gross operating revenues of NOK 9,863.3 million in the first nine months of 2020, up from NOK 9,050.9 million in the corresponding period in 2019.

Excluding Norskott Havbruk, SalMar harvested 118,000 tonnes of salmon in the first nine months of 2020, compared with 112,800 tonnes in the same period in 2019.

The average price of salmon (NASDAQ Salmon Index) in the year's first nine months came to NOK 57.91 per kg, compared with NOK 58.08 per kg in the same period last year.

SalMar's Operational EBIT for the first nine months of 2020 totalled NOK 2,593.7 million, up from NOK 2,409.5 million in the first nine months of 2019. This gives an Operational EBIT per kg of NOK 21.99, compared with NOK 21.37 per kg in the first nine months of 2019.

In the year to date, fair value adjustments have boosted profits by NOK 149.1 million, such that SalMar's operating profit for the first nine months of 2020 totalled NOK 2,742.8 million. Operating profit in the first nine months of 2019 amounted to NOK 2,158.1 million, after fair value adjustments totalling NOK -251.4 million.

Associates contributed NOK 33.3 million in the first nine months of 2020. The contribution derives almost entirely from Norskott Havbruk. In the same period last year, the Group received contributions from associates totalling NOK 40.9 million.

Net interest expenses totalled NOK 109.4 million in the first nine months of 2020, compared with NOK 114.9 million in the same period last year. Net other financial items came to NOK -171.7 million in the period, largely as a result of currency effects totalling NOK -165.9 million. In the corresponding period last year, other financial items totalled NOK 182.9 million, the bulk of which was a gain recognised in connection with Arnarlax (now Icelandic Salmon) changing its status from associate to subsidiary with effect from 1 February 2019. See Notes 5 and 9 for further details.

SalMar made a profit before tax of NOK 2,495.0 million in the first nine months of 2020, compared with a profit of NOK 2,267.0 million in the same period in 2019.

A tax expense of NOK 538.5 million has been calculated for the first nine months of 2020, which gives a net profit for the period of NOK 1,956.6 million. A tax expense of NOK 445.7 million was recognised in the corresponding period last year, such that net profit for the first nine months of 2019 came to NOK 1,821.3 million.

Cash flow

In the third quarter 2020, the SalMar Group generated a cash flow from operating activities of NOK 734.4 million, compared with NOK 595.1 million in the third quarter of 2019.

Cash flow from investing activities came to NOK -2,287.8 million in the quarter, up from NOK -331.8 million in the same period last year.

The bulk of the investments made in the quarter related to new licences, which accounted for NOK 1,858.6 million. Most of this amount is linked to the public auction that took place on 18 August 2020. Ongoing maintenance investments and investments in R&D relating to coastal and offshore fish farming totalled NOK 88.8 million in the period, while investments relating to the maintenance and expansion of smolt capacity totalled NOK 116.6 million. A further NOK 210.3 million was invested in the construction of the new InnovaNor harvesting plant, the expansion at Vikenco and upgrades to InnovaMar. Capacity and general maintenance investments in Iceland totalled NOK 13.4 million.

The Group's cash flow from financing activities came to NOK 1,533.3 million in the third quarter 2020, compared with NOK -429.9 million in the same quarter in 2019. The Group's interest-bearing debt rose by NOK 1,612.3 million in the third quarter 2020. Instalments on leasing liabilities amounted to NOK 46.5 million and net interest paid amounted to NOK 31.1 million. In the third quarter last year, interest-bearing debt decreased by NOK 387.2 million, while net interest paid amounted to NOK 42.8 million.

This gave SalMar a net cash flow of NOK -20.1 million in the third quarter 2020, compared with NOK -166.6 million in the third quarter of 2019. Adjusted for currency effects amounting to NOK -2.9 million, this reduced the Group's total holding of cash and cash equivalents by NOK 22.9 million in the period. As a result, cash and cash equivalents at the close of the quarter totalled NOK 169.3 million.

In the first nine months of 2020, the SalMar Group generated a net cash flow from operating activities of NOK 3,148.3 million, compared with NOK 2,718.2 million in the corresponding period in 2019. Net cash flow from investing activities came to NOK -3,241.6 million in the period, compared with NOK -934.8 million in the third quarter of 2019. Cash flow from financing activities totalled NOK 25.6 million in the third quarter 2020, compared with NOK -1,822.2 million in the same period last year. As a result, the Group's net cash flow for the first nine months of 2020 came to NOK -67.7 million, compared with NOK -38.8 million in the same period last year.

Financial position

At the close of the third quarter 2020, SalMar's balance sheet totalled NOK 21,700.5 million, up from NOK 17,986.1 million at the close of 2019 and from NOK 17,367.6 million at the close of the third quarter last year.

The value of the Group's intangible assets rose by NOK 1,889.1 million in the period to stand at NOK 6,904.0 million as at 30 September 2020. The increase is attributable to the purchase of licences at the 'traffic-light' auction and conversion of eight development licences.

The book value of the Group's property, plant and equipment rose by NOK 278.9 million in the quarter to stand at NOK 5,211.6 million at its close. Investments are being made in accordance with previously adopted plans, including the expansion of smolt capacity in Senja, the construction of the new InnovaNor harvesting plant in Northern Norway and general maintenance.

The value of the Group's right-to-use assets decreased by NOK 17.1 million to end the third quarter at NOK 732.1 million.

As at 30 September 2020, SalMar had current assets totalling NOK 7,964.8 million, up from NOK 7,490.3 million at the close of 2019 and from NOK 7,309.3 million at the close of the third quarter last year.

At the close of the third quarter 2020, inventory amounting to NOK 6,862.2 million was recognised in the balance sheet. This corresponds to an increase of NOK 408.8 million during the period. The fair value of the biomass increased by NOK 332.9 million in the quarter, due to an increase in volume compared with the close of the second quarter. As at 31 December 2019, inventory was recognised in the amount of NOK 6,189.5 million. As at 30 September last year, inventory totalled NOK 6,117.0 million.

As at 30 September 2020, the Group had trade receivables amounting to NOK 653.9 million, compared with NOK 739.4 million at the close of 2019 and NOK 665.9 million at the close of the third quarter last year.

Other current receivables totalled NOK 279.4 million at the close of the quarter, compared with NOK 330.3 million as at 31 December and NOK 328.6 million as at 30 September 2019.

As at 30 September 2020, the SalMar Group had cash and cash equivalents of NOK 169.3 million, down from NOK 231.0 million at the close of 2019 and NOK 197.8 million at the close of the third quarter last year.

As at 30 September 2020, the Group had total equity of NOK 12,017.2 million, corresponding to an equity ratio of 55.4 per cent. This is an increase of NOK 2,277.1 million since the close of 2019 and of NOK 3,016.6 million since the close of the third quarter last year. See the separate presentation of movements in equity for further details.

The SalMar Group's total interest-bearing debt as at 30 September 2020 came to NOK 3,500.8 million, an increase of NOK 1,640.7 million since the close of the second quarter. Of this amount, long-term debt totalled NOK 2,289.2 million, while short-term debt totalled NOK 1,211.6 million.

The Group had leasing liabilities totalling NOK 810.6 million at the close of the third quarter 2020, compared with NOK 629.6 million at the close of 2019 and NOK 622.5 million at the close of the third quarter last year.

Other current liabilities rose by NOK 314.8 million in the quarter, to end at NOK 3,537.9 million. This is largely attributable to an increase in trade payables and tax payable.

As at 30 September 2020, the SalMar Group had a net interest-bearing debt including leasing liabilities of NOK 4,142.2 million, up from NOK 3,513.7 million as at 31 December 2019 and NOK 3,349.7 million as at 30 September 2019.

OPERATIONAL PERFORMANCE

In the third quarter 2020, SalMar is reporting its operations in four segments: Fish Farming Central Norway, Fish Farming Northern Norway, Icelandic Salmon (formerly Arnarlax) and Sales and Processing.

Fish Farming Central Norway

Fish Farming Central Norway is SalMar's largest business segment. It covers the Group's operations in Møre & Romsdal and Trøndelag, and has 68 wholly owned operating licences

NOK million	Q3 20	Q3 19	YTD 20	YTD 19
Operating revenue	1 623	1 565	4 810	4 321
Operational EBIT	526	544	1 947	1 747
Operational EBIT %	32.4%	34.8%	40.5%	40.4%
Harvested volume (1 000 t _{gw})	30.1	28.1	79.5	70.9
EBIT/kg gw (NOK)	17.51	19.35	24.51	24.63

Fish Farming Central Norway harvested 30,100 tonnes of salmon in the third quarter 2020, compared with 28,100 tonnes in the third quarter last year.

The segment generated gross operating revenues of NOK 1,623 million in the quarter, up from NOK 1,565 million in the third quarter last year. The increased volume harvested thereby offset a reduction in the average salmon price (NASDAQ Salmon Index) compared with the third quarter of 2019.

The segment posted a strong financial result in the period, where good strategic and operational choices led to good biological and operational performance. A high volume harvested early in the period, combined with a favourable average weight of harvested fish, resulted in good price achievement. Operational EBIT per kg gutted weight came to NOK 17.51, down from NOK 19.35 per kg in the same period last year.

The generation of fish transferred to sea farms in the spring of 2019, which has performed very well biologically, accounted for 63 per cent of the volume harvested in the third quarter. The remaining 37 per cent of the volume was made up of fish transferred to sea farms in the autumn of 2019. Harvesting of the autumn-2019 generation will continue in the fourth quarter. This generation has a slightly higher production cost compared with the high-performing spring-2019 generation.

In the fourth quarter 2020, the segment expects to harvest a substantially lower volume of fish, with production costs remaining at the same level as the third quarter.

Fish Farming Central Norway still expects to harvest 103,000 tonnes of salmon in 2020, but increased MAB capacity gives it the flexibility to optimise its harvesting profile.

Fish Farming Northern Norway

Fish Farming Northern Norway covers the Group's operations in Troms & Finnmark, and has 32 wholly owned operating licences.

NOK million	Q3 20	Q3 19	YTD 20	YTD 19
Operating revenue	250	275	1 791	2 042
Operational EBIT	61	6	692	661
Operational EBIT %	24.4%	2.1%	38.6%	32.4%
Harvested volume (1 000 t _{gw})	5.3	5.4	30.8	34.6
EBIT/kg gw (NOK)	11.55	1.08	22.43	19.10

Fish Farming Northern Norway harvested around 5,300 tonnes of salmon in the third quarter 2020, compared with 5,400 tonnes in the third quarter last year.

The segment generated gross operating revenues of NOK 250 million in the quarter, compared with NOK 275 million in the third quarter last year. The decrease in revenues is due to a slightly low price achievement and lower harvested volume than in the corresponding period last year.

The segment posted a strong financial result in the period, with both good biological and operational performance. However, the result was negatively affected by low price achievement due to harvesting taking place only in September, when prices were at their lowest. A good average weight for the fish harvested offset this to some extent. Operational EBIT per kg gutted fish came to NOK 11.55 in the third quarter 2020, compared with NOK 1.08 per kg in the corresponding period last year.

Harvesting of the spring-2019 generation got underway during the third quarter. Indeed, the entire volume harvested was drawn from this generation, which has developed very well in recent periods. The segment will continue harvesting the spring-2019 generation in the fourth quarter.

The segment expects similar cost level in the fourth quarter and significantly higher harvest volume.

Fish Farming Northern Norway still expects to harvest 49,000 tonnes of salmon in 2020, but increased MAB capacity gives it the flexibility to optimise its harvesting profile.

Icelandic Salmon

Icelandic Salmon (formerly Arnarlax) 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	Q3 20	Q3 19	YTD 20	YTD 19
Operating revenue	110	152	489	462
Operational EBIT	-22	22	-31	73
Operational EBIT %	-19.9%	14.4%	-6.3%	15.9%
Harvested volume (1 000 t _{gw})	1.7	2.3	7.7	7.2
EBIT/kg gw (NOK)	-12.81	9.54	-4.02	10.16

*The figures for 2019 apply from February 2019, after Icelandic Salmon (Arnarlax) was consolidated into SalMar's accounts.

Icelandic Salmon harvested 1,700 tonnes of salmon in the third quarter 2020, compared with 2,300 tonnes in the third quarter of 2019. The company generated gross operating revenues of NOK 110 million in the quarter, compared with NOK 152 million in the same quarter last year.

As indicated in the previous interim report, Icelandic Salmon posted a weak financial result in the period. This may be attributed to weak price achievement and a high production cost for the 2018 generation of fish harvested. Icelandic Salmon sells and recognises the bulk of its sales revenues in EUR, and has therefore not experienced the same positive foreign exchange effects as SalMar's Norwegian businesses.

Icelandic Salmon made an Operational EBIT of NOK -22 million, compared with an Operational EBIT of 22 million in the same period last year. Operational EBIT per kg gutted weight came to NOK -12.81 in the third quarter 2020, compared with NOK 9.54 per kg in the third quarter last year.

The sites that have suffered a high rate of mortality in the 2018 generation are now completely harvested out. In the fourth quarter, the harvesting of the 2019 generation will get underway. This generation has performed better biologically and have a lower cost level. Compared with the third quarter 2020, lower costs and a higher harvested volume are expected in the fourth quarter.

Icelandic Salmon still expects to harvest 12,000 tonnes of salmon in 2020.

Sales and Processing

The Sales and Processing segment sells all the fish that the Group harvests in Norway. The harvested volume is sold primarily to markets in Europe, Asia and America. InnovaMar is SalMar's main facility for industrial processing. It is located in Frøya, in close proximity to Fish Farming Central Norway's operations.

NOK million	Q3 20	Q3 2019	YTD 20	YTD 19
Operating revenue	2 903	2 725	9 536	8 697
Operational EBIT	156	102	209	117
Operational EBIT %	5.4%	3.8%	2.2%	1.3%

The Sales and Processing segment generated gross operating revenues of NOK 2,903 million in the third quarter 2020, up from NOK 2,725 million in the same period last year.

Operational EBIT totalled NOK 156 million in the period, compared with NOK 102 million in the third quarter last year.

The improved profits are attributable to a combination of factors, including a positive contribution from fixed-price contracts as a result of low spot salmon prices in the quarter, favourable allocation of spot sales in a challenging period due to a high level of uncertainty in the market caused by the Covid-19 pandemic, as well as efficient operations and improved capacity utilisation.

A total of 35,400 tonnes was harvested at InnovaMar during the period, compared with approx. 33,600 tonnes in the previous quarter and 28,500 tonnes in the third quarter last year. Around 25 per cent of the volume was sold under contract in the third quarter. The contract rate for the fourth quarter is also 25 per cent, with prices at the same level as earlier in 2020.

The current market situation reinforces the importance of our strategic focus on local processing. The construction of InnovaNor, which will be Northern Norway's largest and most modern harvesting and secondary processing plant, is proceeding as planned. The facility is expected to go into operation the summer of 2021.

Eliminations

Research and development (R&D) costs are included as eliminations in the segments' reported results. Of a total harvested volume of 37,100 tonnes in the third quarter 2020, R&D costs accounted for NOK 1.51 per kg.

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 recognised as financial income. The figures in the table below reflect the company's overall performance.

NOK million	Q3 20	Q3 19	YTD 20	YTD 19
Operating revenues	543	630	1 271	1 442
Operational EBIT	101	27	233	243
Operational EBIT %	18.7 %	4.3 %	18.3 %	16.8 %
Fair value adj. biomass	18	-125	-122	-157
Profit/loss before tax	114	-103	93	77
SalMar's share after tax	46	-40	27	34
Harvested volume (1 000 tgw)	8.1	10.0	17.6	20.5
EBIT/kg gw (NOK)	12.45	2.69	13.23	11.81

Norskott Havbruk generated gross operating revenues of NOK 543 million in the third quarter 2020, compared with NOK 630 million in the third quarter last year. The year-on-year decrease is attributable primarily to a lower volume harvested.

Norskott Havbruk harvested around 8,100 tonnes of salmon during the quarter, down from 10,000 tonnes in the third quarter of 2019. Good growth and biological performance in all regions resulted in lower costs compared with the previous quarter. Operational EBIT per kg gutted weight came to NOK 12.45, compared with NOK 2.69 per kg in the same period last year.

Sales in the spot market accounted for 59 per cent of the volume harvested. Here, price achievement was negatively affected by the market uncertainty caused by the Covid-19 pandemic. The remaining volume was sold under contract at an achieved price higher than the spot price.

SalMar's share of Norskott Havbruk's profit before tax came to NOK 46 million in the third quarter.

The quality of the standing biomass in all regions is good, with lower costs than at the same point in 2019. The company transferred 1.9 million smolt to its sea farms during the quarter, with a higher average weight than in previous years.

Norskott Havbruk still expects to harvest 26,000 tonnes of salmon in 2020. And the company expects to harvest 36,000 tonnes of salmon in 2021.

MARKETS

Supply and biomass

The global supply of Atlantic salmon in the third quarter 2020 came to around 712,420 tonnes, an increase of 5 per cent on the same period in 2019.

At 358,300 tonnes, the volume harvested in Norway in the third quarter 2020 was 1 per cent higher than in the same period in 2019. A total of 204,500 tonnes was harvested in Chile during the quarter, up 16 per cent on the

corresponding period in 2019. Year-on-year, the volume harvested in the UK fell by 3 per cent to 54,100 tonnes. The Faeroe Islands harvested 17,900 tonnes, a decrease of 11 per cent on the same period last year.

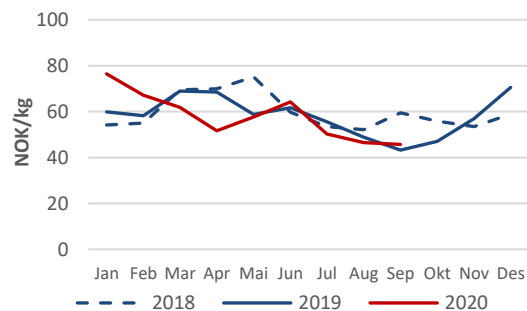
At the close of the third quarter 2020, according to data from Kontali, Norway's standing biomass was estimated to be 3 per cent higher than at the same point last year. The standing biomass in Chile was estimated to be unchanged, while in the Faeroe Islands it was estimated to be 7 per cent lower. The UK's biomass was estimated to be 6 per cent up on the year before.

Prices and foreign exchange rates

Atlantic salmon was traded at NOK 58.82 per kg at the start of the third quarter 2020 (NASDAQ Salmon Index). Prices then fell steadily until mid-July, from which point they continued to hover around NOK 45 per kg. The price at the close of the quarter was NOK 45.69 per kg.

The average salmon price for the quarter came to NOK 47.53 per kg, down from NOK 49.61 per kg in the third quarter 2019.

NASDAQ Salmon Index NOK/kg



Compared with the second quarter 2020, the Norwegian kroner (NOK) weakened by 2.2 per cent against the GBP and 1.7 per cent against the EUR in the third quarter this year, while strengthening by 2.7 per cent against the USD. Compared with the third quarter 2019, however, the NOK has weakened by 4–12 per cent against the same currencies.

Norwegian exports

Norway exported around 341,000 tonnes round weight of salmon in the third quarter 2020, down 1 per cent from the 344,000 tonnes exported in the same quarter last year. The value of Norway's exports totalled NOK 16.7 billion, down 6 per cent on the 2019 level, which stood at NOK 17.8 billion.

Poland's substantial secondary processing industry makes it the largest individual market for Norwegian salmon. In the third quarter 2020, some 60,500 tonnes were exported to Poland, an increase of 19 per cent compared with the same quarter last year. The USA decreased its purchases of Norwegian salmon by around 5 per cent. France increased its purchases by 10 per cent, while Denmark increased its purchases by 5 per cent. Exports to Spain and the UK remained practically unchanged compared with the third quarter of 2019.

Sales to Vietnam/China/Hong Kong were more than halved to 6,500 tonnes compared with the same period last year.



OTHER MATTERS

Coronavirus pandemic (Covid-19)

The spread of Covid-19 and the measures that have been implemented worldwide to reduce transmission of the disease have caused heightened market uncertainty.

SalMar is well positioned to deal with such crises because it has good financial flexibility and ample capacity to process products locally before they are shipped to countries around the globe. At the same time, the company's fantastic workforce demonstrates a unique capacity to roll up its sleeves and come up with good solutions in a challenging situation. At the time of writing, none of SalMar's employees have tested positive for Covid-19.

Even though Covid-19 has created increased market uncertainty, SalMar continues to have great faith in the future of the aquaculture industry. In early May, therefore, it started building a new smolt facility in Senja and is continuing construction of the new InnovaNor harvesting plant in Senja as planned.

Ocean strategy

The establishment of salmon farming in the open ocean is an important part of SalMar's growth strategy and has the potential to be a significant growth catalyst. The open ocean provides unique opportunities to farm fish in harmony with nature and with minimal environmental impact – in keeping with SalMar's "Passion for Salmon" vision and its goal of farming salmon on the salmon's own terms.

In 2019, SalMar strengthened its activities in the field of offshore aquaculture by establishing the subsidiary SalMar Ocean AS. SalMar's ambition is to retain its leading position in this field, with respect to both technology development and biological production, and thereby contribute to the environmentally sustainable development of Norwegian aquaculture.

The first and second production cycles at SalMar's first offshore installation, Ocean Farm 1, produced good biological results, which has strengthened the company's belief that offshore fish farming is the way to go. They have also provided insights and practical experience that the company can build on in its efforts to make the necessary improvements to Ocean Farm 1 before the next transfer of smolt. These lessons will also inform the design of Ocean Farm 2 and the deepwater Smart Fish Farm installation.

In July 2020 the Norwegian Directorate of Fisheries approved the conversion of the eight development licenses for Ocean Farm 1 (OF1). This means that the eight licenses can now be included in its ordinary production, giving SalMar increased flexibility to optimize biological production in Central Norway. Conversion of these licenses will not affect the operation of OF1, which will continue to be an important production unit for SalMar. Second production cycle at OF1 was finished in September 2020, and the company will implement the necessary improvements before the next transfer of smolt in the unit.

Work on the Smart Fish Farm project continues as planned, a unit specifically designed for operation on the open ocean. SalMar has been granted eight development licences, in connection with this project. An investment decision is expected to be made in 2021.

The company has also started a planning for Ocean Farm 2, a unit which builds on similar design as OF1 and which will be adapted for use on exposed locations within today's production regime.

InnovaNor

SalMar's construction of a new harvesting and processing facility in Northern Norway, called InnovaNor, is proceeding as planned. This is an important strategic and industrial investment for SalMar. It will strengthen the company's position in Northern Norway, pave the way for increased value creation and employment in the region and provide SalMar with a considerable secondary processing capacity in this part of the country and the flexibility to harvest fish stocks at the biologically optimal time.

The challenges posed by Covid-19 also demonstrate the importance of good harvesting and processing capacity, which gives the company the flexibility to produce precisely the products that the various markets demand.

SalMar expects the plant to go into operation in 2021.

Expansion of smolt production capacity

Access to high quality smolt of an optimal size is crucial to secure good performance throughout the life cycle of a salmon. The SalMar Group currently has projects underway to expand capacity at several of its smolt facilities.

In October 2019, it was decided to expand the Senja smolt facility, and construction got underway on 4 May this year. The new building is situated adjacent to the existing facility and will create a major competence centre for RAS technology and smolt production. The first smolt are expected to be delivered in the summer of 2022.

Project and engineering design work for a new smolt facility in Tjuin, Trøndelag, is now underway and is proceeding as planned. Proximity to the company's existing facility at Follafooss will enable the creation of an even more powerful smolt competence centre and give SalMar greater capacity and flexibility to produce the right kind of smolt, with the right quality at the right time. A final investment decision is expected early in 2021.

SalMar is also in the process of constructing a new closed net pen. The installation is now in position at one of the company's sea farms, where final preparations are being made for the first transfer of smolt.

Traffic-light system

Norway introduced a 'traffic-light' system for aquaculture production in 2017. The Norwegian government launched the new scheme to regulate the aquaculture sector's growth and safeguard environmental sustainability and foreseeability. Expansion is permitted in green regions, producers in amber regions must wait, while production must be halted or reduced in red regions. Conditions are assessed every two years, with any permitted increase in a region's capacity capped at 6 per cent.

On 4 February 2020, the Norwegian Ministry of Trade, Industry and Fisheries announced that 9 regions got a green light, an amber light to 2, while 2 regions were given a red light. SalMar has existing production licences in the green regions PO6-7 and PO11-13, in the amber region PO10, and in the red region POS.

During 2020 SalMar acquired its share of the capacity increase that was available to purchase at a fixed price and participated on the auction which was held on 18 August 2020. In total SalMar purchased 8,803 tonnes for a total of NOK 1,877 million. This gives SalMar increased MAB capacity in both Central Norway and Northern Norway. It also gives the company the flexibility to optimise its biological production going forward. SalMar will perform regular assessments to ensure optimal exploitation of this increased production capacity.

SHARES AND SHAREHOLDERS

At the close of the third quarter 2020, SalMar had a total of 113,299,299 shares outstanding, divided between 8,211 shareholders.

The company's major shareholder, Kverva AS, owns 52.46 per cent of the shares. The 20 largest shareholders own a total of 74.75 per cent of the shares. SalMar ASA is now the 36th largest shareholder with 377,141 shares, corresponding to 0.33 per cent of the total number of shares outstanding as at 30 September 2020.

SalMar's share price fluctuated between NOK 418.40 and NOK 529.00 in the third quarter 2020. The final price at the close of the quarter was NOK 529.00, compared with NOK 459.10 at the start of the quarter. This corresponds to an increase in value of 15.2 per cent during the period.

A total of 9.4 million shares were traded in the quarter, just over 8 per cent of the total number of shares outstanding. The daily volume of shares traded averaged 142,337.

EVENTS AFTER THE BALANCE SHEET DATE

Successful listing for Icelandic Salmon

On 15 October 2020, SalMar informed the stock market that Icelandic Salmon had carried out a successful private placement of 5,629,344 shares at a price of NOK 115 per share. The share issue generated gross proceeds of approx. NOK 647 million. Around NOK 500 million came from the sale of new shares, while around NOK 147 million came from the sale of existing shares. The share issue attracted considerable attention from high-quality institutional investors and was significantly oversubscribed.

The Oslo Stock Exchange granted the company permission to list its shares on the Merkur Market. Its first day of trading was 27 October 2020.

Following the share issue, SalMar owns 51.02 per cent of Icelandic Salmon's shares.

OUTLOOK

Markets

According to estimates from Kontali, the global supply of Atlantic salmon is expected to grow by 5 per cent in the fourth quarter 2020.

In the fourth quarter 2020, output is expected to grow by 3 per cent in Norway and 5 per cent in Chile. During the same period, output is expected to grow by 20 per cent in the UK, hold steady in North America and decrease by 1 per cent in the Faeroe Islands.

From 2020 to 2021, the overall supply of Atlantic salmon is expected to increase by 1 per cent, or around 27,000 tonnes.

The coronavirus pandemic has led to heightened market uncertainty. A downturn in the hotel, restaurant and catering (Horeca) market as a result of measures designed to curb the spread of infection has led to a reduction in demand in the majority of countries. At the same time, demand in the supermarket sector has increased. This has to some extent cushioned the fall in demand.

Forward prices on Fish Pool, as at 9 November 2020, indicate an average salmon price of NOK 45.00 per kg in November and NOK 54.20 per kg in December. The price indication for the first half of 2021 is NOK 60.85 per kg, while it is NOK 57.43 per kg for 2021 as a whole.

Company

SalMar has contracts covering around 25 per cent of its volume in the fourth quarter 2020, with prices at the same level as earlier in the year.

Compared with the third quarter, SalMar expects for the fourth quarter stable cost level in Norway with significantly lower harvest volume in Central Norway and a significantly higher harvest volume in Northern Norway. Expect lower costs and a higher volume in Iceland in the fourth quarter.

SalMar still expects to harvest 152,000 tonnes of salmon in Norway and 12,000 tonnes in Iceland in 2020. With flexibility to optimise its biological production and adapt its harvesting profile as a result of the increase in its MAB.

SalMar expects to harvest 163,000 tonnes of salmon in Norway, 14,000 tonnes in Iceland. Norscott Havbruk expects to harvest 36,000 tonnes in 2021.

SalMar is carefully monitoring how the various markets are being affected by the Covid-19 pandemic. It makes continuous assessments of how best to allocate volumes to the various markets. The company is well positioned, with a large and flexible local secondary processing capacity, which enables it to adapt its production to make the products that the market demands.

SalMar's board of directors considers that the company is well equipped for positive development, both within coastal and offshore-based aquaculture.

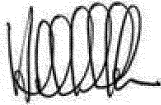
SalMar is maintaining its ongoing investment programmes. In 2021, it expects to invest around NOK 1.6 billion in its Norwegian operations to further develop its already strong platform for growth. The construction of InnovaNor and Senja 2 make up the largest individual investments. In addition, a further NOK 170 million is expected to be invested in Iceland.

The last few quarters have proven SalMar's ability to handle demanding market conditions by delivering strong results and maintaining a solid financial position. Based on this, the board proposes to pay out NOK 13 per share in dividend and will invite to an extraordinary general meeting on 4th of December 2020. The Board has updated the company's dividend policy which defines long-term financial targets and form of dividends. In addition to ordinary cash dividends, the company will also aim to return capital to shareholders through share buybacks in the market for subsequent cancellation. The dividend proposal for the financial year 2020 will be announced when the results for the fourth quarter of 2020 are presented.

The Board considers that SalMar's financial capacity for further growth to be strong.

Board of Directors and CEO of SalMar ASA
Frøya, 11 November 2020

Atle Eide
Chair



Tonje E. Foss
Director



Jon Erik Rosvoll
Director (employee-elected)



Margrethe Hauge
Director



Linda L. Aase
Director



Gustav Witzøe
CEO



Leif Inge Nordhammer
Director



Brit Elin Soleng
Director (employee-elected)



INCOME STATEMENT

NOK million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Operating revenue	2,929.8	2,791.2	9,863.3	9,050.9	12,237.6
Cost of goods sold	1,326.4	1,326.4	4,298.3	4,099.9	5,770.0
Payroll expenses	295.7	289.2	954.0	877.0	1,202.5
Other operating expenses	461.7	377.6	1,439.6	1,151.8	1,479.0
EBITDA	846.0	798.1	3,171.5	2,922.2	3,786.0
Depreciation and write-downs	199.2	184.5	577.8	512.7	718.4
Operational EBIT	646.8	613.5	2,593.7	2,409.5	3,067.6
Fair value adjustment	-69.7	-254.3	149.1	-251.4	-33.0
Operating profit	577.1	359.2	2,742.8	2,158.1	3,034.6
Income from investments in associates	48.0	-39.0	33.3	40.9	118.7
Net interest expenses	-31.1	-42.8	-109.4	-114.9	-157.7
Other financial items	-71.7	-14.3	-171.7	182.9	162.8
Profit before tax	522.2	263.1	2,495.0	2,267.0	3,158.4
Tax	103.9	70.6	538.5	445.7	613.9
Net profit for the period	418.3	192.4	1,956.6	1,821.3	2,544.5
Other comprehensive income:					
<i>Items to be reclassified to profit and loss in subsequent periods:</i>					
Change in translation diff. associates	7.4	22.2	22.3	-7.0	12.6
Change in translation diff. associates - reclassified to P&L	-	-	-	-4.4	-4.4
Change in translation diff. subsidiaries	15.3	40.3	166.6	36.8	31.7
Cash flow hedge, net after tax	59.0	-	108.8	-	-
Total comprehensive income	499.9	254.9	2,254.3	1,846.6	2,584.4
<i>Allocation of net profit for the period:</i>					
Non-controlling interests	48.3	-10.4	2.2	2.2	56.5
Shareholders in SalMar ASA	370.0	202.8	1,954.4	1,819.1	2,488.0
Earnings per share (NOK)	3.28	1.80	17.31	16.14	22.06
Earnings per share - diluted	3.27	1.79	17.28	16.10	22.03

BALANCE SHEET – GROUP

NOK million	30.09.2020	30.06.2020	31.12.2019	30.09.2019
ASSETS				
Non-current intangible assets	6,904.0	5,014.8	4,741.9	4,581.5
Non-current tangible assets	5,211.6	4,932.6	4,369.9	4,151.5
Right-of-use assets	732.1	749.2	569.7	570.2
Non-current financial assets	888.1	816.9	814.2	755.1
Total non-current assets	13,735.7	11,513.5	10,495.8	10,058.3
Inventory	6,862.2	6,453.3	6,189.5	6,117.0
Trade receivables	653.9	852.2	739.4	665.9
Other short-term receivables	279.4	247.4	330.3	328.6
Cash and cash equivalents	169.3	192.2	231.0	197.8
Total current assets	7,964.8	7,745.2	7,490.3	7,309.3
TOTAL ASSETS	21,700.5	19,258.7	17,986.1	17,367.6
EQUITY AND LIABILITIES				
Paid-in equity	678.3	665.4	643.3	634.9
Other equity	10,553.4	10,110.0	8,364.5	7,687.3
Minority interests	785.6	730.3	732.4	678.4
Total equity	12,017.2	11,505.8	9,740.1	9,000.6
Provisions	1,834.0	1,848.5	1,757.6	1,644.9
Non-current interest-bearing liabilities	2,289.2	1,489.8	2,751.6	2,394.6
Long-term leasing liabilities	661.1	668.0	488.9	499.2
Total non-current liabilities	4,784.3	4,006.3	4,998.0	4,538.7
Current interest-bearing liabilities	1,211.6	370.2	381.5	530.4
Short-term leasing liabilities	149.5	153.3	140.7	123.3
Other current liabilities	3,537.9	3,223.0	2,725.7	3,174.6
Total current liabilities	4,899.0	3,746.6	3,248.0	3,828.3
TOTAL EQUITY AND LIABILITIES	21,700.5	19,258.7	17,986.1	17,367.6
Net interest-bearing liabilities	3,331.5	1,667.9	2,902.1	2,727.2
NIBD incl. leasing liabilities	4,142.2	2,489.2	3,531.7	3,349.7
Equity share	55.4 %	59.7 %	54.2 %	51.8 %

CASH FLOW

<i>NOK million</i>	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Profit before tax	522.2	263.1	2,495.0	2,267.0	3,158.4
Tax paid in the period	-3.5	-	-26.7	-22.6	-690.7
Depreciation	199.2	184.5	577.8	512.7	718.4
Share of profit/loss from associates	-48.0	39.0	-33.3	-40.9	-118.7
Realised gains on exit of associate	-	-	-	-225.9	-225.9
Change in fair value adjustments	69.7	254.3	-149.1	251.4	33.0
Change in working capital	-49.2	-203.6	97.1	-175.9	-50.4
Other changes	43.9	57.8	187.5	152.4	205.3
Net cash flow from operating activities	734.4	595.1	3,148.3	2,718.2	3,029.5
Net cash flow from investing activities	-2,287.8	-331.8	-3,241.6	-934.8	-1,317.4
Change in interest-bearing liabilities	1,612.3	-387.2	276.0	1,021.8	1,387.0
Change in leasing liabilities	-46.5	-	-128.8	-	-213.5
Dividend paid out	-	-	-10.9	-2,617.2	-2,617.2
Interest paid	-31.1	-42.8	-109.4	-114.9	-157.7
Aquisition of non-controlling interests	-	-	-1.3	-111.9	-118.9
Net cash flow from financing activities	1,533.3	-429.9	25.6	-1,822.2	-1,720.3
Net change in cash for the period	-20.1	-166.6	-67.7	-38.8	-8.2
Foreign exchange effects	-2.9	0.5	6.0	-3.0	-0.4
Cash at the start of the period	192.2	363.9	231.0	239.6	239.6
Cash at the close of the period	169.3	197.8	169.3	197.8	231.0



CHANGES IN EQUITY

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	199.7	73.3	8,291.2	732.4	9,740.1
Net profit for the year						1,954.4	2.2	1,956.6
Comprehensive income					127.0		61.9	297.7
Total comprehensive income for the year	0.0	0.0	0.0	0.0	127.0	2,063.2	64.1	2,254.3
<i>Transactions with shareholders</i>								
Dividend paid							-10.9	-10.9
Options granted				35.0				35.0
Other changes						-1.3		-1.3
Sum transactions with shareholders	0.0	0.0	0.0	35.0	0.0	-1.3	-10.8	22.9
Equity as at 30.09.20	28.3	-0.1	415.3	234.7	200.3	10,353.1	785.6	12,017.2

2019	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.19	28.3	-0.1	415.3	153.9	46.9	8,403.9	91.7	9,139.8
Net profit for the year						2,488.0	56.5	2,544.5
Comprehensive income					26.4		13.5	39.9
Total comprehensive income for the year	0.0	0.0	0.0	0.0	26.4	2,488.0	70.0	2,584.4
<i>Transactions with shareholders</i>								
Dividend paid						-2,593.0	-24.2	-2,617.2
Additions non-controlling interests						0.5	705.2	705.7
Exit of non-controlling interests						-8.5	-110.4	-118.9
Options granted				47.6				47.6
Deferred tax options				-1.8		0.0		-1.8
Redeemed options treasury shares		0.0				0.0		0.0
Other changes						0.3		0.3
Sum transactions with shareholders	0.0	0.0	0.0	45.8	0.0	-2,600.7	570.7	-1,984.1
Equity as at 31.12.19	28.3	-0.1	415.3	199.7	73.3	8,291.2	732.4	9,740.1



SEGMENTS

<i>NOK million</i>	Farming Central Norway	Farming Northern Norway	Sales and Processing	Icelandic Salmon	Eliminations	Group
Q3 2020						
Operating revenue (NOK mill.)	1,623.1	249.7	2,902.8	110.2	-1,956.1	2,929.8
Operational EBIT (NOK mill.)	526.2	61.0	156.2	-21.9	-74.7	646.8
Operational EBIT %	32.4 %	24.4 %	5.4 %	-19.9 %		22.1 %
Harvested volume (1,000 t _{gw})	30.1	5.3		1.7		37.1
EBIT/ kg gw (NOK)	17.51	11.55		-12.81		17.46
Q3 2019						
Operating revenue (NOK mill.)	1,564.5	275.4	2,724.9	152.3	-1,926.0	2,791.2
Operational EBIT (NOK mill.)	544.0	5.9	102.3	21.9	-60.5	613.5
Operational EBIT %	34.8 %	2.1 %	3.8 %	14.4 %		22.0 %
Harvested volume (1,000 t _{gw})	28.1	5.4		2.3		35.8
EBIT/ kg gw (NOK)	19.35	1.08		9.54		17.12
YTD 2020						
Operating revenue (NOK mill.)	4,809.7	1,790.7	9,536.2	489.1	-6,762.3	9,863.3
Operational EBIT (NOK mill.)	1,947.1	691.9	209.4	-30.8	-223.9	2,593.7
Operational EBIT %	40.5 %	38.6 %	2.2 %	-6.3 %		26.3 %
Harvested volume (1,000 t _{gw})	79.5	30.8		7.7		118.0
EBIT/ kg gw (NOK)	24.51	22.43		-4.02		21.99
YTD 2019						
Operating revenue (mill.)	4,321.4	2,042.3	8,696.6	462.5	-6,471.9	9,050.9
Operational EBIT (mill.)	1,747.1	661.0	116.9	73.3	-188.8	2,409.5
Operational EBIT %	40.4 %	32.4 %	1.3 %	15.9 %		26.6 %
Harvested volume (1,000 t _{gw})	70.9	34.6		7.2		112.8
EBIT/ kg gw (NOK)	24.63	19.10		10.16		21.37
FY 2019						
Operating revenue (mill.)	5,670.4	2,788.7	11,698.6	627.1	-8,547.2	12,237.6
Operational EBIT (mill.)	2,164.6	931.4	124.4	100.1	-252.9	3,067.6
Operational EBIT %	38.2 %	33.4 %	1.1 %	16.0 %		25.1 %
Harvested volume (1,000 t _{gw})	95.3	48.0		9.8		153.1
EBIT/ kg gw (NOK)	22.71	19.41		10.21		20.04

KEY FIGURES – GROUP

	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
No. of shares (diluted) - end of period (mill.)	113.128	113.008	113.121	112.995	112.922
Earnings per share (NOK)	3.28	1.80	17.31	16.14	22.06
Earnings per share - diluted (NOK)	3.27	1.79	17.28	16.10	22.03
EBITDA %	28.9 %	28.6 %	32.2 %	32.3 %	30.9 %
Operational EBIT %	22.1 %	22.0 %	26.3 %	26.6 %	25.1 %
EBIT %	19.7 %	12.9 %	27.8 %	23.8 %	24.8 %
Profit before tax %	17.8 %	9.4 %	25.3 %	25.0 %	25.8 %
Cash flow per share - diluted (NOK)	6.5	5.3	27.8	24.1	26.8
Net interest bearing debt (NOK mill.)	3,331.5	2,727.2	3,331.5	2,727.2	2,902.1
NIBD incl. leasing liabilities (NOK mill.)	4,142.2	3,349.7	4,142.2	3,349.7	3,531.7
Equity ratio %	55.4 %	51.8 %	55.4 %	51.8 %	54.2 %

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.

With effect from 1 June 2020, SalMar has adopted the rules for cash-flow hedge accounting with respect to a large portion of the Group's sales of goods in foreign currencies. For some outstanding contracts, the change was implemented with effect from March 2020. From the dates concerned, sales of goods in foreign currencies are recognised at the hedged exchange rate. Changes in the value of forward currency contracts relating to the hedging of goods deliveries are, from the same dates, now recognised in comprehensive income. Previously, such changes were recognised in the line for fair value adjustments. Any hedging inefficiency is recognised as it occurs under "other financial items" in profit and loss.

This interim report has not been subject to external audit.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA INDUSTRIER AS	59,436,137	52.46 %
FOLKETRYGGFONDET	7,274,679	6.42 %
State Street Bank and Trust Comp	2,261,595	2.00 %
State Street Bank and Trust Comp	2,118,028	1.87 %
CLEARSTREAM BANKING S.A.	1,279,430	1.13 %
LIN AS	1,274,620	1.12 %
JPMorgan Chase Bank, N.A., London	1,042,460	0.92 %
BNP PARIBAS SECURITIES SERVICES	1,020,206	0.90 %
CACEIS Bank	969,506	0.86 %
State Street Bank and Trust Comp	946,922	0.84 %
Brown Brothers Harriman (Lux.) SCA	936,512	0.83 %
JPMorgan Chase Bank, N.A., London	914,653	0.81 %
State Street Bank and Trust Comp	817,845	0.72 %
CACEIS Bank	749,962	0.66 %
Euroclear Bank S.A./N.V.	713,956	0.63 %
Pictet & Cie (Europe) S.A.	634,086	0.56 %
KLP AKSJENORGE INDEKS	612,638	0.54 %
VPF DNB AM NORSKE AKSIER	563,132	0.50 %
SIX SIS AG	562,132	0.50 %
J.P. Morgan Bank Luxembourg S.A.	560,628	0.49 %
Top 20	84,689,127	74.75 %
Others	28,610,872	25.25 %
Total	113,299,999	100.00 %

As at 30 September 2020 SalMar ASA owned 377,141 treasury shares.

Note 3 - Inventory and Biological Assets (biomass)

Book value of inventory	30.09.2020	30.06.2020	31.12.2019	30.09.2019
Raw materials	222.9	205.2	160.7	173.2
Biological assets	6,240.2	5,907.3	5,720.8	5,579.1
Finished goods	399.1	340.8	308.0	364.7
Total	6,862.2	6,453.3	6,189.5	6,117.0
Fair value adjustment of biological assets	30.09.2020	30.06.2020	31.12.2019	30.09.2019
Historic cost	4,022.7	3,548.6	3,766.8	3,647.3
Fair value adjustment of the biomass	2,217.5	2,358.7	1,954.0	1,931.8
Book value	6,240.2	5,907.3	5,720.8	5,579.1

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.

Incident-based mortality

SalMar has recognised NOK 3.5 million in expenses relating to incident-based mortality during the period. In the year to date, such expenses come to NOK 47.2 million. The incident that occurred during the period relates to the Fish Farming Central Norway segment. Incidents in previous periods have related to the Group's activities in Iceland, where mortality occurred as a result of winter sores. These expenses were included in the cost of goods sold in profit and loss, and reduced the Arnarlex segment's operating profit.

A similar incident occurred at the Group's operation in Iceland in the early part of 2019. The net cost of this incident came to NOK 5.1 million.

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:	30.09.2020	Period of expected harvest:	30.06.2020	Period of expected harvest:	31.12.2019	Period of expected harvest:	30.09.2019
Q4 2020	54.47	Q2 2020	49.72	Q2 2019	66.10	Q1 2020	52.17
Q1 2021	63.60	Q3 2020	53.08	Q3 2019	66.90	Q2 2020	60.37
Q2 2021	65.10	Q4 2020	63.20	Q4 2019	55.00	Q3 2020	62.37
Q3 2021	54.90	Q1 2021	63.80	Q1 2020	56.40	Q4 2020	54.97
Q4 2021	56.40	Q2 2021	55.65	Q2 2020	59.50	1st half 2021	55.90
Q1 2022	62.75	2nd half 2021	57.35	2nd half 2020	58.35	2nd half 2021	59.25
Discount rate Norway	6 %		6 %		7 %		7 %
Discount rate Iceland	3 %		3 %		5 %		5 %

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 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:

	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Change in fair value of the biomass	-142.8	-195.8	261.5	-263.6	-151.6
Change in provisions for onerous contracts	-0.8	0.6	1.6	4.5	-1.5
Unrealised change in value of Fish Pool contracts	19.4	-9.7	13.8	-13.7	-0.3
Unrealised changes in the value of currency and forward currency contracts	54.6	-49.4	-127.8	21.4	120.4
Fair value adjustments recognised in profit and loss	-69.7	-254.3	149.1	-251.4	-33.0

Note 5 - Business combinations

Business acquisitions in 2020

The Group has acquired no businesses to date in 2020.

On 15 October 2020, a total of 4,347,826 new shares were issued in Icelandic Salmon AS (formerly Arnarlax AS), generating net proceeds of NOK 500 million for the company. Following this share issue, SalMar owns 51.02 per cent of the company's shares. The divestment will be recognised as a change in non-controlling interests with a direct effect on equity. The transaction will be included in the reported figures for the fourth quarter 2020.

Business acquisitions in 2019

On 14 February 2019, the Group agreed the acquisition of 3,268,670 shares in Icelandic Salmon AS. This corresponds to 12.28 per cent of the company's shares. Before this transaction, SalMar owned 41.95 per cent of the shares and had a significant influence over the company, which was classified as an associate. Once a controlling influence was obtained the entire investment in Icelandic Salmon AS was deemed to have been realised and a new cost price established. The fair value of the investment at the time a controlling influence was obtained was NOK 614.0 million, and a gain of NOK 225.9 million has been recognised during the period. NOK 4.4 million of this amount comprised translation differences, which have been reclassified to profit and loss in the period. The gain is classified as financial income in the income statement, see Note 8.

Following the transaction, SalMar owns 54.23 per cent of the shares in the company. For accounting purposes, the transaction will be treated as a business transfer with effect from 1 February 2019. The company's functional currency is the EUR.

Icelandic Salmon AS owns 100 per cent of the shares in Arnarlax Ehf. Located in the Westfjords of Iceland, Arnarlax Ehf is the country's largest salmon farmer. It was established in 2009 and harvested its first fish in 2016. The company is a fully integrated salmon farming enterprise, with its own smolt production facilities, sea farms, wellboat, harvesting plant and sales force. Strategically, the transaction represents a natural step forward for SalMar, which aims to further develop Icelandic Salmon and salmon farming in Iceland in the time ahead. SalMar paid NOK 179,777,000 for the shares, which corresponds to NOK 55 per share. The allocation of this consideration was amended during the period and must now be deemed final.

	No. shares	Shareholding	Shares' cost price at group formation
Fair value of shares in Icelandic Salmon before controlling interest obtained	11,163,611	41.95 %	614.0
Cash consideration paid for shares in transaction completed 14 Feb 2019	3,268,670	12.28 %	179.8
Fair value of Group's shares in Icelandic Salmon when controlling interest obtained	14,432,281	54.23 %	793.8

Effect of acquisition on the consolidated balance sheet:	Book value	Adjustment to fair value	Fair value
Licences	221.5	1,046.2	1,267.7
Property, plant & equipment	332.0	-20.1	311.8
Right-of-use assets	31.7	-	31.7
Other non-current assets	20.5	-	20.5
Biological assets	525.3	-88.9	436.4
Other current assets	64.4	-0.6	63.8
Cash & cash equivalents	4.6	-	4.6
Deferred tax assets/liabilities	22.5	-215.4	-192.9
Other non-current liabilities	-301.6	-	-301.6
Leasing liabilities	-31.7	-	-31.7
Current liabilities	-146.5	-	-146.5
Net identifiable assets and liabilities	742.6	721.1	1,463.8
Fair value of shares before controlling interest obtained			614.0
Non-controlling interests			-670.0
Cash consideration			179.8

Subsequent change in non-controlling interests

In accordance with a shareholders' agreement, the acquisition triggered a compulsory bid for the shares of all outstanding non-controlling interests in Icelandic Salmon AS. Shareholders were offered a price of NOK 55.78 per share. The offer period expired on 10 April 2019, at which point SalMar acquired a further 2,006,630 shares in the company, corresponding to 7.54 per cent. Following this transaction, SalMar owns 61.77 per cent of the shares in Icelandic Salmon AS. Non-controlling interests are thereby reduced and the consideration, amounting to NOK 111,935,000, has been recognised in equity.

During Q3 2019, SalMar sold 2.41 per cent of the shares in Icelandic Salmon AS for NOK 55.78 per share. The transaction has resulted in an increase in non-controlling interests, and a total consideration of NOK 35,742,000 has been recognised in equity. The consideration is to be settled in the form of a seller's credit to the buyer of the shares. Following the transaction, the Group owns 59.36 per cent of the company's shares.

Note 6 - Changes in non-controlling interests

Changes in non-controlling interests 2019

In December 2019, SalMar ASA bought 3.7 per cent of the shares in Ocean Farming AS from non-controlling interests. NOK 7.0 million was paid in consideration for this shareholding, with the effect recognised in group equity. Following the transaction, SalMar ASA owns 100 per cent of the shares in Ocean Farming AS.

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

	Norskott Havbruk	Others	TOTAL
Opening balance 01.01.2020	636.6	81.2	717.8
Share of year's profit/loss	27.2	6.1	33.3
Other items in comprehensive income	22.3	-0.5	21.8
Dividend received	-	-2.1	-2.1
Other changes	-	-1.3	-1.3
Closing balance 30.09.2020	686.1	83.5	769.6

2019

In January 2019, the Group agreed the acquisition of 45.3 per cent of the shares in Yu Fish Ltd, by which it obtained a significant influence over the company. Yu Fish Ltd is located in Singapore and engages in the sale of seafood products.

SalMar paid a consideration of NOK 24.0 million for the shares, at which time the company's equity totalled NOK 46.4 million. The investment is classified as an associate and is recognised in accordance with the equity method. The investment is included in the item "Others" in the presentation above.

Up until 1 February 2019, SalMar had a significant influence over Icelandic Salmon AS, which was recognised as an associate in accordance with the equity method. During the period, SalMar increased its shareholding in the company from 41.95 per cent to 54.23, which gave it a controlling influence. On the date SalMar obtained a controlling influence, its shareholding in the associate was deemed to have been realised. See Note 5 for further details of this transaction.

Through its acquisition of Icelandic Salmon AS, SalMar acquired 50 per cent of Eldisstöðin Isthof Hf. The company was valued at NOK 20.5 million at the time of its acquisition. The Group has thereby obtained a significant influence over the company and the investment is recognised as an associate in accordance with the equity method. The investment is included under "Other" in the table above.



Note 8 - Interest-bearing liabilities

	30.09.2020	30.06.2020	31.12.2019	30.09.2019
Non-current interest-bearing liabilities				
Debt to credit institutions	2,446.6	1,641.4	2,901.6	2,540.9
Next year's instalment on debt to credit institutions	-157.4	-151.6	-150.0	-146.3
Long-term debt to credit institutions	2,289.2	1,489.8	2,751.6	2,394.6
Leasing liabilities	810.6	821.2	629.6	622.5
Next year's lease payments	-149.5	-153.3	-140.7	-123.3
Long-term leasing liabilities	661.1	668.0	488.9	499.2
Total non-current interest-bearing liabilities	2,950.4	2,157.8	3,240.4	2,893.8
Current interest-bearing liabilities				
Short-term debt to credit institutions	1,054.2	218.7	231.5	384.1
Next year's instalment on debt to credit institutions	157.4	151.6	150.0	146.3
Total debt to credit institutions	1,211.6	370.2	381.5	530.4
Next year's lease payments	149.5	153.3	140.7	123.3
Total current interest-bearing liabilities	1,361.1	523.5	522.3	653.7
Total debt to credit institutions	3,500.8	1,860.1	3,133.1	2,925.0
Cash & cash equivalents	169.3	192.2	231.0	197.8
Net interest-bearing liabilities (NIBD)	3,331.5	1,667.9	2,902.1	2,727.2
Leasing liabilities	810.6	821.2	629.6	622.5
NIBD incl. leasing liabilities	4,142.2	2,489.2	3,531.7	3,349.7

Breakdown of net interest-bearing liabilities by currency:

	NOK	EUR	JPY	USD	GBP	Other	Total
Long-term debt to credit institutions	1,901.8	544.8					2,446.5
Leasing liabilities	779.5	31.1					810.6
Short-term debt to credit institutions	748.1	331.9	-44.7	22.5	-1.1	-2.4	1,054.2
Total interest-bearing liabilities	3,429.3	907.8	-44.7	22.5	-1.1	-2.4	4,311.3
Cash & cash equivalents	150.2	2.5	12.7	1.6	0.0	2.2	169.3
Leasing liabilities	779.5	31.1	0.0	0.0	0.0	0.0	810.6
Net interest-bearing liabilities	2,499.6	874.2	-57.4	20.9	-1.2	-4.6	3,331.5

Financing activities - change in liabilities per Q3 2020:

	31.12.2019	Cash flow	Not cash-generating effects		30.09.2020
			Currency effects	Other effects	
Long-term interest-bearing debt to credit institutions	2,901.6	-513.0	58.4	0.0	2,446.9
Leasing liabilities	629.6	-128.8	2.7	307.2	810.6
Total non-current liabilities	3,531.2	-641.8	61.0	307.2	3,257.5
Short-term interest-bearing debt to credit institutions	231.5	789.0	33.7	0.0	1,054.2
Total liabilities	3,762.7	147.1	94.7	307.2	4,311.4

Note 9 - Interest and other financial items

	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY 2019
Net interest expenses, ex. interest on leasing liabilities	-16.7	-30.1	-67.9	-76.1	-105.0
Interest expenses relating to leasing liabilities	-14.5	-12.7	-41.5	-38.8	-52.7
Gain on sale of shares associated company realized	-	-	-	225.9	225.9
Net currency effects	-65.9	-26.0	-165.9	-43.0	-65.8
Other net financial items	-5.9	11.7	-5.8	-0.0	2.7
Net interest and other financial items	-102.9	-57.1	-281.0	68.0	5.1