

QUARTERLY REPORT

Third quarter 2021

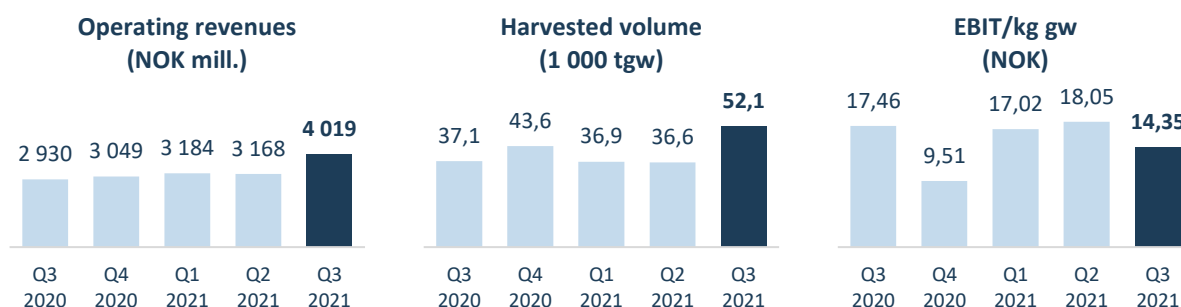


HIGHLIGHTS IN THE THIRD QUARTER

- A record high volume harvested and a solid biological and operational performance gave good results in the third quarter.
- Total Operational EBIT for the period came to NOK 743 million (NOK 14.95 per kg) for Norway. Total Operational EBIT including Icelandic Salmon came to NOK 748 million (NOK 14.35 per kg).
- Fish Farming Northern Norway achieved solid results, driven by a solid biological and operational performance. Fish Farming Central Norway held steady and posted good results.
- Sales and Industry had record-high levels of activity at its harvesting and processing plants, though higher costs weakened its result. InnovaNor, Northern Norway's most modern and efficient harvesting and secondary processing plant, will go into operation from the fourth quarter 2021.
- Icelandic Salmon kept costs steady, but lower spot price achievement and non-recurring costs relating to brand and product development weakened its result.
- SalMar is increasing its volume forecast for 2021 in Norway by 6,000 tonnes to 169,000 tonnes as a result of strong utilisation of higher production capacity. A higher volume is expected to be harvested in 2022: Norway, 175,000 tonnes; Iceland, 16,000 tonnes; and Scotland, 46,000 tonnes.
- Production capacity increased after the acquisition of shares in Nekton Havbruk AS and Refsnes Laks AS, which combined have 5,500 tonnes MAB of production capacity in Central Norway.
- SalMar entered a strategic partnership with the industrial investment company Aker with the aim of creating the world's leading offshore aquaculture company. The business will take place in the newly established SalMar Aker Ocean, which will continue and reinforce SalMar's current offshore aquaculture activities.

KEY FIGURES – GROUP

<i>millioner kroner</i>	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Operating revenue	4,019	2,930	10,371	9,863	12,912
Operational EBIT	748	647	2,037	2,594	3,008
Operational EBIT %	18.6 %	22.1 %	19.6 %	26.3 %	23.3 %
Production tax	-21	-	-49	-	-
Fair value adjustments	225	-70	916	149	-180
Profit/loss from associates	4	48	103	33	42
Profit/loss before tax	912	522	2,894	2,495	2,572
EPS – diluted	5.84	3.27	19.12	17.28	17.49
NIBD incl. leasing liabilities	5,943	4,142	5,943	4,142	5,826
Equity ratio %	53.0 %	55.4 %	53.0 %	55.4 %	49.9 %
Harvested volume (1,000 tgw)	52.1	37.1	125.6	118.0	161.5
EBIT/kg gw (NOK)	14.35	17.46	16.21	21.99	18.62





FINANCIAL PERFORMANCE

Revenue and results for the third quarter 2021

In the third quarter 2021, the SalMar Group posted a good Operational EBIT, underpinned by a record-high volume harvested and consistently effective underlying operations.

Fish Farming Northern Norway posted a strong result following a two-year turnaround, demonstrating that results can quickly be achieved through a high level of professionalism and an operational focus on biological performance. Fish Farming Central Norway continues to deliver consistently good results, despite biological challenges in the quarter.

The Sales and Industry segment had record levels of activity at its harvesting and processing plants, though increased costs, mainly linked to freight and packaging, weakened the overall result.

Icelandic Salmon held costs steady, but lower spot prices weakened its result. The company launched a new brand identity in August, which is already having a noticeable impact in the form of better price achievement. Non-recurring costs relating to the brand's launch were recognised in the third quarter, weakening the overall result.

In the third quarter 2021, the SalMar Group harvested 52,100 tonnes of salmon, compared with 36,600 tonnes in the second quarter and 37,100 tonnes in the third quarter 2020.

In addition, Norskott Havbruk (Scottish Sea Farms) harvested 10,100 tonnes of salmon in the quarter. By comparison, this company harvested 11,400 tonnes in the second quarter this year and 8,100 tonnes in the corresponding period last year. SalMar owns 50 per cent of Norskott Havbruk.

In the third quarter 2021, the price of salmon (NASDAQ Salmon Index) averaged NOK 55.48 per kg, down from an average of NOK 63.31 per kg in the second quarter, but up from NOK 47.53 per kg in the same quarter in 2020.

SalMar generated gross operating revenues of NOK 4,019 million in the third quarter 2021, compared with NOK 3,168 million in the second quarter and NOK 2,930 million in the third quarter 2020.

The SalMar Group achieved an Operational EBIT of NOK 748 million in the quarter, up from NOK 661 million in the previous quarter and NOK 647 million in the corresponding quarter last year. The increase is attributable to a record-high volume harvested in the quarter and a consistently good operational performance.

The SalMar Group achieved an Operational EBIT per kg of NOK 14.35 in the third quarter, down from NOK 18.05 per kg in the second quarter and NOK 17.46 per kg in the third quarter 2020.

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.

A production tax amounting to NOK 0.40 per kg has been payable by the Norwegian operation since 1 January 2021. Payment of the production tax in Norway and the resource tax in Iceland reduced profits by NOK 21 million in the third quarter 2021.

Fair value adjustments boosted SalMar's recognised operating profit by NOK 225 million in the quarter. The fair value of the standing biomass increased by NOK 216 million in the quarter, due to higher prices and volumes included in the calculation, while there was a NOK 10 million change in provisions for loss-making contracts and unrealised changes in the value of Fish Pool contracts in the quarter. See Note 4 for further details.

As a result, SalMar posted an operating profit of NOK 952 million in the third quarter 2021, a decrease of NOK 87 million from the previous quarter, but NOK 375 million up on the same period in 2020. Operating profit in the third quarter 2020 was reduced by fair value adjustments totalling NOK -70 million.

Associates contributed NOK 4 million in the period, compared with NOK 50 million in the second quarter this year and NOK 48 million in the third quarter 2020. The bulk of the contribution from associates derives from SalMar's share of the profit from Norskott Havbruk, which came to NOK 7 million in the quarter.

Net interest expenses totalled NOK 45 million in the quarter. This is NOK 4 million more in the previous quarter (NOK 41 million) and NOK 14 million more than in the third quarter 2020 (NOK 31 million). The increase is largely attributable to interest expenses relating to the green bond that SalMar issued in the second quarter 2021.

Other financial items totalled NOK 1 million, compared with NOK -5 million in the previous quarter and NOK -72 million in the third quarter 2020. The positive net financial items is attributable primarily to positive currency effects amounting to NOK 4 million.

Profit before tax in the third quarter totalled NOK 912 million, compared with NOK 1,044 million in the second quarter and NOK 522 million in the corresponding quarter last year.

A tax expense of NOK 201 million has been calculated for the quarter. This gives a net profit for the period of NOK 711 million. The tax expense recognised in the third quarter 2020 came to NOK 104 million, while net profit totalled NOK 418 million.

Strengthening of the Norwegian krone (NOK) through the quarter resulted in translation differences of NOK -8 million with respect to associates and subsidiaries accounted for in foreign currencies. Net cash-flow hedging after tax came to NOK -25 million. These are items that may subsequently be reclassified to profit and loss and decrease the period's total result to NOK 678 million. In the third quarter 2020, the corresponding items decreased the result by NOK 82 million to NOK 500 million.



Revenue and results for the first nine months of 2021

The SalMar Group generated gross operating revenues of NOK 10,371 million in the first nine months of 2021, up from NOK 9,863 million in the same period in 2020.

Excluding Norskott Havbruk, the Group had harvested 125,600 tonnes as at 30 September 2021. In the same period last year, the Group had harvested 118,000 tonnes.

In the first nine months of 2021, the price of salmon (NASDAQ Salmon Index) averaged NOK 57.20 per kg, compared with NOK 57.91 per kg in the same period last year.

Operational EBIT for the first nine months of 2021 totalled NOK 2,037 million, down from NOK 2,594 million in the year to 30 September 2020. This gives an Operational EBIT per kg of NOK 16.21 for the first nine months of 2021, compared with NOK 21.99 per kg in the same period in 2020.

A production tax of NOK 0.40 per kg has been payable by the Norwegian operation since 1 January 2021. Payment of the production tax in Norway and the resource tax in Iceland reduced profits by NOK 49 million in the first nine months of 2021.

Fair value adjustments boosted profits by NOK 916 million in the year to 30 September. Operating profit for the first nine months of the year therefore ended at NOK 2,903 million. Operating profit for the first nine months of 2020 came to NOK 2,743 million, after a positive contribution from fair value adjustments of NOK 149 million in total.

Associates contributed NOK 103 million in the first nine months of 2021. The contribution derives primarily from SalMar's share of the profit from Norskott Havbruk, which amounted to NOK 103 million in the year's first nine months. In the same period last year, associates contributed NOK 33 million.

Net interest expenses totalled NOK 121 million in the first nine months of 2021, compared with NOK 109 million in the same period last year. Net other financial items totalled NOK 8 million in the period. In the corresponding period last year, the Group reported other financial items totalling NOK -172 million.

Profit before tax in the first nine months of 2021 therefore totalled NOK 2,894 million, compared with NOK 2,495 million in the same period in 2020.

A tax expense of NOK 622 million has been calculated for the first nine months of 2021, which brings the net profit for the period to NOK 2,272 million.

Cash flow

The SalMar Group generated a cash flow from operating activities of NOK 948 million in the third quarter 2021, compared with NOK 734 million in the same period in 2020.

Net cash flow from investing activities in the quarter totalled NOK -964 million, compared with NOK -2,288 million in the third quarter last year. Where the cash flow from last year was impacted by purchase at the traffic light auction.

During the period, SalMar acquired shares in Nekton Havbruk AS and Refsnes Laks AS. The net investment in

these companies totalled NOK 323 million. Other investments in the quarter relate primarily to the maintenance and expansion of smolt capacity. Of the NOK 299 million total, NOK 99 million was invested in the construction of InnovaNor, the expansion of Vikenco and upgrades at InnovaMar. Ongoing investments in maintenance and R&D relating to offshore aquaculture totalled NOK 201 million in the period, while NOK 43 million was spent on ongoing maintenance investments along the entire value chain in Iceland. Other investments totalled NOK -14 million in the period. The negative figure is due to the sale of a small hatchery during the period.

The Group had a net cash flow from financing activities of NOK 204 million in the third quarter 2021, compared with NOK 1,533 million in the same period last year.

The Group's interest-bearing debt rose by NOK 292 million in the third quarter. Instalments on leasing liabilities and net interest paid totalled NOK 88 million. In the same quarter last year, interest-bearing debt rose by NOK 1,612 million, while instalments on leasing liabilities and net interest paid totalled NOK 78 million.

SalMar achieved a net cash flow of NOK 188 million in the period, compared with NOK -20 million in the same period in 2020. Adjusted for NOK -1 million in currency effects, this boosted the Group's total holding of cash and cash equivalents by NOK 484 million in the period. As a result, the Group's overall cash holding at the close of the quarter stood at NOK 670 million.

The SalMar Group generated a net cash flow from operating activities of NOK 2,192 million in the first nine months of 2021, compared with NOK 3,148 million in the same period in 2020. Net cash flow from investing activities totalled NOK -1,972 million in the year to 30 September 2021, compared with NOK -3,242 million in the same period last year. Cash flow from financing activities totalled NOK 235 million in the first nine months of 2021, compared with NOK 26 million in the same period last year.

As a result, the Group had an overall net cash flow of NOK 455 million in the first nine months of 2021, compared with a net of NOK -68 million last year.

Financial position

At the close of the third quarter 2021, SalMar's balance sheet totalled NOK 27,255 million, up from NOK 23,913 million at the close of the previous quarter and from NOK 21,701 million at the close of the third quarter last year. The main reason for the increase in various balance sheet items is the consolidation of Nekton and Refsnes, which increased assets by NOK 2.5 billion. See the section Other Matters and note 5 for further details.

The Group's intangible assets totalled NOK 8,534 million at the close of the quarter, an increase of NOK 1,703 million from 30 June this year.

The book value of the Group's property, plant and equipment totalled NOK 6,762 million at 30 September 2021, an increase of NOK 559 million in the quarter. Investments are being made in accordance with established plans, including the expansion of hatchery capacity, the construction of the new InnovaNor harvesting plant in Northern Norway as well as general maintenance.

At the close of the year's third quarter, SalMar had current assets totalling NOK 10,069 million, up from NOK 8,999



million at the close of the previous quarter and NOK 7,965 million at the same point last year.

At the close of the third quarter, the book value of inventory stood at NOK 8,089 million, a rise of NOK 673 million through the period. The increase is largely explained by a NOK 660 million increase in the fair value of the biomass. At the close of the third quarter 2020, the book value of inventory came to NOK 6,862 million.

Trade receivables at 30 September 2021 totalled NOK 912 million, up from NOK 746 million at the close of the previous quarter and from NOK 654 million at the close of the third quarter 2020. Other current receivables totalled NOK 398 million at the close of the quarter, compared with NOK 354 million at the close of the previous quarter and NOK 279 million at the same point last year.

As at 30 September 2021, the SalMar Group had cash and cash equivalents of NOK 670 million, NOK 186 million more than at 30 June 2021 and up from NOK 169 million at the close of the third quarter 2020.

As at 30 September 2021, the Group's total equity stood at NOK 14,456 million, corresponding to an equity ratio of 53.0 per cent. This is an increase NOK 1,581 million compared with the close of the second quarter this year. For further details, see the separate presentation of movements in equity.

As at 30 September 2021, the SalMar Group had total interest-bearing debts of NOK 5,638 million. Of this amount, long-term debt accounted for NOK 5,006 million, while short-term debt totalled NOK 632 million. By comparison, total interest-bearing debt at the close of the previous quarter came to NOK 4,899 million. See Note 8 for further details.

The Group's leasing liabilities totalled NOK 975 million at the close of the third quarter 2021. This is down from NOK 991 million at the close of the second quarter this year, but up from NOK 811 million at the close of the third quarter 2020.

Other current liabilities increased by NOK 693 million in the quarter to NOK 3,850 million. The change is due to a rise in trade payables and tax payable.

As at 30 September 2021, the SalMar Group had net interest-bearing debts of NOK 4,968 million, up from NOK 4,415 million at the close of the previous quarter and from NOK 3,332 million at the same point in 2020.

OPERATIONAL PERFORMANCE

SalMar reports its operations in four segments: Fish Farming Central Norway, Fish Farming Northern Norway, Icelandic Salmon, and Sales and Industry.

Fish Farming Central Norway

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

NOK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenue	1,940	1,623	4,451	4,810
Operational EBIT	597	526	1 503	1 947
Operational EBIT %	31%	32%	34%	40%
Harvested volume (1,000 t _{gw})	34.2	30.1	76.0	79.5
EBIT/kg gw (NOK)	17.46	17.51	19.77	24.51

Fish Farming Central Norway harvested a record 34,200 tonnes of salmon in the third quarter 2021, compared with 30,100 tonnes in the third quarter 2020.

The segment generated operating revenues of NOK 1,940 million in the quarter, compared with NOK 1,623 million in the corresponding period last year. The increase is attributable to the higher volume harvested and higher prices than in the same period last year.

The segment's good result rests on a solid operational performance and stable costs, despite biological challenges and a rise in the number of delousing treatments.

The generation of fish that were transferred to sea farms in the spring of 2020 (S20) accounted for 89 per cent of the volume harvested in the quarter. The remaining 11 per cent came from the autumn 2020 (A20) generation, whose harvesting got underway during the period. The biological performance of this generation is good. The segment will finish harvesting the S20 generation in the fourth quarter and will continue harvesting the A20 generation.

The segment expects stable cost level and a similar volume harvested in the fourth quarter 2021.

As a result of the acquisition of shares in Nektan Havbruk AS and Refsnes Laks AS, as well as effective utilisation of the increased production capacity, SalMar is increasing its harvesting forecast for Fish Farming Central Norway by 3,000 tonnes to 110,000 tonnes in 2021 as a whole.

Fish Farming Northern Norway

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

NOK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenue	785	250	2,320	1,791
Operational EBIT	272	61	813	692
Operational EBIT %	35%	24%	35%	39%
Harvested volume (1,000 t _{gw})	15.5	5.3	42.3	30.8
EBIT/kg gw (NOK)	17.53	11.55	19.22	22.43

Fish Farming Northern Norway harvested 15,500 tonnes of salmon in the third quarter 2021, an increase of 10,200 tonnes compared with the same period last year.

The segment generated gross operating revenues of NOK 785 million in the quarter, compared with NOK 250 million in the third quarter 2020. The increase is attributable to the higher volume harvested compared with last year.

The segment posted a solid result thanks to a reduction in costs combined with a strong biological and operational performance, which has led to effective utilisation of the segment's increased production capacity. The overall level of costs was lower even though the result is still affected by high harvesting and wellboat costs, which will largely be avoided once InnovaNor goes into operation. Price achievement was affected by harvesting in August and September, when prices were at their lowest in the period.

The spring 2020 (S20) generation accounted for 85 per cent of the volume harvested in the period. Solid biological and operational performance resulted in lower costs at harvest compared with the generation before. Harvesting of the autumn 2020 (A20) generation got underway in the period. The biological performance of this generation has been good. The segment will continue harvesting the S20 and A20 generations in the fourth quarter.

The segment expects a corresponding cost level and a somewhat higher volume harvested in the fourth quarter.

As a result of a strong biological performance and effective utilisation of the segment's increased MAB capacity, SalMar is increasing its harvesting forecast for Fish Farming Northern Norway by 3,000 tonnes to 59,000 tonnes in 2021 as a whole.



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	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenue	202	110	562	489
Operational EBIT	5	-22	37	-31
Operational EBIT %	2 %	-20 %	7 %	-6 %
Harvested volume (1,000 t _{gw})	2.4	1.7	7.3	7.7
EBIT/kg gw (NOK)	2.02	-12.81	5.06	-4.02

Icelandic Salmon harvested 2,400 tonnes of salmon in the third quarter 2021, compared with 1,700 tonnes in the same period last year. The business generated gross operating revenues of NOK 202 million in the quarter, compared with NOK 110 million in the same period in 2020. The rise in operating revenues relates primarily to improved price achievement as well as a higher volume harvested than in the corresponding quarter last year.

The generation of fish transferred to sea farms in 2019 (19G) accounted for the entire volume harvested in the quarter. This generation has performed significantly better biologically than previous generations harvested, which has resulted in a lower cost at harvest than in previous years. Operational EBIT per kg came to NOK 2.02, up from NOK -12.81 per kg in the same period last year.

Icelandic Salmon launched a new brand in August, and is already seeing the effects of this in terms of better price achievement. However, the third quarter result was affected by non-recurring costs associated with the launch of the new brand, which reduces the margin by NOK 2.60 per kg in the third quarter.

The company will finish harvesting the 2019 generation in the fourth quarter, and will start harvesting the 2020 generation.

The segment expects to have a corresponding level of costs and a higher volume harvested in the fourth quarter. At the same time, the overall volume forecast for the year as a whole has been reduced by 2,000 tonnes. The segment now expects to harvest 12,000 tonnes in 2021. The reduction is due to a somewhat lower growth rate and increased mortality through 2021. At the same time, some of the volume is being rolled over into 2022 to optimise the biological performance of the fish.

The segment expects to harvest 16,000 tonnes in 2022.

Sales and 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. The Salmar Group's main harvesting and secondary processing plants are: InnovaMar in Frøya, Vikenco in Møre og Romsdal and InnovaNor in Senja, Northern Norway.

NOK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenue	3,929	2,903	10,031	9,536
Operational EBIT	-28	156	-46	209
Operational EBIT %	-0.7%	5.4%	-0.5%	2.2%

Sales and Processing generated gross operating revenues of NOK 3,929 million in the third quarter 2021, compared with NOK 2,903 million in the corresponding period last year.

The segment sells the Group's entire volume harvested in Norway. It harvested a record 41,100 tonnes of salmon in the third quarter 2021, compared with 26,300 tonnes the quarter before and 35,400 tonnes in the third quarter 2020.

The segment made an Operational EBIT of NOK -28 million in the period, compared with NOK 156 million in the third quarter 2020.

The quarter's result was negatively affected primarily by increased freight and packaging costs.

The harvesting plants achieved good capacity utilisation as a result of record-high volumes harvested, and SalMar expects similar volumes and activity levels in the fourth quarter 2021.

The contract rate in the third quarter 2021 stood at 23 per cent with higher prices on the contract portfolio, but increased freight costs affect profitability. For the fourth quarter and the year as a whole, the contract rate is expected to be around 25 per cent.

InnovaNor, which will be Northern Norway's largest and most modern harvesting and secondary processing plant, is now scheduled to go into operation in the fourth quarter 2021.

Eliminations

Research and development (R&D) costs are included as eliminations in the segments' reported results. Of a total harvested volume of 52,100 tonnes in the third quarter 2021, R&D costs accounted for NOK 1.27 per kg. During the period, SalMar also recognised legal expenses relating to litigation concerning alleged price-fixing and costs relating to SalMar Ocean, which have affected the financial result.



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 2021	Q3 2020	YTD 2021	YTD 2020
Operating revenues	773	543	1,963	1,271
Operational EBIT	80	101	273	233
Operational EBIT %	10%	19%	14%	18%
Fair value adj. biomass	-58	18	8	-122
Profit/loss before tax	17	114	269	94
SalMar's share after tax	7	46	104	27
Harvested volume (1,000 t _{gw})	10.1	8.1	27.4	17.6
EBIT/kg gw (NOK)	7.93	12.45	9.94	13.23

Norskott Havbruk generated gross operating revenues of NOK 773 million in the third quarter 2021, compared with NOK 793 million the quarter before and NOK 543 million in the third quarter last year. The increase is attributable to a higher volume harvested and higher price achievement.

Norskott Havbruk harvested around 10,100 tonnes in the quarter, down from 11,400 tonnes in the second quarter this year but up from the 8,100 tonnes harvested in the third quarter 2020.

EBIT per kg gutted weight came to NOK 7.93 in the period. This is down from NOK 10.46 per kg in the previous quarter and from NOK 12.45 per kg in the same period last year. Biological challenges, particularly those linked to gill health, have had a negative impact on the period's result. It has also led to the harvesting of fish with a lower average weight, which has affected both cost and price achieved.

SalMar's share of Norskott Havbruk's net profit came to NOK 7 million in the third quarter 2021. Weaker results and negative fair value adjustments contributed to a lower profit than in the same period last year.

The third quarter has been a biologically challenging period, which has led to the volume expected to be harvested in 2021 as a whole being reduced by 3,000 tonnes to 33,000 tonnes.

On 29 June 2021, Scottish Sea Farms Ltd, signed an agreement to purchase 100 per cent of the shares in Grieg Seafood Hjalmland UK Ltd (GSHU) from Grieg Seafood ASA. On a debt and cash-free basis, the purchase price has been set at GBP 164 million. The transaction is expected to be completed by the close of the fourth quarter 2021, provided that approval is granted by the relevant authorities and the usual completion terms. The transaction has already been approved by the EU competition authorities, and a response from the UK competition authorities is expected in December 2021.

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

MARKETS

Supply and biomass

In the third quarter 2021, the global supply of Atlantic salmon totalled approx. 741,600 tonnes, up 4 per cent on the same period in 2020.

At 412,700 tonnes, output in Norway in the quarter was 15 per cent higher than in the same period a year before. Output fell by 17 per cent in Chile and 7 per cent in North America, but rose by 33 per cent in the Faeroes and 19 per cent in other markets. Output in the UK remained unchanged.

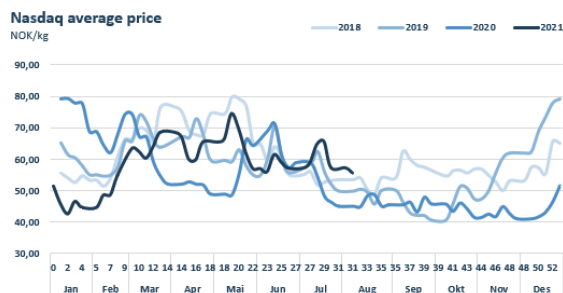
According to figures from Kontali, the standing biomass in Norway at the close of the third quarter 2021 is estimated to be 5 per cent up on the same point in 2020. At the same time, the standing biomass is estimated to be 12 per cent lower in Chile and 2 per cent lower in the UK, while it is estimated to be 11 per cent higher in the Faeroes.

Prices and foreign exchange rates

Atlantic salmon was being traded at NOK 57.20 per kg at the start of the quarter (NASDAQ Salmon Index). In the third week in July, the price reached as high as NOK 65.70 per kg. It fell steadily through August, from NOK 57 per kg at the beginning of the month to NOK 51 per kg at its close. At the end of September, Atlantic salmon was being traded at a price of NOK 50.80 per kg.

The price of salmon in the period averaged NOK 55.50 per kg, up 17 per cent on the same period last year, when the price averaged NOK 47.50.

NASDAQ Salmon Index NOK/kg



During the quarter, the Norwegian krone (NOK) strengthened slightly against two of the most important trading currencies for fish. Compared with the close of the previous quarter, the NOK strengthened by 0.1 per cent against the EUR, and 0.4 per cent against the GBP. The NOK weakened against the USD by 2.6 per cent through the quarter.

Norwegian exports

Norway exported around 402,000 tonnes (round weight) of salmon in the third quarter 2021, up 17 per cent on the 343,000 tonnes exported in the same period last year. The value of these exports rose by 28 per cent year-on-year, from NOK 16.9 billion to NOK 21.5 billion.

A substantial secondary processing industry makes Poland the largest single market for Norwegian salmon. In the third quarter 2021, around 65,800 tonnes of salmon were exported to this market, 8 per cent more than in the corresponding quarter in 2020. Exports increased by 20 per cent to the USA, 11 per cent to France, 20 per cent to Spain,



22 per cent to Denmark and 100 per cent to Vietnam/China/Hong Kong, while exports to the UK increased by 4 per cent in the third quarter 2021.

OTHER MATTERS

Covid-19

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

Increased freight-related costs are, however, the result of pandemic-related capacity issues. This will vary from quarter to quarter, but SalMar considers the situation to be temporary.

The effective rollout of vaccination programmes worldwide during the first nine months of the year means that SalMar takes an optimistic view of the future and reinforces its confidence in the future of the aquaculture sector.

Expansion of smolt production capacity

Access to high-quality roe and smolt of an optimal size is crucial to secure good performance throughout the salmon production process. The SalMar Group currently has projects underway to expand capacity and safeguard quality at several of its smolt facilities.

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

Construction of a new hatchery in Tjuin in Trøndelag County, which was decided in May 2021, is now underway.

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

Expansion of harvesting and processing capacity

Construction of SalMar's new harvesting and processing plant in Northern Norway, InnovaNor, is nearing completion. The facility will be operational with effect from the fourth quarter this year.

This is an important strategic and industrial investment for SalMar. It will strengthen the company's position in Northern Norway and pave the way for increased value creation and employment in the region.

Acquisition of Refsnes Laks AS approved by the Norwegian Competition Authority

On 1 July and 25 August, respectively, SalMar announced that it had acquired shares in Nekton Havbruk AS and Refsnes Laks AS, which are licensed to produce a combined total of 5,500 MAB of salmon in Central Norway. On 23 September, the Norwegian Competition Authority approved SalMar's acquisition of shares in Refsnes Laks. See Note 5 for further details.

Offshore strategy

The establishment of salmon farming in the open ocean is an important element in SalMar's strategy to secure sustainable growth. In pursuit of this strategy, the company entered into a partnership with Aker on 26 August 2021. The companies' joint efforts will be channelled through the company SalMar Aker Ocean.

SalMar will own 66.6 per cent of SalMar Aker Ocean, while Aker will own 33.4 per cent. SalMar's current interests in offshore aquaculture will be incorporated into the new company. In three tranches, Aker will contribute NOK 1.65 billion in cash contributions.

SalMar Aker Ocean will engage in offshore fish farming, both in coastal waters exposed to severe weather conditions and far out to sea. By combining Aker and SalMar's sectoral knowledge and leading expertise in the fields of salmon farming, industrial software and environmental technologies, the company will create the world's most reliable and intelligent offshore aquaculture business, meeting the highest standards for fish welfare and with the aim of zero emissions along the entire value chain.

As previously announced, SalMar's current CFO & COO, Trine Sæther Romuld, will take up the new position of CFO at SalMar Aker Ocean. The transition is provisionally planned for the first half of 2022. SalMar has already begun its quest for a new group CFO.

In November 2021, Olav Andreas Ervik notified the board of SalMar Aker Ocean that he wished to step down as the company's CEO in the spring of 2022, for family reasons. Work to recruit a new chief executive for SalMar Aker Ocean has commenced.

Green financing and private placement

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

On 8 June 2021, SalMar announced that the company had completed a successful private placement of shares, which raised gross proceeds of NOK 2,709 million.

On 29 June 2021, Scottish Sea Farms Ltd signed an agreement to acquire 100 per cent of the shares in Grieg Seafood Hjalmland UK Ltd. On 1 July and 25 August, respectively, SalMar announced that it had acquired shares in Nekton Havbruk AS and Refsnes Laks AS, which are licensed to produce a combined total of 5,500 MAB of salmon in Central Norway.

Following these acquisitions, SalMar still has in excess of NOK 1.7 billion in net proceeds available. This gives the company the freedom to act and supports the company's ambitious growth plans. SalMar sees opportunities for both strategic growth through business acquisitions or the purchase of additional production capacity to be offered under Norway's 'traffic light system' for aquaculture industry growth in 2022.



Credit rating

On 7 April 2021, SalMar was awarded an A- rating by Nordic Credit Rating. See Nordic Credit Rating's website for further details.

SHARES AND SHAREHOLDERS

As at 30 September 2021, SalMar had a total of 117,799,999 shares outstanding, divided between 13,672 shareholders.

After the share issue, the company's major shareholder, Kverva Industrier AS, owns 50.88 per cent of the shares. The 20 largest shareholders own a total of 72.66 per cent of the shares. SalMar ASA is now the 46th largest shareholder with 232,071 shares, corresponding to 0.2 per cent of the total number of shares outstanding as at 30 September 2021.

SalMar's share price fluctuated between NOK 564.40 and NOK 606.60 in the third quarter 2021. The final price at the close of the quarter was NOK 581.60 compared with NOK 571.20 at the close of the previous quarter. This corresponds to an increase in value of 1.8 per cent during the period.

A total of 8.0 million shares were traded in the quarter, which corresponds to 6.8 per cent of the total number of shares outstanding. The volume of shares traded daily averaged 122,000.

EVENTS AFTER THE REPORTING DATE

Change in board membership

In November 2021, SalMar announced that Tonje E. Foss had notified the Nomination Committee that she was resigning from the board of SalMar ASA.

Foss resigned from the board with immediate effect and a new board member will be elected to replace her at the latest at the next Annual General Meeting of the company in June 2022.

Successful establishment of SalMar Aker Ocean

In November 2021, SalMar announced the completion of the transaction establishing a partnership with Aker, through the company SalMar Aker Ocean. At that time, Aker paid in the first tranche of the NOK 1.65 billion in total cash consideration relating to the agreement.

SalMar's existing interests in offshore aquaculture will be incorporated into the new company, and SalMar Aker Ocean will engage in fish farming both in coastal waters exposed to severe weather conditions and far out to sea. See the press release and the Other Matters section for further details.

OUTLOOK

Markets

Growth in demand for Atlantic salmon is expected to be moderate in 2022. Figures from Kontali estimate a 5 per cent growth in the overall supply compared with 2021. Although the Covid-19 pandemic has created market uncertainty, the first nine months of the year have shown how robust the salmon market is. The rollout of vaccines worldwide also gives grounds for optimism with regard to the future.

Compared with the same period last year, the global volume of salmon harvested is expected to decrease by 5 per cent in the fourth quarter 2021, according to figures compiled by Kontali. The volume harvested is expected to increase by 4 per cent in Norway, 35 per cent in the Faeroes and 6 per cent in the UK, but decrease by 31 per cent in Chile and 7 per cent in North America. The harvested volume in other markets is expected to increase by 14 per cent.

The Fish Pool forward price as at 16 November indicates an average salmon price of NOK 55.30 pr kg in November and NOK 63.00 per kg in December. The price estimate for 2022 is NOK 62.50 per kg.

Company

Around 25 per cent of SalMar's volume in 2021 as a whole is covered by fixed-price contracts. SalMar expects costs at same level and a higher volume in the fourth quarter compared with the third quarter.

SalMar is increasing its forecast for the volume to be harvested in 2021 as a whole. It now expects to harvest 169,000 tonnes in Norway, 12,000 tonnes in Iceland and 33,000 tonnes in Scotland in 2021.

In 2022, SalMar expects to harvest 175,000 tonnes in Norway and 16,000 tonnes in Iceland. In Scotland one expects to harvest 46,000 tonnes, whereof SalMar's relative share is 23 000 tonnes, after the acquisition in Shetland are approved from the competition authorities.

Although Covid-19 continues to create market uncertainty, the way the salmon market has handled the pandemic in the first nine months of 2021 shows how robust it is. Combined with the rollout of vaccination programmes worldwide, this makes SalMar take an optimistic view of the fourth quarter and the future going forward.

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

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



The Board of Directors and CEO of SalMar ASA
Frøya, 16 November 2021

Leif Inge Nordhammer
Chair

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Margrethe Hauge
Director

Handwritten signature of Margrethe Hauge in black ink.

Linda Litlekalsøy Aase
Director

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Magnus Dybvad
Director

Handwritten signature of Magnus Dybvad in black ink.

Tone Ingebrigtsen
Director (employee-elected)

Handwritten signature of Tone Ingebrigtsen in black ink.

Simon Søbstad
Director (employee-elected)

Handwritten signature of Simon Søbstad in black ink.

Gustav Witzøe
CEO

Handwritten signature of Gustav Witzøe in black ink.



INCOME STATEMENT

NOK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Operating revenue	4,019	2,930	10,371	9,863	12,912
Cost of goods sold	2,107	1,326	4,936	4,298	5,871
Payroll expenses	358	296	1,099	954	1,320
Other operating expenses	607	462	1,707	1,440	1,902
EBITDA	947	846	2,628	3,171	3,820
Depreciation and write-downs	199	199	592	578	812
Operational EBIT	748	647	2,037	2,594	3,008
Production tax	-21	-	-49	-	-
Fair value adjustment	225	-70	916	149	-180
Operating profit	952	577	2,903	2,743	2,828
Income from investments in associates	4	48	103	33	42
Net interest expenses	-45	-31	-121	-109	-140
Other financial items	1	-72	8	-172	-159
Profit before tax	912	522	2,894	2,495	2,572
Tax	201	104	622	538	563
Net profit for the period	711	418	2,272	1,957	2,008
Other comprehensive income:					
<i>Items to be reclassified to P&L in subsequent periods:</i>					
Change in translation diff. associates	-4	7	6	22	-4
Change in translation diff. subsidiaries	-4	15	-64	167	88
Cash flow hedge, net after tax	-25	59	-103	109	128
Total comprehensive income	678	500	2,110	2,254	2,220
<i>Allocation of net profit for the period:</i>					
Non-controlling interests	23	48	68	2	29
Shareholders in SalMar ASA	688	370	2,204	1,954	1,979
Earnings per share (NOK)	5.85	3.28	19.15	17.31	17.52
Earnings per share - diluted	5.84	3.27	19.12	17.28	17.49



BALANCE SHEET – GROUP

<i>NOK million</i>	30.09.2021	30.06.2021	31.12.2020	30.09.2020
ASSETS				
Non-current intangible assets	8,534	6,831	6,826	6,904
Non-current tangible assets	6,762	6,203	5,554	5,212
Right-of-use assets	891	894	849	732
Non-current financial assets	1,000	986	851	888
Total non-current assets	17,187	14,913	14,080	13,736
Inventory	8,089	7,416	6,670	6,862
Trade receivables	912	746	589	654
Other short-term receivables	398	354	436	279
Cash and cash equivalents	670	484	223	169
Total current assets	10,069	8,999	7,918	7,965
TOTAL ASSETS	27,255	23,913	21,998	21,701
EQUITY AND LIABILITIES				
Paid-in equity	3,423	3,409	692	678
Other equity	8,966	8,310	9,159	10,553
Minority interests	2,066	1,155	1,136	786
Total equity	14,456	12,874	10,987	12,017
Provisions	2,337	1,992	1,828	1,834
Non-current interest-bearing liabilities	5,006	4,709	3,678	2,289
Long-term leasing liabilities	784	793	769	661
Total non-current liabilities	8,127	7,494	6,275	4,784
Current interest-bearing liabilities	632	190	1,438	1,212
Short-term leasing liabilities	191	198	165	149
Other current liabilities	3,850	3,156	3,133	3,538
Total current liabilities	4,673	3,544	4,736	4,899
TOTAL EQUITY AND LIABILITIES	27,255	23,913	21,998	21,701
Net interest-bearing debt (NIBD)	4,968	4,415	4,893	3,332
NIBD incl. leasing liabilities	5,943	5,406	5,826	4,142
Equity share	53.0 %	53.8 %	49.9 %	55.4 %



CASH FLOW

<i>NOK million</i>	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Profit before tax	912	522	2,894	2,495	2,572
Tax paid in the period	-12	-3	-35	-27	-588
Depreciation	199	199	592	578	812
Share of profit/loss from associates	-4	-48	-103	-33	-42
Change in fair value adjustments	-225	70	-916	-149	180
Change in working capital	29	-49	-390	97	-2
Other changes	49	44	151	187	249
Net cash flow from operating activities	948	734	2,192	3,148	3,179
Net cash flow from investing activities	-964	-2,288	-1,972	-3,242	-3,747
Change in interest-bearing liabilities	292	1,612	77	276	1,902
Downpayment leasing liabilities	-51	-47	-145	-129	-184
Interest leasing liabilities	-14	-15	-43	-41	-55
Interest paid financing activities	-23	-17	-75	-68	-91
Dividend paid out	-	-	-2,261	-11	-1,493
Aquisition of non-controlling interests	-	-1	-	-1	-4
Capital contribution - net	-	-	2,682	-	480
Net cash flow from financing activities	204	1,533	235	26	554
Net change in cash for the period	188	-20	455	-68	-15
Foreign exchange effects	-1	-3	-8	6	7
Cash at the start of the period	484	192	223	231	231
Cash at the close of the period	670	169	670	169	223



CHANGES IN EQUITY

2021	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.21	28.3	-0.1	415.3	248.4	130.4	9,028.6	1,135.9	10,986.9
Net profit for the year						2,203.8	67.9	2,271.8
Comprehensive income					-31.3	-103.4	-27.3	-162.0
Total comprehensive income for the year	0.0	0.0	0.0	0.0	-31.3	2,100.4	40.7	2,109.8
<i>Transactions with shareholders</i>								
Dividend paid						-2,261.4		-2,261.4
Capital contribution	1.1		2,707.9					2,709.0
Net transaction costs re. capital contribution			-21.2					-21.2
Change in non-controlling interests							889.6	889.6
Share-based remuneration - capital contribution				43.4				43.4
Other changes						-0.7	0.1	-0.6
Sum transactions with shareholders	1.1	0.0	2,686.7	43.4	0.0	-2,262.1	889.8	1,358.9
Equity as at 30.09.21	29.5	-0.1	3,102.0	291.8	99.1	8,867.0	2,066.4	14,455.6

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

SEGMENTS

NOK million	Farming Central Norway	Farming Northern Norway	Sales and Industry	Icelandic Salmon	Eliminations	Group
Q3 2021						
Operating revenue (NOK mill.)	1,940.3	784.6	3,928.9	201.9	-2,837.2	4,018.5
Operational EBIT (NOK mill.)	597.3	271.7	-27.7	4.9	-98.4	747.8
Operational EBIT %	30.8 %	34.6 %	-0.7 %	2.4 %		18.6 %
Harvested volume (1,000 tgv)	34.2	15.5		2.4		52.1
EBIT/ kg gw (NOK)	17.46	17.53		2.02		14.35
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 tgv)	30.1	5.3		1.7		37.1
EBIT/ kg gw (NOK)	17.51	11.55		-12.81		17.46
YTD 2021						
Operating revenue (NOK mill.)	4,451.4	2,320.3	10,031.0	562.3	-6,994.0	10,371.0
Operational EBIT (NOK mill.)	1,503.3	813.5	-46.0	36.7	-271.0	2,036.5
Operational EBIT %	33.8 %	35.1 %	-0.5 %	6.5 %		19.6 %
Harvested volume (1,000 tgv)	76.0	42.3		7.3		125.6
EBIT/ kg gw (NOK)	19.77	19.22		5.06		16.21
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 tgv)	79.5	30.8		7.7		118.0
EBIT/ kg gw (NOK)	24.51	22.43		-4.02		21.99



KEY FIGURES – GROUP

NOK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
No. of shares (diluted) - end of period (mill.)	117.768	113.128	115.272	113.121	113.164
Earnings per share (NOK)	5.85	3.28	19.15	17.31	17.52
Earnings per share - diluted (NOK)	5.84	3.27	19.12	17.28	17.49
EBITDA %	23.6 %	28.9 %	25.3 %	32.2 %	29.6 %
Operational EBIT %	18.6 %	22.1 %	19.6 %	26.3 %	23.3 %
EBIT %	23.7 %	19.7 %	28.0 %	27.8 %	21.9 %
Profit before tax %	22.7 %	17.8 %	27.9 %	25.3 %	19.9 %
Cash flow per share - diluted (NOK)	8.1	6.49	19.0	27.8	28.1
Net interest bearing debt (NOK mill.)	4,968.0	3,331.5	4,968.0	3,331.5	4,892.6
NIBD incl. leasing liabilities (NOK mill.)	5,942.9	4,142.2	5,942.9	4,142.2	5,826.3
Equity ratio %	53.0 %	55.4 %	53.0 %	55.4 %	49.9 %

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

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

Earnings before tax % = Earnings before tax / operating revenue

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

Equity ratio = Equity / total assets



NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Accounting principles

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

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

This interim report has not been subject to external audit.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA INDUSTRIER AS	59,934,476	50.88 %
FOLKETRYGDFONDET	6,482,155	5.50 %
CACEIS Bank	2,044,458	1.74 %
State Street Bank and Trust Comp	1,763,359	1.50 %
BNP Paribas Securities Services	1,624,983	1.38 %
State Street Bank and Trust Comp	1,430,062	1.21 %
LIN AS	1,299,685	1.10 %
CACEIS Bank	1,243,421	1.06 %
JPMorgan Chase Bank, N.A., London	1,166,752	0.99 %
CLEARSTREAM BANKING S.A.	1,136,842	0.97 %
The Northern Trust Comp, London Br	1,014,138	0.86 %
SIX SIS AG	998,302	0.85 %
JPMorgan Chase Bank, N.A., London	970,566	0.82 %
Brown Brothers Harriman (Lux.) SCA	723,542	0.61 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	693,836	0.59 %
State Street Bank and Trust Comp	679,702	0.58 %
VERDIPAPIRFONDET DNB NORGE	619,123	0.53 %
Euroclear Bank S.A./N.V.	615,343	0.52 %
VERDIPAPIRFONDET KLP AKSJENORGE IN	589,808	0.50 %
VPF DNB AM NORSKE AKSJER	565,179	0.48 %
Top 20	85,595,732	72.66 %
Others	32,204,267	27.34 %
Total	117,799,999	100.00 %

As at 30 September 2021 SalMar ASA owned 232,071 treasury shares.



Note 3 - Inventory and biological assets

Book value of inventory	30.09.2021	30.06.2021	31.12.2020	30.09.2020
Raw materials	191.4	178.9	246.9	222.9
Biological assets	7,397.7	6,737.9	5,988.8	6,240.2
Finished goods	499.9	499.2	434.1	399.1
Total	8,089.1	7,416.0	6,669.8	6,862.2

Fair value adjustment of biological assets	30.09.2021	30.06.2021	31.12.2020	30.09.2020
Roe, fry, smolt and cleaner fish at cost	214.9	287.9	297.9	30.2
Biological assets held at sea farms at cost	4,404.1	3,934.0	3,924.0	3,992.5
Total biological assets before fair value adjustment	4,619.0	4,221.9	4,221.9	4,022.7
Fair value biological assets	2,778.7	2,516.0	1,766.9	2,217.5
Total biological assets	7,397.7	6,737.9	5,988.8	6,240.2

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

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

Change in the book value of biological assets	30.09.2021	30.06.2021	31.12.2020	30.09.2020
Biological assets - opening balance	6,737.9	6,280.0	5,720.8	5,907.3
Addition resulting from business acquisition	187.0	-	-	-
Increase due to production/purchase	1,974.2	1,362.1	5,743.7	1,704.3
Reduction due to sale/harvesting	-1,762.8	-1,270.7	-5,253.1	-1,234.6
Reduction due to incident-based mortality	-	-11.5	-59.7	-5.1
Fair value adjustment on opening balance (reversed)	-2,516.0	-2,146.1	-1,954.0	-2,358.7
Fair value adjustment on closing balance (new)	2,778.7	2,516.0	1,766.9	2,217.5
Translation differences	-1.3	8.2	24.3	9.5
Biological assets - closing balance	7,397.7	6,737.9	5,988.8	6,240.2

Biological assets in further detail

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

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

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

Smolt are recognised at cost.

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

Period of expected harvest:	30.09.2021	Period of expected harvest:	30.06.2021	Period of expected harvest:	31.12.2020	Period of expected harvest:	30.09.2020
Q4-2021	60.50	Q3-2021	55.83	Q1-2021	50.33	Q4-2020	54.47
Q1-2022	64.80	Q4-2021	60.97	Q2-2021	56.77	Q1-2021	63.60
Q2-2022	66.00	Q1-2022	63.65	Q3-2021	53.67	Q2-2021	65.10
Q3-2022	56.28	Q2-2022	65.15	Q4-2021	55.83	Q3-2021	54.90
Q4-2022	62.02	Q3-2022	54.60	1st half 2022	61.85	Q4-2021	56.40
Q1-2023	63.00	2nd half 2022	58.60	2nd half 2022	54.15	Q1-2022	62.75
Discount rate Norway	6 %		6 %		6 %		6 %
Discount rate Iceland	4 %		4 %		3 %		3 %

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

Note 4 - Fair value adjustments

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

	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Change in fair value of the biomass	215.6	-142.8	967.2	261.5	-186.1
Change in provisions for onerous contracts	4.2	-0.8	-18.1	1.6	-16.0
Unrealised change in value of Fish Pool contracts	5.3	19.4	11.1	13.8	-8.6
Unrealised changes in the value of currency and forward currency contracts	-	54.6	-44.2	-127.8	31.2
Fair value adjustments recognised in profit and loss	225.1	-69.7	916.0	149.1	-179.5



Note 5 - Business combinations

Business acquisitions in 2021

Nekton Havbruk AS

With effect from 1 July 2021, the Group agreed to acquire 51 per cent of the shares in Nekton Havbruk AS. The purpose of the transaction is to expand the Group's production of harvestable fish. For accounting purposes, the transaction will be treated as a business transfer, with the minority interest assessed at fair value. No material external transaction costs were incurred in connection with the acquisition. A preliminary allocation of the consideration is presented below.

	Book value	Adjustment to fair value	Fair value
Acquisition's effect on the balance sheet (NOK 1 000):			
Intangible assets	11,248	108,752	120,000
Property, plant & equipment	16,117	-1,824	14,292
Inventory and biological assets	75,237	-22,757	52,480
Current assets	95,036	0	95,036
Deferred tax assets/liabilities	18,656	-17,470	1,186
Non-current liabilities	-2,303	0	-2,303
Current liabilities	-156,776	-4762	-161,538
Net identifiable assets and liabilities	57,215	61,939	119,154
Goodwill			37,709
Non-controlling interests			-76,863
Cash consideration			80,000

Refsnes Laks AS

With effect from 25 August 2021 the Group agreed to acquire 45 per cent of the shares in Refsnes Laks AS. The transaction has been approved by the Norwegian Competition Authorities. The purpose of the transaction is to expand the Group's production of harvestable fish. Through shareholder agreements, SalMar has established control and the company are consolidated into the SalMar Group from the time of acquisition, which is defined as the Competition Authority's time for approval of the transaction. For accounting purposes, the transaction will be treated as a business acquisition, with the minority interest assessed at fair value. The purchase price for the transaction is MNOK 665.

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

Fjallableikja Ehf.

During the period, the Group's operation in Iceland acquired two hatcheries. One was obtained through acquisition of the company Fjallableikja Ehf. A net consideration of NOK 4.4 million was paid for the company, whose acquisition will boost the Group's overall smolt capacity in Iceland.

Business acquisitions in 2020

Vikenco Eiendom AS

On 1 January 2020, the Group agreed to acquire 100 per cent of the shares in Vikenco Eiendom AS. For accounting purposes, the transaction is recognised as a business transfer. No material transaction costs have been incurred in connection with the acquisition. A consideration of NOK 14.0 million was paid for the company. Vikenco Eiendom AS was merged into Vikenco AS with effect from 1 January 2020.

	Book value	Adjustment to fair value	Fair value
The acquisition's effect on the balance sheet (NOK 1 000):			
Property, plant & equipment	1,435	16,018	17,453
Cash & cash equivalents	71	0	71
Deferred tax assets/liabilities	183	-3,524	-3,341
Current liabilities	-183	0	-183
Net identifiable assets and liabilities	1,506	12,494	14,000
Goodwill			-
Cash consideration			14,000

Note 6 - Changes in non-controlling interests

Changes in non-controlling interests 2021

There have been no changes in non-controlling interests in 2021 beyond what is stated in note 5.

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.

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

	Norskott Havbruk	Others	TOTAL
Opening balance 01.01.2021	682.3	70.2	752.5
Share of year's profit/loss	104.3	-1.2	103.1
Other items in comprehensive income	5.7	-0.0	5.7
Dividend received	0.0	-2.2	-2.2
Addition resulting from business acquisition	0.0	3.2	3.2
Other changes	0.0	3.8	3.8
Closing balance 31.03.2021	792.3	73.8	866.2


Note 8 - Interest-bearing liabilities

	30.09.2021	30.06.2021	31.12.2020	30.09.2020
Non-current interest-bearing liabilities				
Debt to credit institutions	5,176.6	4,877.2	4,000.0	2,446.6
Next year's instalment on debt to credit institutions	-170.1	-168.0	-322.4	-157.4
Long-term debt to credit institutions	5,006.5	4,709.2	3,677.6	2,289.2
Leasing liabilities	974.9	990.9	933.7	810.6
Next year's lease payments	-191.0	-198.0	-164.6	-149.5
Long-term leasing liabilities	783.9	792.9	769.1	661.1
Total non-current interest-bearing liabilities	5,790.4	5,502.1	4,446.8	2,950.4
Current interest-bearing liabilities				
Short-term debt to credit institutions	461.8	21.8	1,116.1	1,054.2
Next year's instalment on debt to credit institutions	170.1	168.0	322.4	157.4
Total debt to credit institutions	632.0	189.7	1,438.4	1,211.6
Next year's lease payments	191.0	198.0	164.6	149.5
Total current interest-bearing liabilities	823.0	387.7	1,603.0	1,361.1
Total interest-bearing liabilities	6,613.4	5,889.9	6,049.8	4,311.4
Cash & cash equivalents	670.4	483.7	223.4	169.3
Leasing liabilities	974.9	990.9	933.7	810.6
Net interest-bearing liabilities (NIBD)	4,968.0	4,415.2	4,892.6	3,331.5

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

	NOK	EUR	JPY	USD	GBP	Other	Total
Long-term debt to credit institutions	4,831.9	344.7	0	0	0	0.0	5,176.6
Leasing liabilities	950.2	14.0	0	0	0	10.7	974.9
Short-term debt to credit institutions	566.9	-54.7	-37.5	-12.4	1.9	-2.4	461.8
Total interest-bearing liabilities	6,349.0	304.0	-37.5	-12.4	1.9	8.4	6,613.4
Cash & cash equivalents	539.0	3.0	25.5	54.7	1.1	47.1	670.4
Leasing liabilities	950.2	14.0	0	0	0	10.7	974.9
Net interest-bearing liabilities (NIBD)	4,859.8	287.0	-63.0	-67.1	0.8	-49.5	4,968.0

Financing activities - change in liabilities:

	31.12.2020	Cash flow from financing activities	Change subsidiaries	Not cash-generating effects			30.09.2021
				Currency effects	Change in next year's instalments on long-term debt	Other effects	
Long-term debt to credit institutions	3,677.6	728.5	451.1	-6.0	152.2	2.9	5,006.5
Short-term debt to credit institutions	1,438.4	-651.6	-1.9	-0.7	-152.2	0.0	632.0
Debt to credit institutions	5,116.1	76.9	449.2	-6.7	0.0	2.9	5,638.4
Leasing liabilities	933.7	-144.6	47.6	0.1	0.0	138.1	974.9
Total interest-bearing liabilities	6,049.8	-67.7	496.8	-6.6	0.0	141.1	6,613.4

Further details on interest-bearing debt:

During the year, SalMar ASA has issued an unsecured green bond loan totalling NOK 3,500 million. No instalments on the loan are payable during the period of the agreement, which matures on 22 January 2027. The bond loan carries interest at 3-months NIBOR + 1.35 per cent per annum, falling due quarterly. The loan is capitalised at amortised cost using the effective rate of interest method. The loan's net book value as at 30 June 2021 is NOK 3,455 million. The bond loan has a financial covenant requiring an equity ratio of 30 per cent in the agreement period. The bond loan is listed on the Oslo Stock Exchange under the ticker SALM01 ESG.

At the same time as the bond loan was entered into, a currency swap was agreed for EUR 98.3 million at a fixed rate of interest. The currency swap has the same term as the bond loan. The purpose of the currency swap is to reduce the group's foreign exchange risk relating to net investments in international operations denominated in EUR. In addition, the currency swap provides a fixed rate of interest on that portion corresponding to NOK 1,000 million. The market value of the swap contract is recognised at fair value in the balance sheet. Changes in value are recognised primarily in OCI. The hedging instrument's change in value during the period comprises three main elements: changes in value from changes in interest in NOK; changes in value from the spot exchange rate; and hedging costs relating to swap costs and premiums. If the net investment in international operations falls below EUR 98.3 million, the ineffective portion will be recognised in profit and loss. In addition, the swap contract will have a small element linked to accrued, unpaid interest. This effect is recognised as interest in profit and loss. As at 30 June 2021, the currency swap had a market value of NOK 1.4 million, which is recognised under other current receivables in the balance sheet.

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

Note 9 - Interest and other financial items

	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Interest income	4.6	1.2	8.3	8.8	10.3
Net interest expenses, ex. interest on leasing liabilities	-34.9	-17.9	-86.5	-76.7	-94.6
Interest expenses relating to leasing liabilities	-14.2	-14.5	-42.8	-41.5	-55.2
Net currency effects	4.3	-65.9	16.6	-165.9	-151.6
Other net financial items	-3.7	-5.9	-8.3	-5.8	-7.4
Net interest and other financial items	-44.0	-102.9	-112.8	-281.0	-298.5



Note 10 - Alternative performance measures

The SalMar Group prepares its financial statements in accordance with international accounting standards (IFRS). In addition, management has established alternative performance parameters to provide useful and relevant information to users of its financial statements. Alternative performance parameters have been established to provide greater understanding of the company's underlying performance, and do not replace the consolidated financial statements prepared in accordance with international accounting standards (IFRS). The performance measures are deduced from the performance measures defined in IFRS. The figures are defined below and calculated in a consistent manner. They are

Operational EBIT

Operational EBIT is an alternative performance measure used by the Group. The relationship between Operational EBIT and operating profit/loss is presented in the table below. The

	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Operating profit (EBIT)	952.2	577.1	2,903.2	2,742.8	2,828.0
Production tax	20.6	0.0	49.3	0.0	0.0
<i>Fair value adjustment:</i>					
Change in fair value of the biomass	-215.6	142.8	-967.2	-261.5	186.1
Change in provisions for loss-making contracts	-4.2	0.8	18.1	-1.6	16.0
Change in unrealised Fish Pool contracts	-5.3	-19.4	-11.1	-13.8	8.6
Change in unrealised value of forward currency contracts	0.0	-54.6	44.2	127.8	-31.2
Operational EBIT	747.8	646.7	2,036.5	2,593.7	3,007.5

Operational EBIT per kg gutted weight

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

Q3 2021	Farming Central Norway	Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1 000)	597,256	271,739	4,887	747,807
Volume harvested (tonnes)	34,206	15,501	2,417	52,125
Operational EBIT per kg gutted weight (NOK)	17.46	17.53	2.02	14.35

Q3 2020	Farming Central Norway	Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1 000)	526,200	61,000	-21,900	646,800
Volume harvested (tonnes)	30,100	5,300	1,700	37,100
Operational EBIT per kg gutted weight (NOK)	17.51	11.55	-12.81	17.46

YTD 2021	Farming Central Norway	Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1 000)	1,503,312	813,489	36,747	2,036,539
Volume harvested (tonnes)	76,033	42,322	7,265	125,619
Operational EBIT per kg gutted weight (NOK)	19.77	19.22	5.06	16.21

YTD 2020	Farming Central Norway	Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1 000)	1,947,100	691,900	-30,800	2,593,700
Volume harvested (tonnes)	79,500	30,800	7,700	118,000
Operational EBIT per kg gutted weight (NOK)	24.51	22.43	-4.02	21.99

FY 2020	Farming Central Norway	Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1 000)	2,218,390	847,754	-50,500	3,007,490
Volume harvested (tonnes)	100,394	49,903	11,239	161,535
Operational EBIT per kg gutted weight (NOK)	22.10	16.99	-4.49	18.62

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

Net interest-bearing debt is an alternative performance measure used by the Group. The performance measure is used to express the Group's working capital, and is an important

	30.09.2021	30.06.2021	31.12.2020	30.09.2020
Long-term debt to credit institutions	5,006.5	4.7	3,677.6	2,289.2
Short-term debt to credit institutions	632.0	0.2	1,438.4	1,211.6
Cash & cash equivalents	-670.4	-0.5	-223.4	-169.3
Net interest-bearing debt (NIBD)	4,968.0	4.4	4,892.6	3,331.5
Leasing liabilities	974.9	990.9	933.7	810.6
NIBD incl. leasing liabilities	5,942.9	5.4	5,826.3	4,142.2

Cash flow per share - diluted

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

	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Cash flow from operating activities	948.3	734.4	2,192.4	3,148.3	3,178.9
Average no. of shares outstanding (diluted) in the period (1,000 shares)	117,768	113,128	115,272	113,121	113,164
Diluted cash flow per share (NOK)	8.05	6.49	19.02	27.83	28.09