

QUARTERLY REPORT

Fourth quarter 2020



Passion for Salmon

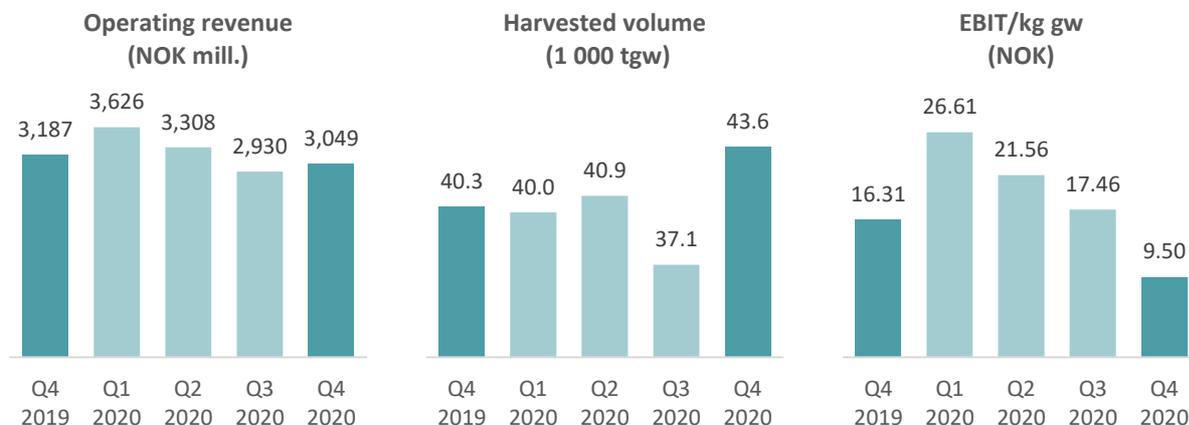


HIGHLIGHTS IN THE FOURTH QUARTER

- The SalMar Group posted an Operational EBIT of NOK 413.8 million and an EBIT per kg of NOK 9.50.
 - A strategic and operational focus has once again produced a satisfactory result. Employees demonstrated a formidable capacity to adapt to new working practices.
 - Fish Farming Central Norway and Fish Farming Northern Norway posted satisfactory results based on their good biological performance.
 - Lower salmon prices and a challenging market led to a slightly weaker outcome from Sales and Processing, compared with previous quarters.
 - Positive cost development for Icelandic Salmon, with a significantly lower production costs for the fish harvested. However, a challenging market with low salmon prices resulted in an operating loss.
- Operational EBIT for the Group in 2020 NOK 3,007.5 million with and EBIT per kg of NOK 18.62
- Guiding for 2021 maintained at 163,000 tonnes in Norway and 14,000 tonnes in Iceland.
- The board of directors recommends a dividend for 2020 of NOK 20.00 per share.
- Strengthens strategic focus on offshore fish farming for sustainable growth on salmon's terms.

KEY FIGURES - GROUP

NOK million	Q4 2020	Q4 2019	FY 2020	FY 2019
Operating revenue	3,049.0	3,186.7	12,912.3	12,237.6
Operational EBIT	413.8	658.1	3,007.5	3,067.6
Operational EBIT %	13.6 %	20.7 %	23.3 %	25.1 %
Fair value adjustments	-328.6	218.4	-179.5	-33.0
Profit/loss from associates	8.9	77.8	42.2	118.7
Profit/loss before tax	76.6	891.4	2,571.6	3 158.4
EPS – diluted	0.22	5.92	17.49	22.03
NIBD incl. leasing liabilities	5,826.3	3,531.7	5,826.3	3,531.7
Equity ratio %	49.9%	54.2%	49.9%	54.2%
Harvested volume (1,000 tgw)	43.6	40.3	161.5	153.1
EBIT/kg gw (NOK)	9.50	16.31	18.62	20.04





FINANCIAL PERFORMANCE

Revenues and results for the fourth quarter 2020

Despite a challenging market with low salmon prices, SalMar's strategic and operational focus produced a satisfactory result in the fourth quarter 2020.

The Fish Farming Northern Norway and Fish Farming Central Norway segments both continued their positive trend, posting good financial results and achieving a good biological performance. Lower salmon prices and a challenging market led to a slightly weaker result for the Sales and Processing segment and continued weak results from Icelandic Salmon.

In the fourth quarter 2020, the SalMar Group harvested 43,600 tonnes of salmon, compared with 37,100 tonnes in the third quarter and 40,300 tonnes in the fourth quarter 2019.

In addition, Norskott Havbruk (Scottish Sea Farms) harvested a total of 6,400 tonnes in the fourth quarter 2020, compared with 8,100 tonnes the quarter before and 5,300 tonnes in the fourth quarter 2019. SalMar owns 50 per cent of Norskott Havbruk.

The price of salmon (NASDAQ Salmon Index) in the fourth quarter 2020 averaged NOK 43.69 per kg, down from an average of NOK 47.53 per kg in the third quarter and NOK 57.67 per kg in the fourth quarter 2019.

SalMar generated gross operating revenues of NOK 3,049.0 million in the fourth quarter 2020, compared with NOK 2,929.8 million the quarter before and NOK 3,186.7 million in the fourth quarter 2019.

The Group made an Operational EBIT of NOK 413.8 million in the quarter, down from NOK 646.8 million the quarter before and NOK 658.1 million in the fourth quarter 2019. The decrease is largely attributable to lower salmon prices.

The SalMar Group made an Operational EBIT per kg of NOK 9.50 in the fourth quarter 2020, down from NOK 17.46 per kg the quarter before and NOK 16.31 in the fourth quarter 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 quarter's recognised operating profit by NOK 328.6 million. The fair value of the standing biomass was reduced by NOK 447.6 million, while changes in unrealised losses on contracts, financial contracts and currency positions increased operating profit by NOK 119 million. See Note 4 for further details.

In the fourth quarter 2020, therefore, SalMar posted an operating profit of NOK 85.2 million, down from NOK 577.1 million the quarter before and from NOK 876.5 million in the fourth quarter 2019.

Operating profit in the fourth quarter 2019 was positively affected by positive fair value adjustments amounting to NOK 218.4 million.

Associates contributed NOK 8.9 million in the fourth quarter 2020, compared with NOK 48.0 million the quarter before and NOK 77.8 million in the fourth quarter 2019. The decrease is attributable largely to a weaker result from Norskott Havbruk than in the comparable quarters.

Net interest expenses totalled NOK 30.2 million in the period, slightly less than the NOK 31.1 million recognised in the previous quarter and down from NOK 42.9 million in the fourth quarter 2019. Net other financial items came to NOK 12.7 million in the fourth quarter 2020, up from NOK -71.7 million the quarter before and NOK -20.0 million in the fourth quarter 2019.

SalMar made a profit before tax of NOK 76.6 million in the fourth quarter 2020, down from NOK 522.2 million the quarter before and from NOK 891.4 million in the fourth quarter 2019.

A tax expense of NOK 24.9 million has been calculated for the period. The Group therefore made a net profit for the quarter of NOK 51.7 million. In the fourth quarter 2019, the Group recognised a tax expense of NOK 168.2 million and a net profit of NOK 723.2 million.

Revenues and results for 2020

The SalMar Group generated gross operating revenues of NOK 12,912.3 million in 2020, up from NOK 12,237.6 million in 2019.

Excluding Norskott Havbruk, SalMar harvested a total of 161,500 tonnes in 2020, compared with 153,100 tonnes in 2019.

The average price of salmon (NASDAQ Salmon Index) came to NOK 54.34 per kg in 2020, compared with NOK 59.98 per kg in 2019.

SalMar made an Operational EBIT of NOK 3,007.5 million in 2020, a slight decrease from 2019 when Operational EBIT came to NOK 3,067.6 million. This gives an Operational EBIT per kg of NOK 18.62 in 2020, compared with NOK 20.04 per kg in 2019.

Fair value adjustments reduced profits by NOK 179.5 million in 2020, such that operating profit for the full year came to NOK 2,828.0 million. Operating profit in 2019 totalled NOK 3,034.6 million, after fair value adjustments of NOK -33.0 million.

Associates contributed a total of NOK 42.2 million in 2020, compared with NOK 118.7 million in 2019. The decrease is attributable largely to Norskott Havbruk's weaker net profit in 2020 than in 2019.

Net interest expenses totalled NOK 139.6 million in 2020, compared with NOK 157.7 million in 2019. Net other financial items came to NOK -158.9 million in 2020. In 2019, net other financial items totalled NOK 162.8 million. See Notes 5 and 9 for further details.

SalMar made a profit before tax of NOK 2,571.6 million in 2020. A tax expense of NOK 563.4 million gave a net profit of NOK 2,008.3 million. For 2019, profit before tax totalled NOK 3,158.4 million. From this was deducted a tax expense of NOK 613.9 million, which gave a net profit for the year of NOK 2,544.5 million.



Cash flow

The SalMar Group generated a net cash flow from operating activities of NOK 23.5 million in the fourth quarter 2020, compared with NOK 283.2 million in the fourth quarter 2019.

Net cash flow from investing activities totalled NOK -505.9 million in the fourth quarter 2020, compared with NOK -354.5 million in the same quarter in 2019.

Of SalMar's total investments in the quarter, NOK 150.4 million related to maintenance and the expansion of the Group's hatchery capacity, while NOK 245.5 million related to the construction of the new harvesting plant InnovaNor, the expansion of the Vikenco harvesting plant and upgrades at InnovaMar. Day-to-day maintenance and R&D investments relating to offshore fish farming accounted for NOK 93.6 million in the quarter. Capacity expansion and day-to-day maintenance investments in Iceland totalled NOK 18.4 million in the fourth quarter 2020.

The Group's net cash flow from financing activities totalled NOK 535.1 million in the fourth quarter 2020, compared with NOK 101.9 million in the same quarter in 2019. The Group's net interest-bearing debt rose by NOK 1,625.6 million in the fourth quarter 2020, while net interest paid totalled NOK 30.2 million. In the same quarter last year, net interest-bearing debt rose by NOK 151.7 million, while net interest paid totalled NOK 42.9 million.

This gave SalMar an overall net cash flow of NOK 52.7 million in the fourth quarter 2020, compared with NOK 30.5 million in the same period in 2019. Adjusted for NOK 1.4 million in positive foreign exchange effects, this boosted the Group's total holding of cash and cash equivalents by NOK 54.2 million in the period. At the close of the fourth quarter 2020, therefore, cash and cash equivalents stood at NOK 223.4 million.

For 2020 as a whole, the Group generated a cash flow from operating activities of NOK 3,171.8 million, compared with NOK 3,029.5 million in 2019. Net cash flow from investing activities came to NOK -3,747.5 million in 2020 as a whole, compared with NOK -1,317.4 million in 2019. Net cash flow from financing activities came to NOK 560.7 million in 2020, compared with NOK -1,720.3 million in 2019.

Financial position

At the close of 2020, SalMar's balance sheet totalled NOK 21,998.2 million, compared with NOK 17,986.1 million at the close of 2019.

The book value of the Group's property, plant and equipment rose by NOK 342.5 million in the fourth quarter 2020 to NOK 5,554.0 million. In the corresponding quarter in 2019, the value of property, plant and equipment rose by NOK 218.4 million. Investments are being made in line with previously adopted plans, including the expansion of hatchery capacity and the new harvesting plant in Northern Norway, InnovaNor, as well as general maintenance.

As at 31 December 2020, the Group had total current assets of NOK 7,918.2 million, up from NOK 7,490.3 million at the same point in 2019.

At the close of the year, the book value of inventory stood at NOK 6,669.8 million, a reduction of NOK 192.4 million through the quarter. The fair value of the biomass decreased by NOK 251.4 million in the fourth quarter 2020

as a result of the inclusion of lower forward prices in the calculation of fair value. At the close of 2019, the book value of inventory stood at NOK 6,189.5 million.

As at 31 December 2020, the Group had trade receivables amounting to NOK 589.0 million, down from NOK 739.4 million at the same point in 2019. Other short-term receivables totalled NOK 435.9 million at the close of 2020, compared with NOK 330.3 million at the close of 2019.

The SalMar Group had a cash holding of NOK 223.4 million at the close of 2020, compared with NOK 231.0 million at the close of 2019.

As at 31 December 2020, the Group had a total equity of NOK 10,986.9 million, corresponding to an equity ratio of 49.9 per cent. At the close of 2019, equity totalled NOK 9,740.1 million, corresponding to an equity ratio of 54.2 per cent. See the separate presentation of movements in equity for further details.

As at 31 December 2020, the SalMar Group's total interest-bearing debt came to NOK 5,116.1 million. Of this amount, non-current liabilities accounted for NOK 3,677.7 million, while current liabilities accounted for NOK 1,438.4 million.

Implementation of IFRS 16 has resulted in lease liabilities being recognised as such in the balance sheet. At the close of 2020, lease liabilities amounted to NOK 933.7 million. Of this total, long-term lease liabilities accounted for NOK 769.1 million, while short-term lease liabilities accounted for NOK 164.6 million.

Other current liabilities were reduced by NOK 404.5 million in the fourth quarter 2020, to end the period at NOK 3,133.4 million. This is attributable largely to a NOK 549.7 million reduction in tax payable in the quarter.

As at 31 December 2020, the SalMar Group had net interest-bearing debt, including leasing liabilities, of NOK 5,826.3 million, up from NOK 3,531.7 million at the same point in 2019.

OPERATIONAL PERFORMANCE

In the fourth quarter 2020, SalMar is reporting its operations in four segments: Fish Farming Central Norway, Fish Farming Northern Norway, Icelandic Salmon, 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.

NOK million	Q4 20	Q4 19	2020	2019
Operating revenue	1,086	1,349	5,895	5,670
Operational EBIT	271	418	2,218	2,165
Operational EBIT %	25.0%	31.0%	37.6%	38.2%
Harvested volume (1 000 tgw)	20.9	24.4	100.4	95.3
EBIT/kg gw (NOK)	12.96	17.13	22.10	22.71

The Fish Farming Central Norway segment harvested 20,900 tonnes of salmon in the fourth quarter 2020, compared with 24,400 tonnes in the fourth quarter 2019. In 2020, the segment harvested 100,400 tonnes of salmon, up from 95,300 tonnes the year before.

The segment generated gross operating revenues of NOK 1,086 million in the fourth quarter 2020, compared with NOK 1,349 million in the corresponding period the year before. The decrease in revenues is due to the lower volume harvested and an average salmon price (NASDAQ Salmon Index) that was NOK 13.9 per kg lower than in the same period in 2019. A sound biological performance nevertheless ensured a good result.

The segment made steady progress through the quarter. To ensure the fastest and most optimal exploitation of the segment's increased MAB, the volume harvested towards the end of the period was slightly reduced. EBIT per kg gutted weight came to NOK 12.96 in the fourth quarter 2020, down from NOK 17.13 per kg in the same period the year before.

The autumn-2019 generation accounted for the entire volume harvested during the quarter, with the bulk being harvested towards its close. The segment will continue to harvest the autumn-2019 generation in the first quarter 2021 and will begin harvesting the spring-2020 generation. The biological performance of both generations has recently proved to be good.

In the first quarter 2021, costs are expected to remain at the same level, with a slightly lower harvested volume than in the previous quarter.

Fish Farming Central Norway expects to harvest around 107,000 tonnes of salmon in 2021.

Fish Farming Northern Norway

Fish Farming Northern Norway covers the Group's operations in Troms & Finnmark.

NOK million	Q4 20	Q4 19	2020	2019
Operating revenue	822	746	2,613	2,789
Operational EBIT	156	270	848	931
Operational EBIT %	19.0%	36.2%	32.4%	33.4%
Harvested volume (1 000 tgw)	19.1	13.4	49.9	48.0
EBIT/kg gw (NOK)	8.18	20.21	16.99	19.41

The Fish Farming Northern Norway segment harvested 19,100 tonnes of salmon in the fourth quarter 2020. This is an increase of 5,700 tonnes compared with the same period in 2019, and 5,300 tonnes more than in the previous quarter. In 2020, the segment harvested 49,900 tonnes of salmon, up from 48,000 tonnes the year before.

The segment generated gross operating revenues of NOK 822 million in the fourth quarter 2020, compared with NOK 746 million in the fourth quarter 2019. The increase in revenues was driven by the higher volume harvested.

The segment continues to make progress, with a sound biological performance and lower costs. EBIT per kg came to NOK 8.18 in the fourth quarter 2020, compared with NOK 11.55 per kg the quarter before and NOK 20.21 per kg in the fourth quarter 2019.

The spring-2019 generation accounted for 80 per cent of the volume harvested in the fourth quarter 2020 and is now finished. This generation had performed extremely well biologically, which contributed to lower production costs at harvest. The segment started harvesting the autumn-2019 generation during the quarter and will continue to do so in the first quarter 2021. This is also a generation whose biological performance have proved to be good.

In the first quarter 2021, the segment expects somewhat higher costs and a materially lower harvested volume compared with the previous quarter.

Fish Farming Northern Norway expects to harvest around 56,000 tonnes of salmon in 2021.



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 20	Q4 19	2020	2019*
Operating revenue	173	165	662	627
Operational EBIT	-20	27	-50	100
Operational EBIT %	-11.3%	16.3%	-7.6%	-16.0%
Harvested volume (1 000 tgw)	3.6	2.6	11.2	9.8
EBIT/kg gw (NOK)	-5.51	10.35	-4.49	10.21

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

Icelandic Salmon carried out a successful share issue and was floated on the Euronext Growth stock exchange in October 2020.

Icelandic Salmon harvested 3,600 tonnes of salmon in the fourth quarter 2020, up from 2,600 tonnes in the fourth quarter the year before. The company generated gross operating revenues of NOK 173 million in the fourth quarter 2020, compared with NOK 165 million in the same quarter in 2019.

The 2019-generation of fish accounted for the entire volume harvested during the period. This generation achieved a substantially better production costs compared with previous generations due to a significantly better biological performance.

As signalled in the previous interim report, Icelandic Salmon posted a loss in the quarter due to low salmon prices. EBIT per kg gutted weight totalled NOK -5.51 in the fourth quarter 2020, compared with NOK 10.35 per kg in the fourth quarter 2019.

2020 has been a challenging period for Icelandic Salmon, which experienced major biological issues at the start of the year. This resulted in an Operational EBIT of NOK -50 million for the year as a whole. Icelandic Salmon is drawing on the lessons learned in the past year as it goes into 2021, a year in which the biological status of the fish held at its sea farms is considerably improved.

The company continues to harvest the 2019-generation in the first quarter 2021 and expects similar costs and a slightly higher harvested volume than in the previous quarter.

Icelandic Salmon expects to harvest a total of 14,000 tonnes of salmon in 2021.

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	Q4 20	Q4 19	2020	2019
Operating revenue	2,857	3,002	12,393	11,699
Operational EBIT	73	8	282	124
Operational EBIT %	2.6%	0.3%	2.3%	1.1%

The Sales and Processing segment generated gross operating revenues of NOK 2,857 million in the fourth quarter 2020, down from NOK 3,002 million in the corresponding period the year before.

The segment made an Operational EBIT of NOK 73 million in the fourth quarter 2020, up from NOK 8 million in the fourth quarter 2019 but down from NOK 156 million in the third quarter 2020. The decrease compared with the previous quarter is attributable to a challenging market characterised by a high degree of uncertainty and low salmon prices. However, despite a challenging market in 2020, Sales and Processing posted strong results and operational performance I in the year as a whole.

A total of approx. 29,900 tonnes was harvested at InnovaMar in the fourth quarter 2020, compared with 35,400 tonnes the quarter before and 22,400 tonnes in the fourth quarter 2019. 20 per cent of the volume harvested in the fourth quarter 2020 was sold under fixed-price contracts. The contract rate for the first quarter 2021 stands at 30 per cent, while for 2021 as a whole it stands at 20 per cent.

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 43,600 tonnes in the fourth quarter 2020, R&D costs accounted for NOK 1.14 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	Q4 20	Q4 19	2020	2019
Operating revenues	427	392	1,699	1,834
Operational EBIT	76	49	308	292
Operational EBIT %	17.8 %	12.6 %	18.2 %	15.9 %
Fair value adj. biomass	-21	109	-143	-48
Profit/loss before tax	50	152	143	229
SalMar's share after tax	22	73	49	106
Harvested volume (1 000 t _{gw})	6.4	5.3	24.0	25.9
EBIT/kg gw (NOK)	11.87	9.28	12.87	11.29

Norskott Havbruk generated gross operating revenues of NOK 427 million in the fourth quarter 2020, compared with NOK 543 million the quarter before and NOK 392 million in the fourth quarter 2019. The year-on-year increase from 2019 is attributable largely to the higher volume harvested.

Norskott Havbruk harvested around 6,400 tonnes in the quarter, compared with 8,100 tonnes the quarter before and 5,300 tonnes in the fourth quarter 2019. In 2020, Norskott Havbruk harvested 24,000 tonnes. This is lower than the 26,000 tonnes it expected to harvest during the year. The shortfall was due to the harvesting of fish with a low average weight at two sites during the period, as well as the decision to roll the biomass over into 2021.

EBIT per kg gutted weight came to NOK 11.87 in the fourth quarter 2020, down from NOK 12.45 per kg the previous quarter, but up from NOK 9.28 per kg in the same period in 2019.

55 per cent of the volume harvested in the quarter was sold under fixed-price contracts.

SalMar's share of Norskott Havbruk's profit before tax totalled NOK 22 million in the quarter.

The quality of the standing biomass in all regions is good, and costs are expected to be lower in the first quarter 2021.

Norskott Havbruk expects to harvest 36,000 tonnes of salmon in 2021 as a whole.

MARKETS

Supply and biomass

The global supply of Atlantic salmon totalled approx. 778,300 tonnes in the fourth quarter 2020, up 11 per cent on the same period in 2019.

Output in Norway was 9 per cent higher in the quarter than in the same period in 2019, and ended at 405,300 tonnes. In Chile 271,700 tonnes was harvested during the quarter, an increase of 20 per cent from the same period in 2019. In

the UK, output rose by 17 per cent to 49,700 tonnes in the fourth quarter, while 22,800 tonnes were harvested in the Faeroes, a decrease of 13 per cent on the same period the year before.

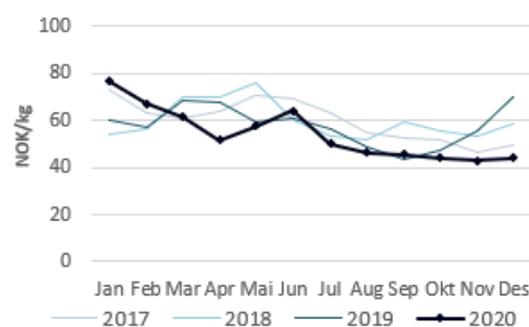
At the close of the fourth quarter 2020, the standing biomass in Norway was estimated to be up 10.9 from the same point in 2019. Chile is down 12.3 per cent, Faroe Island up 12.4 per cent and UK up 10.8 per cent, according to data from Kontali.

Prices and foreign exchange rates

The price of Atlantic salmon held steady through large parts of the fourth quarter, before rising to NOK 51.49 per kg at its close.

The price of salmon averaged NOK 43.69 per kg in the fourth quarter 2020, down from NOK 57.67 per kg in the fourth quarter 2019.

NASDAQ Salmon Index NOK/kg



During the quarter, the Norwegian krone (NOK) strengthened against the most important trading currencies for salmon. The NOK strengthened by 10 per cent against the USD, by 6 per cent against the EUR and by 4 per cent against the GBP.

Norwegian exports

Norway exported around 393,000 tonnes (round weight) of salmon in the fourth quarter 2020, up 9 per cent from the 361,000 tonnes exported in the same period the year before. The total value of Norway's salmon exports in the quarter came to NOK 18.3 billion, compared with NOK 20.2 billion in the same period in 2019, a decrease of 9 per cent.

A large secondary processing industry makes Poland the largest individual market for Norwegian salmon. Around 63,700 tonnes were exported to this market in the fourth quarter 2020, an increase of 12,500 tonnes on the same quarter in 2019. Denmark increased its purchases of Norwegian salmon by 29 per cent in the quarter, while Spain increased its purchases by 13 per cent. Exports to both France and the USA both rose by 4 per cent. Vietnam, China and Hong Kong reduced their combined import volume by 17%.



OTHER MATTERS

Coronavirus pandemic (Covid-19)

The spread of Covid-19 and the measures that have been implemented worldwide to reduce its transmission 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. A few of SalMar's employees tested positive for Covid-19 towards the end of 2020. However, good contingency plans and a robust response ensured that the infection did not spread.

SalMar is fully aware of its social responsibility as a local enterprise and, not least, a responsible employer who cares about its workforce and all the local communities in which it operates. During this challenging period, SalMar donated PPE to the local health service free of charge and issued gift cards to all employees, who were strongly encouraged to spend them at local businesses.

Even though Covid-19 has created increased market uncertainty, SalMar continues to have great faith in the future of the aquaculture industry. In May 2020, therefore, it started building a new hatchery in Senja and is continuing construction of the new InnovaNor harvesting plant in Senja as planned.

Successful listing of Icelandic Salmon

On 15 October 2020, SalMar published a stock market notice announcing that Icelandic Salmon had successfully carried out a private placement of 5,629,344 newly issued shares at a price of NOK 115 per share. The transaction raised gross proceeds of approx. NOK 500 million through the sale of new shares and approx. NOK 147 million through the sale of existing shares, bringing the total amount generated to NOK 647 million. The private placement attracted considerable interest from high-quality institutional investors and was substantially oversubscribed.

The Oslo Stock Exchange then authorised the company to list its shares on the Euronext Growth index. Icelandic Salmon's shares had their first day of trading on 27 October 2020.

Offshore strategy

The establishment of salmon farming in the open ocean is an important element in SalMar's strategy to secure sustainable growth. To strengthen and concentrate its endeavours in the field of offshore aquaculture, SalMar has established the subsidiary SalMar Ocean AS, under the leadership of SalMar's former CEO Olav-Andreas Ervik. SalMar is now reinforcing its strategic focus on the open ocean and strengthening the team at SalMar Ocean. SalMar's Group CFO & COO Trine Sæther Romuld has therefore been appointed as SalMar Ocean's new CFO & Director of Strategy. See the section below headed Organisation for further details.

The Group's ambition is to retain its leading position in this area, both with respect to technology development and

biological production, and thereby contribute to the environmentally sustainable development of the Norwegian aquaculture industry.

In January 2021, SalMar Ocean applied for a site permit for the Smart Fish Farm facility, which will take the production of farmed salmon far out into the open sea. In the same application, SalMar outlined plans to build a series of offshore fish farming facilities through the further development of both its Smart Fish Farm technology and its Ocean Farm technology. The company has already obtained eight development licences, each of 780 tonnes MAB, for the further advancement of the Smart Fish Farm, which will have more than twice the capacity of SalMar's Ocean Farm 1 facility.

Offshore fish farming has many advantages. The most important benefits are that production can take place under optimal biological conditions in the salmon's natural habitat, and that nature's bounty can be made use of in a sustainable way. The Gulf Stream supplies a continuous flow of high-quality fresh seawater at the right temperature to the area where permission to site the Smart Fish Farm has been sought. There is no need for any further input of energy or fresh water where the Gulf Stream flows because it draws its power from the sun, wind and other deep ocean currents, which provide optimal biological conditions.

SalMar has conducted studies that offshore aquaculture will have significant ripple effects in the form of value creation and jobs, on land as well. SalMar's investment in this area marks the start of a new era in aquaculture. Offshore fish farming will open up vast new areas for the sustainable production of food for the world's growing population.

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 the summer of 2021.

Expansion of smolt production capacity

Access to high-quality smolt of an optimal size is crucial to secure good performance throughout the salmon production process. 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 facility, and construction got underway on 4 May 2020. 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 hatchery in Tjuin, Trøndelag, is now underway and is proceeding as planned. Proximity to the company's existing facility at Follafoss will enable the creation of an even more powerful 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 has also constructed a new closed net pen. The installation is now in position at one of the company's sea farms, where the first transfer of smolt to the unit took place early in February 2021.

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.

It is called a traffic-light system because the country is divided into 13 production regions, which are assessed and accorded a green, amber or red designation. 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. Growth is divided between new production licences and capacity increases under existing licences.

On 4 February 2020, the Norwegian Ministry of Trade, Industry and Fisheries announced that a green light went to 9 regions, 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 PO5.

Over the course of 2020, SalMar acquired its share of the capacity increase that was available to purchase at a fixed price. The company also participated in the public auction that was held on 18 August 2020. In total, SalMar purchased 8,057 tonnes. 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. Through the autumn of 2020, SalMar increased its biomass, thereby making use of this increase in its production capacity.

Finance

To secure financial flexibility, SalMar entered into a new sustainability linked credit facility worth NOK 4 billion, and increased its overdraft limit to NOK 1 billion. The new sustainability linked credit facility is a five-year agreement, with four sustainability-related KPIs included in the assessment of margin. This further strengthens SalMar's focus on developing the sector in an even more sustainable direction.

Organisation

To strengthen its endeavours with respect to offshore fish farming and reinforce the team at SalMar Ocean, Group CFO & COO Trine Sæther Romuld has, in consultation with SalMar's CEO and board of directors, announced that she is to assume the role of CFO & Director of Strategy at SalMar

Ocean with effect from 1 September 2021. Recruitment of a new Group CFO has already got underway.

SHARES AND SHAREHOLDERS

At the close of 2020, SalMar had a total of 113,299,299 shares outstanding, divided between 9,849 shareholders.

The company's major shareholder, Kverva Industrier AS, owns 52.46 per cent of the shares. The 20 largest shareholders own a total of 75.12 per cent of the shares. SalMar ASA is now the 44th largest shareholder with 232,071 shares, corresponding to 0.20 per cent of the total number of shares outstanding as at 31 December 2020.

SalMar's share price fluctuated between NOK 452.90 and NOK 557.40 in the fourth quarter 2020. The final price at the close of the quarter was NOK 503.60, compared with NOK 529.00 at the start of the quarter. This corresponds to a decrease in value of 4.8 per cent during the period.

A dividend of NOK 13 per share was paid out during the period.

A total of 10.7 million shares were traded in the quarter, just over 9 per cent of the total number of shares outstanding. The daily volume of shares traded averaged 169,300.

EVENTS AFTER THE BALANCE SHEET DATE

In February 2021, SalMar acquired the shares in the company Lofoten Aqua AS, a company in the Insula group, for a consideration of NOK 200 million. This company owns a licence to produce salmon with an MAB of 796 tonnes.

In February 2021, Icelandic Salmon received positive signals from the Icelandic Planning Agency of new licenses in Ísafjarðardjúp, totalling 10,000 MAB tonnes. Following the verdict from the Icelandic Planning Agency, the application goes to the Icelandic Food and Veterinary Authority and The Environment Agency of Iceland for final framework evaluation and steps towards new operating licenses.

OUTLOOK

Markets

The supply of Atlantic salmon is expected to grow by 5 per cent in the first quarter 2021, according to estimates from Kontali.

Output in the first quarter is expected to grow by 8 per cent in Norway. Decrease in Chile of 9 per cent. Growth in UK of 21 per cent, North America 9 per cent and Faroe Islands 23 per cent in the first quarter of 2021.

It is expected that the total supply of Atlantic salmon will grow by 2 per cent from 2020 to 2021, corresponding to an increase of approx. 60,000 tonnes. The increase in Norway is estimated at 7 per cent, while in Chile a reduction of 12 per cent is expected.

Forward prices on Fish Pool, as at 22 February 2021, indicate an average salmon price of NOK 53.50 per kg in March and NOK 54.25 per kg in April. For the second quarter of 2021, the forecast is for a price of NOK 54.67 per



kg, while an average of NOK 54.75 per kg is expected in the second half of 2021.

Company

Some 30 per cent of SalMar's volume in the first quarter 2021 is covered by fixed-price contracts, with the contract rate for 2021 as a whole standing at 20 per cent.

Overall, SalMar expects stable costs and a lower volume in the first quarter 2021. Specifically: lower volume and stable costs in the Fish Farming Central Norway segment, higher costs and a substantially lower volume in the Fish Farming Northern Norway segment, and similar costs and a slightly higher volume in Iceland.

SalMar still expects to harvest 163,000 tonnes in Norway and 14,000 tonnes in Iceland in 2021 as a whole.

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 and segments. 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 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 to investments in co-owned subsidiaries, a further NOK 170 million is expected to be invested in Iceland.

Despite the market situation resulting from the Covid-19 pandemic, SalMar has unwavering faith in the future of the aquaculture industry, and sustainable growth on the salmon's terms remains the company's most important mantra. The company is now also ready to take the next step on the road to fish farming in the open ocean.

Over the past few quarters, SalMar has demonstrated its capacity to adapt to changing market conditions, delivering strong financial 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 be paid for the 2020 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.

Board of Directors and CEO of SalMar ASA Frøya, 24 February 2021

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

<i>NOK million</i>	Q4 2020	Q4 2019	FY 2020	FY 2019
Operating revenue	3,049.0	3,186.7	12,912.3	12,237.6
Cost of goods sold	1,572.3	1,670.2	5,870.6	5,770.0
Payroll expenses	366.0	325.5	1,320.0	1,202.5
Other operating expenses	462.6	327.2	1,902.2	1,479.0
EBITDA	648.1	863.9	3,819.6	3,786.0
Depreciation and write-downs	234.3	205.7	812.1	718.4
Operational EBIT	413.8	658.1	3,007.5	3,067.6
Fair value adjustment	-328.6	218.4	-179.5	-33.0
Operating profit	85.2	876.5	2,828.0	3,034.6
Income from investments in associates	8.9	77.8	42.2	118.7
Net interest expenses	-30.2	-42.9	-139.6	-157.7
Other financial items	12.7	-20.0	-158.9	162.8
Profit before tax	76.6	891.4	2,571.6	3,158.4
Tax	24.9	168.2	563.4	613.9
Net profit for the period	51.7	723.2	2,008.3	2,544.5
Other comprehensive income:				
<i>Items to be reclassified to profit and loss in subsequent periods:</i>				
Change in translation diff. associates	-26.0	19.7	-3.8	12.6
Change in translation diff. associates - reclassified to P&L	-	-	-	-4.4
Change in translation diff. subsidiaries	-78.7	-5.1	87.9	31.7
Cash flow hedge, net after tax	19.2	-	127.9	-
Total comprehensive income	-33.9	737.8	2,220.4	2,584.4
<i>Allocation of net profit for the period:</i>				
Non-controlling interests	27.1	54.3	29.3	56.5
Shareholders in SalMar ASA	24.6	668.9	1,979.0	2,488.0
Earnings per share (NOK)	0.22	5.93	17.52	22.06
Earnings per share - diluted	0.22	5.92	17.49	22.03

BALANCE SHEET – GROUP

<i>NOK million</i>	31.12.2020	30.09.2020	31.12.2019
ASSETS			
Non-current intangible assets	6,826.2	6,904.0	4,741.9
Non-current tangible assets	5,554.0	5,211.6	4,369.9
Right-of-use assets	848.8	732.1	569.7
Non-current financial assets	851.0	888.1	814.2
Total non-current assets	14,080.0	13,735.7	10,495.8
Inventory	6,669.8	6,862.2	6,189.5
Trade receivables	589.0	653.9	739.4
Other short-term receivables	435.9	279.4	330.3
Cash and cash equivalents	223.4	169.3	231.0
Total current assets	7,918.2	7,964.8	7,490.3
TOTAL ASSETS	21,998.2	21,700.5	17,986.1
EQUITY AND LIABILITIES			
Paid-in equity	688.5	678.3	643.3
Other equity	9,162.6	10,553.4	8,364.5
Minority interests	1,135.9	785.6	732.4
Total equity	10,986.9	12,017.2	9,740.1
Provisions	1,828.1	1,834.0	1,757.6
Non-current interest-bearing liabilities	3,677.6	2,289.2	2,751.6
Long-term leasing liabilities	769.1	661.1	488.9
Total non-current liabilities	6,274.9	4,784.3	4,998.0
Current interest-bearing liabilities	1,438.4	1,211.6	381.5
Short-term leasing liabilities	164.6	149.5	140.7
Other current liabilities	3,133.4	3,537.9	2,725.7
Total current liabilities	4,736.4	4,899.0	3,248.0
TOTAL EQUITY AND LIABILITIES	21,998.2	21,700.5	17,986.1
Net interest-bearing liabilities	4,892.6	3,331.5	2,902.1
NIBD incl. leasing liabilities	5,826.3	4,142.2	3,531.7
Equity share	49.9 %	55.4 %	54.2 %

STATEMENT OF CASH FLOW

<i>NOK million</i>	Q4 2020	Q4 2019	FY 2020	FY2019
Profit before tax	76.6	891.4	2,571.6	3,158.4
Tax paid in the period	-561.8	-668.1	-588.5	-690.7
Depreciation	234.3	205.7	812.1	718.4
Share of profit/loss from associates	-8.9	-77.8	-42.2	-118.7
Realised gains on exit of associate	-	-	-	-225.9
Change in fair value adjustments	328.6	-218.4	179.5	33.0
Change in working capital	-99.4	97.4	-2.3	-50.4
Other changes	54.1	53.0	241.6	205.3
Net cash flow from operating activities	23.5	283.2	3,171.8	3,029.5
Net cash flow from investing activities	-505.9	-354.5	-3,747.5	-1,317.4
Change in interest-bearing liabilities	1,625.6	151.7	1,901.6	1,173.4
Change in leasing liabilities	-55.4	-	-184.3	-
Dividend paid out	-1,482.1	-	-1,493.0	-2,617.2
Capital contribution - net	480.0	-	480.0	-
Interest paid	-30.2	-42.9	-139.6	-157.7
Aquisition of non-controlling interests	-2.7	-7.0	-4.0	-118.9
Net cash flow from financing activities	535.1	101.9	560.7	-1,720.3
Net change in cash for the period	52.7	30.5	-15.0	-8.2
Foreign exchange effects	1.4	2.7	7.4	-0.4
Cash at the start of the period	169.3	197.8	231.0	239.6
Cash at the close of the period	223.4	231.0	223.4	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						1,979.0	29.3	2,008.3
Comprehensive income					49.0	136.1	27.0	212.1
Total comprehensive income for the year	0.0	0.0	0.0	0.0	49.0	2,115.1	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
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	45.2	0.0	-1,366.0	347.3	-973.6
Equity as at 31.12.20	28.3	-0.1	415.3	244.9	122.3	9,040.2	1,135.9	10,986.9

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

NOK million	Farming Central Norway	Farming Northern Norway	Sales and Processing	Icelandic Salmon	Eliminations	Group
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 t _{gw})	20.9	19.1		3.6		43.6
EBIT/ kg gw (NOK)	12.96	8.18		-5.51		9.50
Q4 2019						
Operating revenue (NOK mill.)	1,349.0	746.4	3,002.0	164.6	-2,075.3	3,186.7
Operational EBIT (NOK mill.)	417.6	270.4	7.5	26.8	-64.1	658.1
Operational EBIT %	31.0 %	36.2 %	0.3 %	16.3 %		20.7 %
Harvested volume (1,000 t _{gw})	24.4	13.4		2.6		40.3
EBIT/ kg gw (NOK)	17.13	20.21		10.35		16.31
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 t _{gw})	100.4	49.9		11.2		161.5
EBIT/ kg gw (NOK)	22.10	16.99		-4.49		18.62
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

	Q4 2020	Q4 2019	FY 2020	FY 2019
No. of shares (diluted) - end of period (mill.)	113.188	113.031	113.164	112.922
Earnings per share (NOK)	0.22	5.93	17.52	22.06
Earnings per share - diluted (NOK)	0.22	5.92	17.49	22.03
EBITDA %	21.3 %	27.1 %	29.6 %	30.9 %
Operational EBIT %	13.6 %	20.7 %	23.3 %	25.1 %
EBIT %	2.8 %	27.5 %	21.9 %	24.8 %
Profit before tax %	2.5 %	28.0 %	19.9 %	25.8 %
Cash flow per share - diluted (NOK)	0.2	2.5	28.0	26.8
Net interest bearing debt (NOK mill.)	4,892.6	2,902.1	4,892.6	2,902.1
NIBD incl. leasing liabilities (NOK mill.)	5,826.3	3,531.7	5,826.3	3,531.7
Equity ratio %	49.9 %	54.2 %	49.9 %	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 individual 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 market 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	2,597,378	2.29 %
State Street Bank and Trust Comp	2,100,516	1.85 %
BNP PARIBAS SECURITIES SERVICES	1,565,383	1.38 %
LIN AS	1,274,620	1.12 %
CACEIS Bank	1,110,813	0.98 %
CACEIS Bank	1,095,276	0.97 %
CLEARSTREAM BANKING S.A.	1,054,476	0.93 %
JPMorgan Chase Bank, N.A., London	955,441	0.84 %
JPMorgan Chase Bank, N.A., London	914,653	0.81 %
The Bank of New York Mellon	842,542	0.74 %
Brown Brothers Harriman (Lux.) SCA	837,005	0.74 %
SIX SIS AG	661,037	0.58 %
Pictet & Cie (Europe) S.A.	613,671	0.54 %
VERDIPAPIRFONDET KLP AKSJENORGE IN	585,412	0.52 %
State Street Bank and Trust Comp	568,054	0.50 %
VPF DNB AM NORSKE AKSJER	563,132	0.50 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	546,802	0.48 %
Euroclear Bank S.A./N.V.	508,703	0.45 %
Top 20	85,105,730	75.12 %
Others	28,194,269	24.88 %
Total	113,299,999	100.00 %

As at 31 December 2020 SalMar ASA owned 232,071 treasury shares.

Note 3 - Inventory and Biological Assets (biomass)

Book value of inventory	31.12.2020	30.09.2020	31.12.2019
Raw materials	246.9	222.9	160.7
Biological assets	5,988.8	6,240.2	5,720.8
Finished goods	434.1	399.1	308.0
Total	6,669.8	6,862.2	6,189.5
Fair value adjustment of biological assets	31.12.2020	30.09.2020	31.12.2019
Historic cost	4,221.9	4,022.7	3,766.8
Fair value adjustment of the biomass	1,766.9	2,217.5	1,954.0
Book value	5,988.8	6,240.2	5,720.8

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 4.7 million in expenses relating to incident-based mortality during the period. In the year as a whole, such expenses come to NOK 51.7 million. The incidents that occurred during the period relate to Fish Farming Central Norway and the operation in Iceland. The bulk of the incidents in previous periods have related to the Group's activities in Iceland, where mortality occurred as a result of winter wounds. These expenses were included in the cost of goods sold in profit and loss, and reduced the Icelandic Salmon 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:	31.12.2020	Period of expected harvest:	30.09.2020	Period of expected harvest:	31.12.2019
	Q1 2021	50.33	Q4 2020	54.47	Q1 2020	66.10
	Q2 2021	56.77	Q1 2021	63.60	Q2 2020	66.90
	Q3 2021	53.67	Q2 2021	65.10	Q3 2020	55.00
	Q4 2021	55.83	Q3 2021	54.90	Q4 2020	56.40
	1st half 2022	61.85	Q4 2021	56.40	1st half 2021	59.50
	2nd half 2022	54.15	Q1 2022	62.75	2nd half 2021	58.35
Discount rate Norway		6 %		6 %		7 %
Discount rate Iceland		3 %		3 %		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 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 2020	Q4 2019	FY 2020	FY 2019
Change in fair value of the biomass	-447.6	112.1	-186.1	-151.6
Change in provisions for onerous contracts	-17.6	-6.0	-16.0	-1.5
Unrealised change in value of Fish Pool contracts	-22.4	13.4	-8.6	-0.3
Unrealised changes in the value of currency and forward currency contracts	159.0	99.0	31.2	120.4
Fair value adjustments recognised in profit and loss	-328.6	218.4	-179.5	-33.0

Note 5 - Business combinations**Business acquisitions in 2020**

The Group has acquired no businesses to date in 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.

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 2020**

On 15 October 2020, a share issue was carried out in Icelandic Salmon AS (previously Arnarlax 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.

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	49.0	-6.8	42.2
Other items in comprehensive income	-3.3	-0.5	-3.8
Dividend received	-	-2.1	-2.1
Other changes	-	-1.6	-1.6
Closing balance 31.12.2020	682.3	70.2	752.5

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 Eldisþöðin Isthor 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

	31.12.2020	30.09.2020	31.12.2019
Non-current interest-bearing liabilities			
Debt to credit institutions	4,000.0	2,446.6	2,901.6
Next year's instalment on debt to credit institutions	-322.4	-157.4	-150.0
Long-term debt to credit institutions	3,677.6	2,289.2	2,751.6
Leasing liabilities	933.7	810.6	629.6
Next year's lease payments	-164.6	-149.5	-140.7
Long-term leasing liabilities	769.1	661.1	488.9
Total non-current interest-bearing liabilities	4,446.8	2,950.4	3,240.4
Current interest-bearing liabilities			
Short-term debt to credit institutions	1,116.1	1,054.2	231.5
Next year's instalment on debt to credit institutions	322.4	157.4	150.0
Total debt to credit institutions	1,438.4	1,211.6	381.5
Next year's lease payments	164.6	149.5	140.7
Total current interest-bearing liabilities	1,603.0	1,361.1	522.3
Total debt to credit institutions	5,116.1	3,500.8	3,133.1
Cash & cash equivalents	223.4	169.3	231.0
Net interest-bearing liabilities (NIBD)	4,892.6	3,331.5	2,902.1
Leasing liabilities	933.7	810.6	629.6
NIBD incl. leasing liabilities	5,826.3	4,142.2	3,531.7

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

	NOK	EUR	JPY	USD	GBP	Other	Total
Long-term debt to credit institutions	3,677.6	0.0					3,677.6
Leasing liabilities	913.8	19.9					933.7
Short-term debt to credit institutions	1,059.1	458.4	-20.3	-26.7	-32.0	-0.2	1,438.4
Total interest-bearing liabilities	5,650.5	478.3	-20.3	-26.7	-32.0	-0.2	6,049.8
Cash & cash equivalents	182.5	0.0	11.3	8.7	0.1	20.8	223.4
Leasing liabilities	913.8	19.9	0.0	0.0	0.0	0.0	933.7
Net interest-bearing liabilities	4,554.2	458.4	-31.6	-35.4	-32.0	-20.9	4,892.7

Financing activities - change in liabilities:

	31.12.2019	Cash flow	Not cash-generating effects		31.12.2020
			Currency effects	Other effects	
Long-term interest-bearing debt to credit institutions	2,901.6	1,063.8	34.6	0.0	4,000.0
Leasing liabilities	629.6	-184.3	1.0	487.4	933.7
Total non-current liabilities	3,531.2	879.6	35.6	487.4	4,933.7
Short-term interest-bearing debt to credit institutions	231.5	837.8	46.8	0.0	1,116.1
Total liabilities	3,762.7	1,717.3	82.4	487.4	6,049.8

Note 9 - Interest and other financial items

	Q4 2020	Q4 2019	FY 2020	FY 2019
Net interest expenses, ex. interest on leasing liabilities	-16.4	-28.9	-84.4	-105.0
Interest expenses relating to leasing liabilities	-13.8	-13.9	-55.2	-52.7
Gain on sale of shares associated company realized	-	-	-	225.9
Net currency effects	14.3	-23.4	-151.6	-65.8
Other net financial items	-1.6	3.3	-7.4	2.7
Net interest and other financial items	-17.5	-62.9	-298.5	5.1