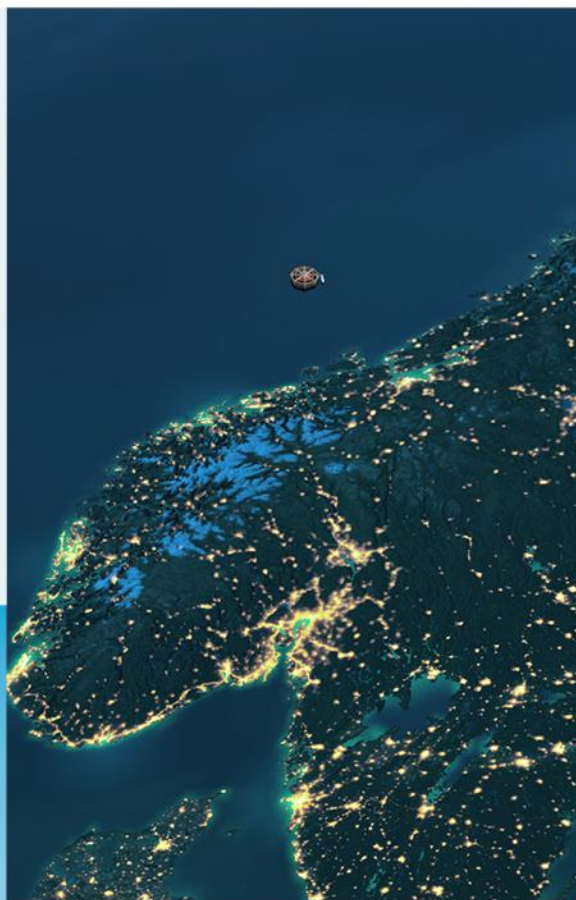


QUARTERLY REPORT

Second quarter 2021

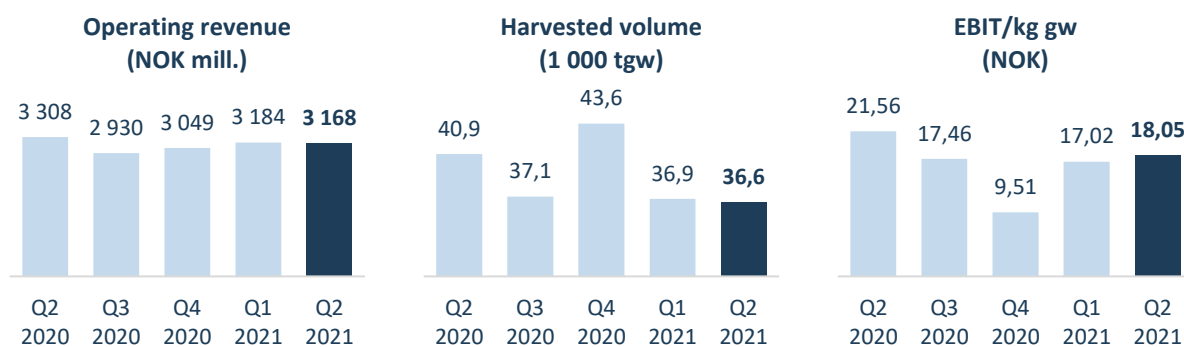


HIGHLIGHTS IN THE SECOND QUARTER

- Solid craftsmanship and good biological performance gave strong results in both farming in Fish Farming Central Norway and Northern Norway in the quarter
- Negative contribution from fixed-price contracts and higher costs relating to the completion and startup of InnovaNor and the expansion at Vikenco weakened results from Sales and Processing
- Total operational EBIT for the period (including Icelandic Salmon) totalled NOK 661 million or NOK 18.05 per kg. Operational EBIT for Norway alone came to NOK 633 million or NOK 18.44 per kg
- The upgrade at Vikenco has been completed while InnovaNor is close to completion and is expected to go into operation in the fourth quarter 2021
- Good operational performance and increased price achievement improved Icelandic Salmon's results
- SalMar maintains its expectations to harvest 163,000 tonnes in Norway and 14,000 tonnes in Iceland in 2021 as a whole
- SalMar secured financing for further sustainable growth through the successful issue of a green bond and a private placement
- In May final investment decision was taken and construction started for the new smolt facility in Central Norway, Tjuin

KEY FIGURES – GROUP

<i>millioner kroner</i>	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Operating revenue	3,168	3,308	6,353	6,934	12,912
Operational EBIT	661	882	1,289	1,947	3,008
Operational EBIT %	20.9 %	26.7 %	20.3 %	28.1 %	23.3 %
Production tax	-14	-	-29	-	-
Fair value adjustments	393	699	691	219	-180
Profit/loss from associates	50	8	99	-15	42
Profit/loss before tax	1,044	1,578	1,982	1,973	2,572
EPS – diluted	6.97	10.44	13.30	14.01	17.49
NIBD incl. leasing liabilities	5,406	2,489	5,406	2,489	5,826
Equity ratio %	53.8 %	59.7 %	53.8 %	59.7 %	49.9 %
Harvested volume (1,000 t _{gw})	36.6	40.9	73.5	80.9	161.5
EBIT/kg gw (NOK)	18.05	21.56	17.54	24.06	18.62





FINANCIAL PERFORMANCE

Revenue and results for the second quarter 2021

In the second quarter 2021, the SalMar Group posted a satisfactory Operational EBIT on the back of rising salmon spot prices and sound underlying operations.

Fish Farming Central Norway and Fish Farming Northern Norway continue to deliver strong results, driven by solid craftsmanship and good biological performance.

Sales and Industry posted weaker results than in previous quarters. This is due primarily to negative contributions from fixed-price contracts as a consequence of rising salmon spot prices. SalMar had a slightly higher contract rate than usual in the period, due to the market risk associated with Covid-19. Sales and Processing's result was also affected by costs relating to the planned completion and startup of the new InnovaNor harvesting plant and the expansion at Vikenco.

Icelandic Salmon continues the previous quarter's positive trend, with sound underlying operations, improved biological performance and good price achievement on the salmon sold.

In the second quarter 2021, the SalMar Group harvested a total of 36,600 tonnes of salmon, compared with 36,900 tonnes in the first quarter this year and 40,900 tonnes in the second quarter 2020.

In addition, Norscott Havbruk (Scottish Sea Farms) harvested 11,400 tonnes of salmon in the quarter. By comparison, the company harvested 5,900 tonnes the quarter before and 6,500 tonnes in the corresponding quarter in 2020. SalMar owns 50 per cent of Norscott Havbruk.

The price of salmon (NASDAQ Salmon Index) for the second quarter 2021 averaged NOK 63.31 per kg, up from an average price of NOK 52.78 per kg the quarter before and NOK 57.83 per kg in the same quarter in 2020.

The SalMar Group generated total operating revenues of NOK 3,168 million in the second quarter 2021, compared with NOK 3,184 million in the first quarter this year and NOK 3,308 million in the second quarter 2020.

The Group's Operational EBIT in the quarter came to NOK 661 million, up from NOK 627 million the quarter before, but down from NOK 882 million in the same period last year. The decrease is primarily attributable to the previously mentioned impact of fixed-price contracts and startup costs, as well as a lower volume harvested.

The SalMar Group achieved an Operational EBIT per kg of NOK 18.05 in the second quarter 2021, up from NOK 17.02 per kg in the first quarter, but down from NOK 21.56 per kg in the second 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 14 million in the second quarter 2021.

Fair value adjustments increased SalMar's recognised operating profit by NOK 393 million in the quarter. The fair value of the standing biomass increased by NOK 369 million in the quarter, while there was a NOK 30 million change in provisions for loss-making contracts. Unrealised changes in the value of Fish Pool contracts had a NOK 6 million negative effect in the quarter. See Note 4 for further details.

SalMar therefore posted an operating profit of NOK 1,040 million in the second quarter 2021, up NOK 128 million on the quarter before, but NOK 541 million lower than in the same period last year. Operating profit in the second quarter 2020 was positively affected by fair value adjustments totalling NOK 699 million.

Associates contributed NOK 50 million in the period, compared with NOK 49 million in the first quarter this year and NOK 8 million in the second quarter 2020. The bulk of the contribution from associates derives from SalMar's share of the profit from Norscott Havbruk, which came to NOK 51 million in the quarter.

Net interest expenses totalled NOK 41 million in the quarter. This is NOK 5 million more than the NOK 36 million recognised in both the previous quarter and the second quarter 2020.

Other financial items totalled NOK -5 million, compared with NOK 13 million in the previous quarter and NOK 26 million in the second quarter 2020. The negative figure for financial items is primarily attributable to negative foreign exchange effects.

Profit before tax for the period came to NOK 1,044 million, compared with NOK 937 million in the first quarter this year and NOK 1,578 million in the corresponding period in 2020.

A tax expense of NOK 222 million has been calculated for the second quarter, which brings net profit for the period to NOK 822 million. In the second quarter 2020, a tax expense of NOK 344 million was calculated, resulting in a net profit of NOK 1,235 million.

A weakening of the Norwegian krone (NOK) through the quarter resulted in NOK 43 million in positive translation differences from associates and subsidiaries accounted for in foreign currencies. However, net cash-flow hedging after tax came to NOK -71 million. These are items that may subsequently be reclassified to profit and loss and decrease the period's total result to NOK 793 million. In the second quarter 2020, the corresponding items decreased the result by NOK 87 million to NOK 1,148 million.



Revenue and results for the first half of 2021

The SalMar Group generated gross operating revenues of NOK 6,353 million in the first six months of 2021, down from NOK 6,934 million in the corresponding period in 2020.

Excluding Norskott Havbruk, the Group harvested 73,500 tonnes in the first half-year, compared with 80,900 tonnes in the same period last year.

The price of salmon (NASDAQ Salmon Index) in the first half of 2021 averaged NOK 58.07 per kg, compared with NOK 63.16 per kg in the same period last year.

Operational EBIT for the first half of 2021 came to NOK 1,289 million, down from NOK 1,947 million in the first six months of 2020. This gives an Operational EBIT per kg of NOK 17.54, compared with NOK 24.06 per kg for the first half of 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 29 million in the first half of 2021.

Fair value adjustments boosted profits in the first half by NOK 691 million. Operating profit for the first six months of the year therefore ended at NOK 1,951 million. Operating profit for the first six months of 2020 came to NOK 2,166 million, after a positive contribution from fair value adjustments of NOK 219 million in total.

Associates contributed NOK 99 million in the first half of 2021. The contribution derives primarily from SalMar's share of the profit from Norskott Havbruk, which amounted to NOK 97 million in the year's first six months. In the same period last year, associates contributed NOK -15 million.

Net interest expenses totalled NOK 76 million in the first half of 2021, compared with NOK 78 million in the same period last year. Net other financial items totalled NOK 8 million in the period, due to NOK 12.9 million in positive foreign exchange effects. In the corresponding period last year, the Group reported other financial items totalling NOK -100 million.

Profit before tax in the first six months of 2021 therefore totalled NOK 1,982 million, compared with NOK 1,973 million in the same period in 2020.

A tax expense of NOK 421 million has been calculated for the first half of 2021, which brings the net profit for the period to NOK 1,561 million. A tax expense of NOK 435 million was recognised in the first half of 2020, which resulted in a net profit of NOK 1,538 million.

Cash flow

The SalMar Group generated a cash flow from operating activities of NOK 1,107 million in the second quarter 2021, compared with NOK 1,121 million in the same period in 2020.

Net cash flow from investing activities in the quarter totalled NOK -518 million, compared with NOK -520 million in the second quarter last year.

Investments in the quarter relate primarily to maintenance and the expansion of smolt capacity, amounting to NOK 197 million, while NOK 195 million was invested in the

construction of InnovaNor, the expansion at Vikenco and upgrades to InnovaMar. Ongoing maintenance investments and investments in R&D relating to farming and offshore totalled NOK 86 million in the period, while NOK 47 million was spent on maintenance investments along the entire value chain in Iceland. Other investments totalled NOK -6 million in the period.

Net cash flow from financing activities totalled NOK -311 million in the quarter, compared with NOK -601 million in the same quarter last year.

The Group's interest-bearing debt was reduced by NOK 641 million in the second quarter 2021. Instalments on leasing liabilities and net interest paid totalled NOK 92 million. In the same quarter last year, interest-bearing debt decreased by NOK 512 million, with instalments on leasing liabilities and net interest paid totalling NOK 78 million.

In the second quarter 2021, a successful private placement of new shares produced a net capital increase of NOK 2,682 million, while a dividend totalling NOK 2,261 million was paid.

This gave SalMar a positive net cash flow of NOK 277 million in the period, compared with a cash flow of NOK 0 million in the same period in 2020. Adjusted for the NOK 1 million positive contribution provided by foreign exchange effects, this boosted the Group's holding of cash and cash equivalents by NOK 278 million in the period. At the close of the quarter therefore, cash and cash equivalents totalled NOK 484 million.

For the first six months of the year, the SalMar Group generated a cash flow from operating activities of NOK 1,244 million, compared with NOK 2,414 million in the first half of 2020. Net cash flow from investing activities totalled NOK -1,008 million in the first-half, compared with NOK -954 million in the same period last year. Cash flow from financing activities totalled NOK 32 million in the first six months of 2021, compared with NOK -1,508 million in the same period last year.

As a result, the Group's net cash flow for the first half of 2021 came to NOK 268 million, compared with NOK -48 million last year.

Financial position

At the close of the second quarter 2021, SalMar's balance sheet totalled NOK 23,913 million, up from NOK 22,881 million at the close of the previous quarter and NOK 19,259 million at 30 June 2020.

The Group had intangible assets totalling NOK 6,831 million at the close of the quarter, an increase of NOK 54 million on 31 March this year.

The book value of the Group's property, plant and equipment rose by NOK 365 million in the quarter to NOK 6,203 million as at 30 June 2021. Investments are being made in accordance with established plans. This includes the expansion of smolt capacity and construction of the new harvesting plant in Northern Norway, InnovaNor, as well as general maintenance.

At the close of the second quarter 2021, SalMar had total current assets of NOK 8,999 million, up from NOK 8,519 million at the close of the previous quarter and from NOK 7,745 million at the same point in 2020.



At the close of the second quarter, the book value of inventory stood at NOK 7,416 million, a rise of NOK 494 million through the period. The increase is largely explained by a NOK 458 million increase in the fair value of the biomass. At the close of the second quarter 2020, the book value of inventory came to NOK 6,453 million.

The Group had trade receivables amounting to NOK 746 million at 30 June 2021, down from NOK 758 million at the close of the previous quarter and from NOK 852 million at the close of the second quarter 2020. Other current receivables totalled NOK 354 million at the close of the quarter, compared with NOK 633 million at the close of the previous quarter and NOK 247 million at the same point last year.

As at 30 June 2021, the SalMar Group had cash and cash equivalents of NOK 484 million, NOK 278 million more than at 31 March 2021 and NOK 192 million more than at the close of the second quarter 2020.

As at 30 June 2021, the Group's total equity stood at NOK 12,874 million, corresponding to an equity ratio of 53.8 per cent. This is an increase NOK 1,234 million compared with the close of the first quarter this year. For further details, see the separate presentation of movements in equity.

As at 30 June 2021, the SalMar Group had total interest-bearing debts of NOK 4,899 million. Of this amount, long-term debt accounted for NOK 4,709 million, while short-term debt totalled NOK 190 million. By comparison, total interest-bearing debt at the close of the previous quarter came to NOK 5,531 million.

In the first half of 2021, SalMar secured NOK 7,500 million in green financing at favourable terms through sustainability-linked drawing facilities amounting to NOK 4,000 million and the issue of a green bond worth NOK 3,500 million. Together with the previously mentioned share issue, this gives the company a solid foundation and the flexibility to engage in further sustainable investment along the entire value chain – from roe to plate.

In addition, the Group's operation in Iceland signed a new financing agreement in the period. See Note 8 for further details.

The Group's leasing liabilities totalled NOK 991 million at the close of the second quarter 2021. This is up from NOK 903 million at the close of the first quarter this year, and up from NOK 821 million at the close of the second quarter 2020.

Other current liabilities increased by NOK 246 million in the quarter to NOK 3,156 million. The change is due to a rise in trade payables of NOK 255 million, while tax payable increased by NOK 96 million. At the same time, public charges payable decreased by NOK 68 million, while other current liabilities fell by NOK 44 million.

As at 30 June 2021, the SalMar Group had net interest-bearing debts of NOK 4,415 million, down from NOK 5,325 million at the close of the previous quarter and up from NOK 1,668 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 Processing.

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	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating revenue	1,342	1,603	2,511	3,187
Operational EBIT	520	679	906	1,421
Operational EBIT %	39%	42%	36%	45%
Harvested volume (1 000 tgw)	21.0	27.2	41.8	49.4
EBIT/kg gw (NOK)	24.75	24.92	21.66	28.77

In the second quarter 2021, Fish Farming Central Norway harvested 21,000 tonnes of salmon, compared with 27,200 tonnes in the second quarter 2020.

The segment generated gross operating revenues of NOK 1,342 million in the quarter, compared with NOK 1,603 million in the corresponding period last year. The decrease is attributable largely to a lower volume harvested.

The segment achieved a good result, driven by sound operations and good price achievement. Its biological performance was good, though the biomass's development was slightly weaker than previous generations.

The generation of fish that was transferred to sea in the spring of 2020 accounted for 84 per cent of the volume harvested in the quarter. The remaining 16 per cent came from the autumn 2019 generation, which was completely harvested out in the period. The segment will continue to harvest the spring 20 generation in the third quarter.

In the third quarter 2021, the segment expects to achieve costs at same level a significantly higher harvested volume than in the second quarter.

SalMar still expects Fish Farming Central Norway to harvest around 107,000 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	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating revenue	836	645	1,536	1,541
Operational EBIT	347	242	542	631
Operational EBIT %	42%	37%	35%	41%
Harvested volume (1 000 tgw)	13.3	12.0	26.8	25.6
EBIT/kg gw (NOK)	26.02	20.16	20.20	24.68

Fish Farming Northern Norway harvested around 13,300 tonnes of salmon in the second quarter 2021. This is an increase of 1,300 tonnes on the same period last year.

The segment generated gross operating revenues of NOK 836 million in the quarter, compared with NOK 645 million in the second quarter 2020. The increase is attributable to a higher volume harvested.

The segment continues to produce consistently solid results and ended the period with an EBIT per kg of NOK 26.02. Stable cost developments and good price achievement have been decisive for the segment's solid result.

The autumn 2019 generation accounted for 77 per cent of the volume harvested in the period. This generation has had slightly higher costs than the generation before. The cost at harvest during the period was affected by higher harvesting and wellboat costs, which will be largely avoided when InnovaNor goes into operation in the fourth quarter 2021.

The segment started harvesting the spring 2020 generation during the period, and this will continue in the third quarter. This generation has achieved good biological development.

Fish Farming Northern Norway expects slightly lower costs and a similar harvested volume in the third quarter.

SalMar still expects Fish Farming Northern Norway to harvest around 56,000 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 smolt facility, sea farms, harvesting plant and sales force.

NOK million	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating revenue	182	99	360	379
Operational EBIT	28	-30	32	-9
Operational EBIT %	15%	-30%	9%	-2%
Harvested volume (1 000 t _{gw})	2.3	1.7	4.8	6.0
EBIT/kg gw (NOK)	12.22	-18.10	6.57	-1.50

Icelandic Salmon harvested 2,300 tonnes of salmon in the second quarter, compared with 1,700 tonnes in the same quarter last year. The company generated gross operating revenues of NOK 182 million in the quarter, compared with NOK 99 million in the second quarter 2020. The increase in revenues is attributable largely to good price achievement as well as a higher volume harvested than in the corresponding period last year.

The volume harvested in the second quarter derived entirely from the generation of fish transferred to sea farms in 2019. This generation has achieved a far better biological performance than previous generations. This has resulted in a lower cost at harvest and a good EBIT per kg of NOK 12.22.

During the period, Icelandic Salmon has invested in two new smolt facilities, which will increase the company's production capacity by up to 800,000 smolt in 2022 and by 1,500,000 from 2023. This investment underlines the company's ambition to grow and strengthens its ability to do so.

Icelandic Salmon will continue harvesting the 2019 generation in the third quarter, though at a higher volume than in the second quarter. Costs are expected to remain at the same level.

Icelandic Salmon still expects to harvest 14,000 tonnes in 2021 as a whole.

For further details of Icelandic Salmon's quarterly results, please see the company's own quarterly presentation, which is available both from its website and from Newsweb.

Sales and Industry

The Sales and Industry segment sells all the fish that the Group harvests in Norway. The volume is sold to markets in Europe, Asia and America. InnovaMar is the Salmar Group's main harvesting and secondary processing plant. It is located in Frøya, in close proximity to Fish Farming Central Norway's aquaculture operations.

NOK million	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating revenue	3,070	3,284	6,102	6,633
Operational EBIT	-136	70	-18	53
Operational EBIT %	-4.4%	2.1%	-0.3%	0.8%

In the second quarter 2021, Sales and Processing generated gross operating revenues of NOK 3,070 million, compared with NOK 3,284 million in the corresponding period last year.

The segment sells the Group's entire volume harvested in Norway. It harvested 26,300 tonnes of salmon in the second quarter 2021, compared with 33,100 tonnes the quarter before and 33,600 tonnes in the second quarter 2020. The lower volume gave a reduction in capacity utilisation.

The segment made an Operational EBIT of NOK -136 million in the period, compared with NOK 70 million in the second quarter 2020.

The period's Operational EBIT was impacted by a negative contribution from fixed-price contracts as a result of the higher spot price level, as well as costs relating to the completion and startup of operations at Vikenco and InnovaNor.

The contract rate in the second quarter was 28 per cent. For the third quarter and the year as a whole, the contract rate is expected to be around 25 per cent.

The construction of InnovaNor, which will be Northern Norway's largest and most modern harvesting and secondary processing plant, is nearing completion. The facility is expected to go into operation in the autumn of 2021. Startup has been somewhat delayed as a result of Covid quarantine restrictions on employees during the construction period.

Eliminations

Research and development (R&D) costs are included as eliminations in the segments' reported results. Of a total harvested volume of 36,600 tonnes in the second quarter 2021, R&D costs accounted for NOK 1.64 per kg. During the period, SalMar also recognised legal expenses which have affected the financial result. These legal expenses were incurred in relation to the alleged price-fixing.



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	Q2 2021	Q2 2020	H1 2021	H1 2020
Operating revenues	793	465	1,190	729
Operational EBIT	119	89	193	131
Operational EBIT %	15.0%	19.2%	16.2%	18.0%
Fair value adj. biomass	19	-65	67	-139
Profit/loss before tax	135	17	251	-21
SalMar's share after tax	51	8	97	-19
Harvested volume (1 000 t _{gw})	11.4	6.5	17.3	9.4
EBIT/kg gw (NOK)	10.46	13.69	11.12	13.90

Norskott Havbruk generated gross operating revenues of NOK 793 million in the second quarter 2021, compared with NOK 396 million the quarter before and NOK 465 million in the second quarter last year. The increase is attributable to a higher volume harvested.

Norskott Havbruk harvested around 11,400 tonnes in the quarter, up from 5,900 tonnes in the first quarter this year and 6,500 tonnes in the second quarter 2020. The volume harvested in the quarter is the highest ever recorded by the company in a single quarter.

EBIT per kg gutted weight came to NOK 10.46 in the period. This is down from NOK 12.39 per kg in the first quarter 2021 and from NOK 13.69 per kg in the same period last year. The year-on-year reduction is attributable to higher costs at harvest for fish farmed in Shetland.

SalMar's share of Norskott Havbruk's profit before tax came to NOK 51 million in the second quarter. Positive fair value adjustments helped to boost profits compared with the same period last year.

The status of the standing biomass in all regions is good and costs are expected to be lower in the third quarter 2021. The company still expects to harvest 36,000 tonnes in 2021 as a whole.

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.

GSHU is a vertically integrated salmon farming company, with operations in Shetland and the Isle of Skye in Scotland. The company has 21 active sea farm sites, a hatchery and a harvesting plant. GSHU harvested approx. 16,000 tonnes (HOG) of Atlantic salmon in 2020.

The transaction is expected to be completed by the close of the fourth quarter 2021, provided approval is granted by the relevant authorities and the normal conditions for completion.

MARKETS

Supply and biomass

In the second quarter 2021, the global supply of Atlantic salmon totalled approx. 627,300 tonnes, up 1 per cent on the same period in 2020.

At 319,400 tonnes, output in Norway in the quarter was 6 per cent higher than a year before. Output fell by 14 per cent in Chile and 2 per cent in North America, but rose by 17 per cent in the UK and 6 per cent in the Faeroes. Output in other markets rose by 16 per cent.

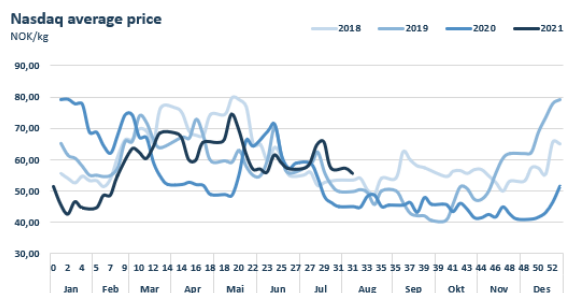
According to figures from Kontali, the standing biomass in Norway at the close of the second quarter 2021 is estimated to be 7.7 per cent up on the same point in 2020. At the same time, the standing biomass is estimated to be 19.7 per cent lower in Chile and 3.5 per cent lower in the UK, while it is estimated to be 21.4 per cent higher in the Faeroes.

Prices and foreign exchange rates

Atlantic salmon was being traded at NOK 68.61 per kg at the start of the quarter (NASDAQ Salmon Index). In May, the price reached as high as NOK 74.53 per kg, before falling gradually to NOK 57.08 per kg, where it held steady until the close of the quarter.

The price of salmon in the period averaged NOK 63.31 per kg, up 9 per cent on the same period last year, when the price averaged NOK 57.83.

NASDAQ Salmon Index NOK/kg



During the quarter, the Norwegian krone (NOK) weakened slightly against the most important trading currencies for fish. Compared with the close of the previous quarter, the NOK weakened by 1.8 per cent against the EUR, 1.1 per cent against the GBP and 0.4 per cent against the USD.

Norwegian exports

Norway exported around 305,000 tonnes (round weight) of salmon in the second quarter 2021, up 6.9 per cent on the 285,600 tonnes exported in the same period last year. The value of these exports rose by 6.8 per cent year-on-year, from NOK 16.6 billion to NOK 17.7 billion.

A substantial secondary processing industry makes Poland the largest single market for Norwegian salmon. In the second quarter 2021, around 38,600 tonnes of salmon were exported to this market, 15 per cent less than in the corresponding quarter in 2020. Exports to the UK decreased by 12 per cent in the second quarter 2021, but increased by 33 per cent to the USA, 5 per cent to France, 13 per cent to Spain, 3 per cent to Denmark and 8 per cent to Vietnam/China/Hong Kong.



OTHER MATTERS

Covid-19

The spread of the virus and the many public health measures implemented worldwide have heightened market uncertainty. Throughout the pandemic, 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.

A few employees contracted Covid-19 around the start of the year and during the first half of 2021, but good contingency procedures and a robust response ensured that the infection did not spread.

The effective rollout of vaccination programmes worldwide during the first half-year gives SalMar an optimistic view of the future.

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 in 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.

In May 2021, a final decision was taken to build a new hatchery in Tjuin, Trøndelag, and construction work is now underway. 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.

SalMar has also constructed a new closed net pen. The first production cycle at the installation was completed in the summer of 2021. An evaluation of the project is currently in progress.

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 fully operational with effect from the fourth quarter 2021. Startup has been somewhat delayed as a result of Covid quarantine restrictions on employees during the construction period.

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.

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

The upgrades to Vikenco, SalMar's harvesting and processing plant in Møre og Romsdal, went into operation in the second quarter 2021.

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.

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 which show 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.

Green financing

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. This provides the company with a solid foundation and the flexibility to pursue further sustainable investments throughout its value chain – from roe to plate.

In connection with the bond issue, SalMar received a Medium Green classification from Cicero, the Centre for International Climate and Environmental Research. Cicero is the world's foremost supplier of second opinions on green financing. For further details of the green bond, see SalMar's website.

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.

Organization

In February 2021 SalMar announced in that CFO & COO Trine Sæther Romuld will move into a new role in the offshore development in SalMar in September 2021. This transition is postponed to the first half of 2022. Recruitment of a new Group CFO is underway.



SHARES AND SHAREHOLDERS

As at 30 June 2021, SalMar had a total of 117,799,999 shares outstanding, divided between 13,268 shareholders.

The company's major shareholder, Kverva Industrier AS, owns 50.88 per cent of the shares. The 20 largest shareholders own a total of 71.92 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 June 2021.

SalMar's share price fluctuated between NOK 557.80 and NOK 656.80 in the second quarter 2021. The final price at the close of the quarter was NOK 571.00 compared with NOK 590.00 at the close of the previous quarter. This corresponds to a decrease in value of 3.3 per cent during the period and is largely attributable to a dividend payout of NOK 20 per share.

A total of 13.6 million shares were traded in the quarter, which corresponds to 7.6 per cent of the total number of shares outstanding. The volume of shares traded daily averaged 230,200.

AGM and dividend

SalMar held its AGM on 8 June 2021. The AGM voted to pay a dividend of NOK 20 per share. The shares were traded ex-dividend from 9 June, with payment taking place on 22 June 2021.

Private placement

On 8 June 2021, SalMar announced that it had successfully completed a private placement of new shares, which raised gross proceeds of NOK 2,709 million. A total of 4.5 million new shares were issued. The net proceeds of the private placement will be used to buttress SalMar's growth through strategic acquisitions along the entire value chain. This includes the purchase of salmon production licences, the acquisition of companies, and investments in the organic expansion of smolt production and coastal fish farming, as well as harvesting and processing activities.

Green bond

On 13 April 2021, SalMar announced that it had successfully placed a new senior, unsecured green bond loan in the amount of NOK 3.5 billion, maturing on 22 January 2027. The bond loan carries interest at the rate of 3-months NIBOR + 1.35 per cent per year, and was listed on the Oslo Stock Exchange on 22 July 2021. See Note 8 for further details.

EVENTS AFTER THE REPORTING DATE

Acquisition of Nekton Havbruk AS and Refsnes Laks AS

On 1 July 2021 and 25 August 2021, SalMar announced it had acquired ownership interest in Nekton Havbruk AS and Refsnes Laks AS which together give SalMar 5,500 tonnes of increased MAB for salmon production in Central Norway. The transactions will enable SalMar to achieve further sustainable growth in the immediate vicinity of its existing fish farming operations in Central Norway. This secures considerable synergies and the further development of existing activities and operating competence.

For more information see separate stock exchange notices.

Listing of the green bond

SalMar's green bond loan was listed on the Oslo Stock Exchange on 22 July 2021 under the ticker SALM01 ESG.

Offer for outstanding shares in Norway Royal Salmon

On 20 August 2021, SalMar announced that it intends to make a voluntary cash offer to purchase all outstanding shares in Norway Royal Salmon for NOK 270 per share.

With several overlapping industrial interests, both in Northern Norway, the West Fjords of Iceland, and offshore, a combination offers ample opportunities to realise significant synergies

For more information, see separate stock exchange announcement sent on 20 August 2021.

OUTLOOK

Markets

Growth in demand for Atlantic salmon is expected to be low to moderate in 2021. Although the Covid-19 pandemic has created market uncertainty, the first half-year has shown how robust the salmon market is. The rollout of vaccines worldwide also gives grounds for optimism with regards to the future.

Compared with the same period last year, the global volume of salmon harvested is expected to decrease by 4 per cent in the third quarter 2021, according to figures compiled by Kontali. The volume harvested is expected to increase by 5 per cent in Norway and 16 per cent in the Faeroes, but decrease by 29 per cent in Chile and 12 per cent in North America. The harvested volume is expected to remain unchanged in the UK, but increase by 27 per cent in other markets.

The Fish Pool forward price as at 23 August indicates an average salmon price of NOK 55.00 pr kg in September and NOK 56.50 per kg in October. The price estimate for the fourth quarter 2021 is NOK 61.70 per kg, while for 2022 it is NOK 62.40 per kg.

Company

Around 25 per cent of SalMar's volume in the third quarter 2021 is covered by fixed-price contracts. The same contract rate is expected for 2021 as a whole.

SalMar expects slightly lower costs but a higher volume in the third quarter compared with the second quarter. See the presentation of each segment under Operational Performance for further details.

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

Although Covid-19 continues to create market uncertainty, the way the salmon market has handled the pandemic in the first half of 2021 shows how robust it is. Combined with the rollout of vaccination programmes worldwide, this



makes SalMar take an optimistic view of the second half-year 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.

STATEMENT BY THE BOARD OF DIRECTORS

We declare that, to the best of our knowledge, the half-year financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with IAS 34 – Interim Reporting, and that the information contained therein provides a true and fair view of the Group's assets, liabilities, financial position and overall results.

We further declare that, to the best of our knowledge, the half-year report provides a true and fair view of important events that have taken place during the accounting period and their impact on the half-year financial statements, as well as the most important risks and uncertainties facing the business in the forthcoming accounting period.

Board of Directors and CEO of SalMar ASA
Frøya, 25 August 2021

Leif Inge Nordhammer
Chair

Margrethe Hauge
Director

Tonje E. Foss
Director

Linda Litlekalsøy Aase
Director

Magnus Dybvad
Director

Tone Ingebrigtsen
Director (employee-elected)

Simon Søbstad
Director (employee-elected)

Gustav Witzøe
CEO



INCOME STATEMENT

NOK million	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Operating revenue	3,168	3,308	6,353	6,934	12,912
Cost of goods sold	1,344	1,372	2,829	2,972	5,871
Payroll expenses	381	336	741	658	1,320
Other operating expenses	581	525	1,101	978	1,902
EBITDA	861	1,075	1,682	2,325	3,820
Depreciation and write-downs	200	194	393	379	812
Operational EBIT	661	882	1,289	1,947	3,008
Production tax	-14	-	-29	-	-
Fair value adjustment	393	699	691	219	-180
Operating profit	1,040	1,581	1,951	2,166	2,828
Income from investments in associates	50	8	99	-15	42
Net interest expenses	-41	-36	-76	-78	-140
Other financial items	-5	26	8	-100	-159
Profit before tax	1,044	1,578	1,982	1,973	2,572
Tax	222	344	421	435	563
Net profit for the period	822	1,235	1,561	1,538	2,008
Other comprehensive income:					
<i>Items to be reclassified to P&L in subsequent periods:</i>					
Change in translation diff. associates	9	-48	9	15	-4
Change in translation diff. subsidiaries	34	-101	-60	151	88
Cash flow hedge, net after tax	-71	62	-79	50	128
Total comprehensive income	793	1,148	1,431	1,754	2,220
<i>Allocation of net profit for the period:</i>					
Non-controlling interests	22	54	45	-46	29
Shareholders in SalMar ASA	800	1,180	1,516	1,584	1,979
Earnings per share (NOK)	6.98	10.45	13.32	14.03	17.52
Earnings per share - diluted	6.97	10.44	13.30	14.01	17.49



BALANCE SHEET – GROUP

<i>NOK million</i>	30.06.2021	31.03.2021	31.12.2020	30.06.2020
ASSETS				
Non-current intangible assets	6,831	6,777	6,826	5,015
Non-current tangible assets	6,203	5,837	5,554	4,933
Right-of-use assets	894	813	849	749
Non-current financial assets	986	934	851	817
Total non-current assets	14,913	14,362	14,080	11,514
Inventory	7,416	6,922	6,670	6,453
Trade receivables	746	758	589	852
Other short-term receivables	354	633	436	247
Cash and cash equivalents	484	206	223	192
Total current assets	8,999	8,519	7,918	7,745
TOTAL ASSETS	23,913	22,881	21,998	19,259
EQUITY AND LIABILITIES				
Paid-in equity	3,409	707	692	665
Other equity	8,310	9,816	9,159	10,110
Minority interests	1,155	1,117	1,136	730
Total equity	12,874	11,640	10,987	11,506
Provisions	1,992	1,896	1,828	1,849
Non-current interest-bearing liabilities	4,709	4,339	3,678	1,490
Long-term leasing liabilities	793	728	769	668
Total non-current liabilities	7,494	6,964	6,275	4,006
Current interest-bearing liabilities	190	1,191	1,438	370
Short-term leasing liabilities	198	175	165	153
Other current liabilities	3,156	2,911	3,133	3,223
Total current liabilities	3,544	4,277	4,736	3,747
TOTAL EQUITY AND LIABILITIES	23,913	22,881	21,998	19,259
Net interest-bearing debt (NIBD)	4,415	5,325	4,893	1,668
NIBD incl. leasing liabilities	5,406	6,228	5,826	2,489
Equity share	53.8 %	50.9 %	49.9 %	59.7 %



STATEMENT OF CASH FLOW

<i>NOK million</i>	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Profit before tax	1,044	1,578	1,982	1,973	2,572
Tax paid in the period	-7	-	-23	-23	-588
Depreciation	200	194	393	379	812
Share of profit/loss from associates	-50	-8	-99	15	-42
Change in fair value adjustments	-393	-699	-691	-219	180
Change in working capital	256	36	-419	146	-2
Other changes	57	20	102	144	249
Net cash flow from operating activities	1,107	1,121	1,244	2,414	3,179
Net cash flow from investing activities	-518	-520	-1,008	-954	-3,747
Change in interest-bearing liabilities	-641	-512	-215	-1,336	1,902
Downpayment leasing liabilities	-49	-42	-94	-82	-184
Interest leasing liabilities	-14	-14	-29	-27	-55
Interest paid financing activities	-28	-22	-52	-51	-91
Dividend paid out	-2,261	-11	-2,261	-11	-1,493
Capital contribution - net	2,682	-	2,682	-	480
Aquisition of non-controlling interests	-	-	-	-	-4
Net cash flow from financing activities	-311	-601	32	-1,508	554
Net change in cash for the period	277	0	268	-48	-15
Foreign exchange effects	1	-6	-7	9	7
Cash at the start of the period	206	198	223	231	231
Cash at the close of the period	484	192	484	192	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						1,515.7	45.0	1,560.7
Comprehensive income					-24.8	-78.6	-25.8	-129.2
Total comprehensive income for the year	0.0	0.0	0.0	0.0	-24.8	1,437.1	19.1	1,431.4
<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			-20.8					-20.8
Share-based remuneration - capital contribution				29.0				29.0
Other changes						0.1		0.1
Sum transactions with shareholders	1.1	0.0	2,687.0	29.0	0.0	-2,261.2	0.0	456.0
Equity as at 30.06.21	29.5	-0.1	3,102.3	277.4	105.6	8,204.5	1,155.0	12,874.3
<i>2020</i>								
2020	Share capital	Treasury shares	Share premium	Other paid-in equity	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity as at 01.01.20	28.3	-0.1	415.3	201.5	73.3	8,289.4	732.4	9,740.1
Net profit for the year						1,979.0	29.3	2,008.3
Comprehensive income					57.2	127.9	27.0	212.1
Total comprehensive income for the year	0.0	0.0	0.0	0.0	57.2	2,107.0	56.2	2,220.4
<i>Transactions with shareholders</i>								
Dividend paid						-1,469.9	-23.1	-1,493.0
Capital contribution							500.9	500.9
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

SEGMENT INFORMATION

NOK million	Farming Central Norway	Farming Northern Norway	Sales and Industry	Icelandic Salmon	Eliminations	Group
Q2 2021						
Operating revenue (NOK mill.)	1,342.2	835.7	3,069.6	182.5	-2,261.7	3,168.3
Operational EBIT (NOK mill.)	519.9	346.9	-136.5	28.1	-97.2	661.3
Operational EBIT %	38.7 %	41.5 %	-4.4 %	15.4 %		20.9 %
Harvested volume (1,000 tgv)	21.0	13.3		2.3		36.6
EBIT/ kg gw (NOK)	24.75	26.02		12.22		18.05
Q2 2020						
Operating revenue (NOK mill.)	1,602.5	645.2	3,283.7	98.8	-2,322.4	3,307.9
Operational EBIT (NOK mill.)	678.8	241.8	70.0	-30.1	-78.6	881.9
Operational EBIT %	42.4 %	37.5 %	2.1 %	-30.5 %		26.7 %
Harvested volume (1,000 tgv)	27.2	12.0		1.7		40.9
EBIT/ kg gw (NOK)	24.92	20.16		-18.10		21.56
YTD 2021						
Operating revenue (NOK mill.)	2,511.1	1,535.7	6,102.1	360.4	-4,156.8	6,352.5
Operational EBIT (NOK mill.)	906.1	541.8	-18.3	31.9	-172.7	1,288.7
Operational EBIT %	36.1 %	35.3 %	-0.3 %	8.8 %		20.3 %
Harvested volume (1,000 tgv)	41.8	26.8		4.8		73.5
EBIT/ kg gw (NOK)	21.66	20.20		6.57		17.54
YTD 2020						
Operating revenue (NOK mill.)	3,186.6	1,540.9	6,633.4	378.8	-4,806.2	6,933.5
Operational EBIT (NOK mill.)	1,420.8	630.9	53.3	-8.9	-149.2	1,946.9
Operational EBIT %	44.6 %	40.9 %	0.8 %	-2.4 %		28.1 %
Harvested volume (1,000 tgv)	49.4	25.6		6.0		80.9
EBIT/ kg gw (NOK)	28.77	24.68		-1.50		24.06



KEY FIGURES – GROUP

	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
No. of shares (diluted) - end of period (mill.)	114.751	113.093	113.998	113.090	113.164
Earnings per share (NOK)	6.98	10.45	13.32	14.03	17.52
Earnings per share - diluted (NOK)	6.97	10.44	13.30	14.01	17.49
EBITDA %	27.2 %	32.5 %	26.5 %	33.5 %	29.6 %
Operational EBIT %	20.9 %	26.7 %	20.3 %	28.1 %	23.3 %
EBIT %	32.8 %	47.8 %	30.7 %	31.2 %	21.9 %
Profit before tax %	33.0 %	47.7 %	31.2 %	28.5 %	19.9 %
Cash flow per share - diluted (NOK)	9.65	9.91	10.91	21.35	28.09
Net interest bearing debt (NOK mill.)	4,415.2	1,667.9	4,415.2	1,667.9	4,892.6
NIBD incl. leasing liabilities (NOK mill.)	5,406.1	2,489.2	5,406.1	2,489.2	5,826.3
Equity ratio %	53.8 %	59.7 %	53.8 %	59.7 %	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	6,556,575	5.57 %
CACEIS Bank	1,879,810	1.60 %
State Street Bank and Trust Comp	1,763,750	1.50 %
BNP PARIBAS SECURITIES SERVICES	1,348,119	1.14 %
LIN AS	1,299,685	1.10 %
State Street Bank and Trust Comp	1,297,033	1.10 %
CACEIS Bank	1,204,113	1.02 %
JPMorgan Chase Bank, N.A., London	1,149,080	0.98 %
CLEARSTREAM BANKING S.A.	1,132,755	0.96 %
JPMorgan Chase Bank, N.A., London	919,134	0.78 %
The Northern Trust Comp, London Br	912,900	0.77 %
Brown Brothers Harriman (Lux.) SCA	750,701	0.64 %
Euroclear Bank S.A./N.V.	717,333	0.61 %
SIX SIS AG	715,964	0.61 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	678,836	0.58 %
State Street Bank and Trust Comp	638,732	0.54 %
CACEIS Bank	631,682	0.54 %
VERDIPAPIRFONDET DNB NORGE	619,123	0.53 %
VPF DNB AM NORSKE AKSJER	569,983	0.48 %
Top 20	84,719,784	71.92 %
Others	33,080,215	28.08 %
Total	117,799,999	100.00 %

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



Note 3 - Inventory and biological assets

Book value of inventory	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Raw materials	178.9	150.0	246.9	205.2
Biological assets	6,737.9	6,280.4	5,988.8	5,907.3
Finished goods	499.2	491.4	434.1	340.8
Total	7,416.0	6,921.8	6,669.8	6,453.3

Fair value adjustment of biological assets	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Roe, fry, smolt and cleaner fish at cost	287.9	338.3	297.9	52.8
Biological assets held at sea farms at cost	3,934.0	3,796.0	3,924.0	3,495.8
Total biological assets before fair value adjustment	4,221.9	4,134.3	4,221.9	3,548.6
Fair value biological assets	2,516.0	2,146.1	1,766.9	2,358.7
Total biological assets	6,737.9	6,280.4	5,988.8	5,907.3

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	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Biological assets - opening balance	6,280.0	5,988.8	5,720.8	5,535.0
Increase due to production/purchase	1,362.1	1,183.3	5,743.7	1,267.0
Reduction due to sale/harvesting	-1,270.7	-1,241.3	-5,253.1	-1,277.0
Reduction due to incident-based mortality	-11.5	-9.5	-59.7	-11.0
Fair value adjustment on opening balance (reversed)	-2,146.1	-1,766.9	-1,954.0	-1,942.0
Fair value adjustment on closing balance (new)	2,516.0	2,146.1	1,766.9	2,358.7
Translation differences	8.2	-20.0	24.3	-23.4
Biological assets - closing balance	6,737.9	6,280.4	5,988.8	5,907.3

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:	30.06.2021	Period of expected harvest:	31.03.2021	Period of expected harvest:	31.12.2020	Period of expected harvest:	30.06.2020
	Q3-2021	55.83	Q2-2021	62.20	Q1-2021	50.33	Q3-2020	49.72
	Q4-2021	60.97	Q3-2021	53.08	Q2-2021	56.77	Q4-2020	53.08
	Q1-2022	63.65	Q4-2021	56.32	Q3-2021	53.67	Q1-2021	63.20
	Q2-2022	65.15	Q1-2022	61.05	Q4-2021	55.83	Q2-2021	63.80
	Q3-2022	54.60	Q2-2022	63.55	1st half 2022	61.85	Q3-2021	55.65
	Q4-2022	58.60	2nd half 2022	54.17	2nd half 2022	54.15	Q4-2021	57.35
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:

	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Change in fair value of the biomass	368.5	411.6	751.7	404.3	-186.1
Change in provisions for onerous contracts	30.2	8.4	-22.3	2.5	-16.0
Unrealised change in value of Fish Pool contracts	-6.0	8.4	5.8	-5.6	-8.6
Unrealised changes in the value of currency and forward currency contracts	-	270.4	-44.2	-182.4	31.2
Fair value adjustments recognised in profit and loss	392.7	698.8	691.0	218.8	-179.5



Note 5 - Business combinations

Business acquisitions in 2021

During the period, the Group's operation in Iceland acquired two hatcheries. One was obtained through acquisition of the company Fjallaleikja 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.

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	97.1	2.3	99.3
Other items in comprehensive income	9.7	-0.4	9.3
Dividend received	0.0	-2.2	-2.2
Other changes	0.0	3.3	3.3
Closing balance 30.06.2021	789.1	73.2	862.3


Note 8 - Interest-bearing liabilities

	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Non-current interest-bearing liabilities				
Debt to credit institutions	4,877.2	4,713.0	4,000.0	1,641.4
Next year's instalment on debt to credit institutions	-168.0	-373.6	-322.4	-151.6
Long-term debt to credit institutions	4,709.2	4,339.4	3,677.6	1,489.8
Leasing liabilities	990.9	903.2	933.7	821.2
Next year's lease payments	-198.0	-174.9	-164.6	-153.3
Long-term leasing liabilities	792.9	728.3	769.1	668.0
Total non-current interest-bearing liabilities	5,502.1	5,067.7	4,446.8	2,157.8
Current interest-bearing liabilities				
Short-term debt to credit institutions	21.8	817.6	1,116.1	218.7
Next year's instalment on debt to credit institutions	168.0	373.6	322.4	151.6
Total debt to credit institutions	189.7	1,191.2	1,438.4	370.2
Next year's lease payments	198.0	174.9	164.6	153.3
Total current interest-bearing liabilities	387.7	1,366.1	1,603.0	523.5
Total interest-bearing liabilities	5,889.9	6,433.8	6,049.8	2,681.3
Cash & cash equivalents	483.7	205.8	223.4	192.2
Leasing liabilities	990.9	903.2	933.7	821.2
Net interest-bearing liabilities (NIBD)	4,415.2	5,324.9	4,892.6	1,667.9

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	4,635.1	242.1	0	0	0	0.0	4,877.2
Leasing liabilities	970.0	12.3	0	0	0	8.7	990.9
Short-term debt to credit institutions	0.0	21.8	0.0	0.0	0.0	0.0	21.8
Total interest-bearing liabilities	5,605.1	276.1	0.0	0.0	0.0	8.7	5,889.9
Cash & cash equivalents	337.4	-8.5	69.1	90.5	-0.5	-4.2	483.7
Leasing liabilities	970.0	12.3	0	0	0	8.7	990.9
Net interest-bearing liabilities (NIBD)	4,297.7	272.3	-69.1	-90.5	0.5	4.2	4,415.2

Financing activities - change in liabilities:

	31.12.2020	Cash flow from financing activities	Change subsidiaries	Not cash-generating effects			30.06.2021
				Currency effects	Change in next year's instalments on long-term debt	Other effects	
Long-term debt to credit institutions	3,677.6	881.1	0.0	-3.9	154.4	0.0	4,709.2
Short-term debt to credit institutions	1,438.4	-1,096.5	2.9	-0.8	-154.4	0.0	189.7
Debt to credit institutions	5,116.1	-215.4	2.9	-4.7	0.0	0.0	4,898.9
Leasing liabilities	933.7	-93.8	3.7	0.5	0.0	146.8	990.9
Total interest-bearing liabilities	6,049.8	-309.2	6.6	-4.2	0.0	146.8	5,889.9

Further details on interest-bearing debt:

During the period, 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 -5.3 million, which is recognised under other current liabilities in the balance sheet.

During the period, 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. As at 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

	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Interest income	1.9	1.0	3.6	7.5	10.3
Net interest expenses, ex. interest on leasing liabilities	-28.4	-22.6	-51.5	-58.8	-94.6
Interest expenses relating to leasing liabilities	-14.3	-14.3	-28.6	-27.0	-55.2
Net currency effects	-2.4	24.3	12.9	-100.0	-151.6
Other net financial items	-2.7	1.2	-5.2	0.1	-7.4
Net interest and other financial items	-46.0	-10.4	-68.8	-178.2	-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 parameters have been reviewed and approved by the Group's management and Board of Directors. Alternative performance parameters may be defined and used in other ways by other companies.

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

Operational EBIT

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

	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Operating profit (EBIT)	1,039.6	1,580.6	1,951.0	2,165.7	2,828.0
Production tax	14.3	0.0	28.7	0.0	0.0
<i>Fair value adjustment:</i>					
Change in fair value of the biomass	-368.5	-411.6	-751.7	-404.3	186.1
Change in provisions for loss-making contracts	-30.2	-8.4	22.3	-2.5	16.0
Change in unrealised Fish Pool contracts	6.0	-8.4	-5.8	5.6	8.6
Change in unrealised value of forward currency contracts	0.0	-270.4	44.2	182.4	-31.2
Operational EBIT	661.3	881.9	1,288.7	1,946.9	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.

Q2 2021	Farming Central Norway	Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1 000)	519,922	346,924	28,097	661,292
Volume harvested (tonnes)	21,003	13,335	2,299	36,637
Operational EBIT per kg gutted weight (NOK)	24.75	26.02	12.22	18.05
Q2 2020	Farming Central Norway	Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1 000)	678,766	241,788	-30,112	881,856
Volume harvested (tonnes)	27,241	11,993	1,664	40,898
Operational EBIT per kg gutted weight (NOK)	24.92	20.16	-18.10	21.56
YTD 2021	Farming Central Norway	Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1 000)	906,056	541,750	31,860	1,288,732
Volume harvested (tonnes)	41,826	26,821	4,848	73,495
Operational EBIT per kg gutted weight (NOK)	21.66	20.20	6.57	17.54
YTD 2020	Farming Central Norway	Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1 000)	1,420,839	630,869	-8,944	1,946,861
Volume harvested (tonnes)	49,395	25,561	5,964	80,920
Operational EBIT per kg gutted weight (NOK)	28.77	24.68	-1.50	24.06
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 performance measure for investors and other users, because it shows net borrowed capital used to finance the Group. Net interest-bearing debt is defined as long-term and short-term debt to credit institutions, less cash & cash equivalents. Leasing liabilities under IFRS 16 are not included in the calculation of net interest-bearing debt. To highlight total interest bearing debt including leasing liabilities, this is presented as a separate measure.

	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Long-term debt to credit institutions	4,709.2	4,339.4	3,677.6	1,489.8
Short-term debt to credit institutions	189.7	1,191.2	1,438.4	370.2
Cash & cash equivalents	-483.7	-205.8	-223.4	-192.2
Net interest-bearing debt (NIBD)	4,415.2	5,324.9	4,892.6	1,667.9
Leasing liabilities	990.9	903.2	933.7	821.2
NIBD incl. leasing liabilities	5,406.1	6,228.1	5,826.3	2,489.2

Cash flow per share - diluted

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

	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Cash flow from operating activities	1,107.3	1,120.7	1,244.1	2,413.9	3,178.9
Average no. of shares outstanding (diluted) in the period (1,000 shares)	114,751	113,093	113,998	113,090	113,164
Diluted cash flow per share (NOK)	9.65	9.91	10.91	21.35	28.09


Note 11 - Events after the reporting date
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	16,161	-1,461	14,700
Inventory and biological assets	88,010	-2,406	85,605
Current assets	95,036	0	95,036
Deferred tax assets/liabilities	15,734	-23,075	-7,341
Non-current liabilities	-2,303	0	-2,303
Current liabilities	-156,308	0	-156,308
Net identifiable assets and liabilities	67,577	81,810	149,388
Goodwill			7,475
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 purpose of the transaction is to expand the Group's production of salmon. SalMar has established control through shareholder agreements and the company will be consolidated into the SalMar Group from the time of acquisition. For accounting purposes, the transaction will be treated as a business transfer, with the minority interest assessed at fair value. The purchase price for the transaction is MNOK 665.