Annual Report 2022

SalMar

This is SalMar

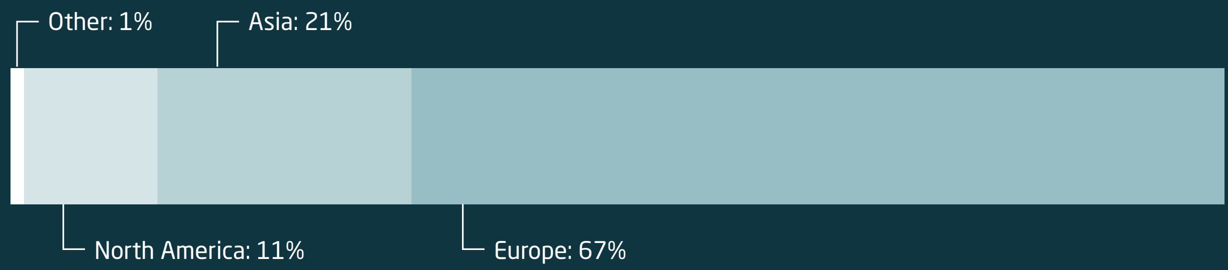
Sustainability and Corporate Responsibility

Corporate Governance

Financial Statement and Results

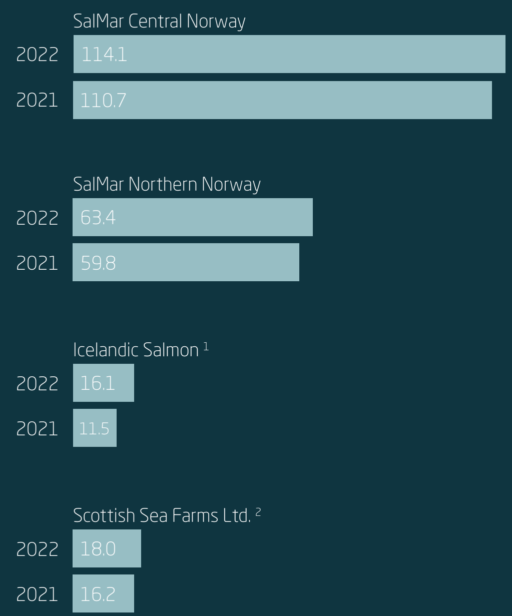
Our Locations

Geographical Distribution of Sales Volume



Harvest Volume by Geography

1,000 tonnes gutted weight



[1] 100% share
[2] 50% share

Financial Key Figures

Figures in NOK million

	2022	2021
Revenue	20,158	15,044
Operational EBIT	4,465	2,927
Earnings per share	27.64	22.61
Dividend share of EPS	72%	88%
Equity Ratio	39%	55%
NIBD incl. Leasing/EBITDA	3.7	1.5

Sickness Absence

Norway

5.7%

Target <4.5%

Iceland

4.1%

Target <4.5%

Economic Feed Conversion Ratio

Norway

1.18

Target <1.13

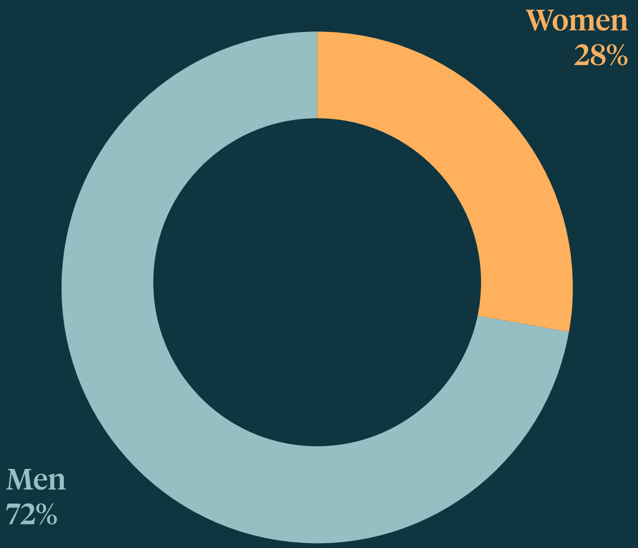
Iceland

1.34

Target <1.19

Number of FTEs

	2022	Female	Male
SalMar	2,112	28%	72%
Icelandic Salmon	154	26%	74%
SalMar Group	2,266	28%	72%



H-Factor

Norway

3.0

Target <6

Iceland

5.8

Target <6

Survival Rate

Norway

94.6%

Target >97%

Iceland

89.7%

Target >95%

Share of Secondary Processing

SalMar

42.3%

Target >42.5%

Greenhouse Gas Emissions (Reduction from 2020)

Absolute:

Scope 1+2 : +0%

Scope 3 : -22%

Target: 42% reduction from 2020 to 2030

Intensity:

Scope 1+2 : -5%

Scope 3 : -26%

Target: 42% reduction from 2020 to 2030

This is SalMar

Message From the CEO

From fantasy to reality

Last year, SalMar became the world's second largest producer of farmed salmon. The company's progress has not been taken from the realms of fantasy and stories. The development of SalMar and the Norwegian aquaculture sector as a whole is a success story – based on hard work - that there is every reason to be proud of.

Sometimes, reality outdoes fantasy. In the course of a single generation, Norway's coastal fish-farmers have created an international industry that is unique. In addition, the entire value chain has been developed in our country. Our coastal entrepreneurs saw the opportunities and laid the foundations for a renewable food-producing export industry which, in just a few short years, has come to supply large parts of the world with healthy seafood.

This food does not produce itself. It is the result of hard and systematic work over time. The industry's practitioners have themselves developed and refined all the different stages in the value chain – from genetics and roe to processing and sales in a global market.

It has been a privilege to pick up the baton as CEO after such high-profile and adept predecessors, who have all left their imprint on the company. Before I took over as CEO in October 2022, I had the pleasure of being a member of the executive management for five years, as the COO for sales and industry.

President & CEO Frode Arntsen

The road from bankrupt estate in 1991 – with a single fish farming licence and a few employees in a small factory building on Frøya – to our position in 2023 as one of the world's largest aquaculture companies – has been one of ups and downs. But the answer to any challenge has always been based on dedication and commitment at all levels, cost-awareness and an unwavering mantra that everything we do today, must be done better than yesterday.

Together, we will grow even stronger – Year of Culture 2023

This way of thinking has also underpinned the preparation and completion of the merger with Norway Royal Salmon (NRS), including the acquisition of NTS. Several powerful aquaculture companies based in Trøndelag have now been brought together – and unity gives strength. We can already declare that one plus one makes significantly more than two. With the many new and highly skilled employees that have joined our team, SalMar's workforce now numbers some 2,500 people. We are unquestionably the strongest aquaculture company from Møre in the west to the Russian border in the north, and represent the industrial centre of gravity in large parts of this coastal expanse. Completion of the transactions with NTS, NRS and SalmoNor has reinforced our position in some of the best locations for salmon farming from Møre to Finnmark, and will provide a springboard for significant production growth in the years ahead.

On this basis, we are even more delighted to declare 2023 to be a Year of Culture, by which we mean that the cultures of the various companies and over 50 different nationalities will contribute to the further development of SalMar's already strong corporate culture. It is a culture based on community and quality at all levels. We wish to demonstrate this culture to our customers in more than 50 countries, and to all our partners both in Norway and abroad. Employees throughout the organisation are already extremely dedicated and enthusiastic. Together, we will create something even better.

Following the transaction, we expect to produce around 277,500 tonnes of seafood in 2023. This corresponds to approximately 77 per cent of Norway's total agriculture meat production. That is naturally far more than the population in Norway can consume. On the other hand, it will provide 2 billion healthy meals for families across the world.

Systematic development of the value chain

SalMar is working systematically to develop and strengthen every link in its value chain. We are investing around NOK 2.5 billion to build new hatcheries in Senja, in Troms, and at Tjuin, near Steinkjer in Trøndelag. Both of these will be among the largest and most advanced smolt-producing facilities in the world. In total, the two new facilities – in addition to those which came in via NRS and SalmoNor – will make us self-sufficient in smolt and will make a solid contribution to the world's food supply in the years to come.

In 2022, we established fish farms in several new locations, we have looked closer at the possibilities that lies in underwater feeding, and our second closed-containment fish farm is expected to go into production this summer. In addition, our advanced harvesting and processing plant in Senja – InnovaNor – has become a huge success. We expect to process over 100,000 tonnes of salmon at the plant in 2023. Our operations in Senja are an industrial success story for both SalMar and the entire region, with major ripple effects in the form of employment opportunities and purchases from associated local businesses. Troms and Finnmark have become an important region for the global supply of food. SalMar's investments in Northern Norway will be further strengthened through the merger with NRS.

SalMar has helped to create vibrant local communities along the entire Norwegian coastline, as well as on coasts in the UK and Iceland. Our operations in Iceland performed very well in 2022, with increased production volume and a significant improvement in margins. This demonstrates the possibilities that exist in Iceland, which has a considerable potential for further growth. 2022 was a challenging year for our operations in Scotland, which shows the biological risk inherent in a food-producing endeavour like aquaculture.

Our cutting-edge focus on offshore fish farming is anchored in a partnership with Aker, through SalMar Aker Ocean. Ocean Farm 1 has undergone a refit and repairs at Aker Verdal, and is now back on station in the Frohavet area in the sea off the coast of Trøndelag, where a new production cycle is due to commence. In addition, Arctic Offshore Farming has strengthened our offshore direction, increasing our offshore volumes for years to come. To provide the world with a sufficient supply of seafood going forward, it is important to develop production equipment and production techniques that make it possible to farm fish in more exposed areas of the ocean. SalMar wants Norway to remain at the forefront of offshore aquaculture, but is still waiting for the Norwegian authorities to establish the framework conditions that will enable this to happen.

Results

The results will be shown in detail in several parts of this annual report, but I feel some numbers needs to be included also in this section. In 2022, the SalMar Group generated gross operating revenues of NOK 20.1 billion, compared with NOK 15 billion the year before. This represents an increase of 34 per cent. In terms of profits 2022 was also a strong year for SalMar. The SalMar Group made an Operational EBIT of NOK 4.5 billion, compared with NOK 2.9 billion in 2021. These numbers most of all underlines the hard work from all our employees and the strong position salmon has as a favoured protein around the world.

The Group harvested record volumes in all its regions, with 177,500 tonnes in Norway, 16,100 tonnes in Iceland and 18,000 tonnes in Scotland (based on SalMar's 50 per cent stake in Scottish Sea Farms). The SalMar Group combined expects to produce 277,500 tonnes of Atlantic salmon in 2023. Increasing our contribution of healthy food to the world but also increasing our social responsibility in all the areas where we operate.

Social responsibility

For SalMar, social responsibility covers every aspect of our value chain and is an integral part of our corporate culture. We also support hundreds and hundreds of small and big local initiatives in all local municipalities where we are present. Our primary responsibility is to our own employees and to the fish welfare to our salmon, but we also have a responsibility towards the many thousands of employees in enterprises of all sizes nationwide which supply goods and services to our operations. All in all, this constitutes a vast number of dedicated and loyal workers who do their utmost every day to provide for themselves and their families. It is these people who keep the coast alive, make it attractive for young people to live in rural areas and, together with the companies that employ them, contribute tax revenues that fund schools and welfare services. An important part of our social responsibility is to help ensure Norway still has a source of revenue once the oil revenues dry up. It is difficult to imagine that we could do this in a better way than by being a leading force in the country's largest renewable export sector.

In 2022, SalMar was ranked among the world's top ten most sustainable protein producers. The Coller FAIRR Protein Producer Index provides a detailed assessment of the largest meat, dairy and aquaculture producers worldwide. The assessments in this index encompass environmental and social criteria, including greenhouse gas emissions, deforestation and food safety. One of SalMar's important contributions with regard to climate change is the company's ambition to be a "processing company" and become one of the companies with the highest proportion of processing at home in the countries where we operate. A high processing share leads to significantly less road and air traffic - and lower greenhouse gas emissions.

Outlook

Demand for salmon is expected to remain strong going forward. It is nevertheless not a given that Norway will retain its leading position in the sector. Around half of the total supply of Atlantic salmon is produced in other countries, where a significant degree of innovation and major investments are also taking place – not least in onshore and offshore fish farms. Norway's ability to meet the intensifying international competition will depend not only on the sector's own capacity for innovation but also on the Norwegian authorities providing the country's aquaculture sector with equitable and competitive framework conditions.

Norwegian aquaculture is currently exposed to greater political risk than ever before. The government's final resource rent tax proposal has done nothing to lessen the risk or diminish the concerns of those who create value on the Norwegian coast, nor to reassure Norwegian and international investors, who have previously considered Norway to be a stable and reliable country in which to invest. Despite a few minor adjustments in relation to the published consultation document, the massive criticism of both the level and design of the tax that emerged from the consultation process has fallen on deaf ears. The same applies to the criticism of the highly censurable notion of imposing a massive tax increase on the aquaculture sector (up from 22 per cent to 57 per cent) retrospectively – from 1 January 2023. The introduction of a Normative Price Council, which will set the price of salmon on which the tax is calculated, does nothing to alleviate producers' concerns. Over NOK 45 billion in investment has been put on ice across the industry because of the proposed tax. This also includes SalMar's planned NOK 2 billion investment in a new harvesting and processing plant in Frøya. The transfer of more funds from central government to coastal municipalities is a poor replacement for the industrial opportunities, jobs and local tax revenues that will be lost. It is sad that the Norwegian authorities should favourise competitors in other countries in this way.

Silver lining

There is a huge demand for high-quality salmon, and the world is smiling encouragingly at us. Unfortunately, the Norwegian government has cast a dark cloud over this positive future outlook. Our hope is that the Norwegian parliament (the Storting) will remove these dark clouds – preferably this spring. If not, a future parliament will, hopefully, see the light.

People who live along the coast have weathered winter storms before, and Norway's aquaculture sector will continue to enjoy considerable opportunities – also in the time ahead. SalMar intends to exploit these opportunities, so that our many highly skilled, hard-working and loyal employees will have secure and profitable jobs to go to also in the future. It is they who get up every morning, make SalMar the robust company it is and provide healthy and sustainable food to an ever-growing global population. Our task is to be an industry leader and to produce and distribute healthy and nutritious salmon to every corner of the world. This is our passion – a Passion for Salmon.

The History of SalMar

Volume harvested in 1000's of tonnes gutted weight

1991

SalMar is founded in Frøya in Sør-Trøndelag following the acquisition of one licence for the production of salmon and a harvesting/processing plant. The company's primary business was the processing of frozen salmon. This was the start of a major restructuring of the Norwegian aquaculture sector, which gradually led to a substantial increase in its level of industrialisation.

1992

Acquisition of two licences for the production of farmed salmon in Central Norway.

1995

Start of smolt production. Acquisition of Follasmolt AS in Verran, Nord-Trøndelag and lease of Kjørsvik Settefisk's hatchery in Aure, Møre & Romsdal.

1997

Kverva Holding AS becomes sole owner of SalMar.

Extension of the processing plant at Nordskaget in Frøya.

2000 (11,000 tonnes gutted weight)

Establishment of operations outside of Central Norway through the acquisition of 49% of the shares in Senja Sjøfarm AS in Troms.

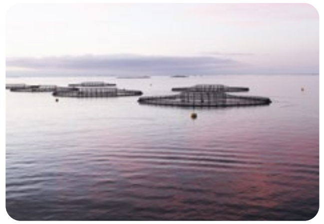
Scottish Sea Farms

2001 (15,000 tonnes gutted weight)

Establishment of operations in UK through establishment a 50/50 joint venture with Lerøy Seafood Group which became sole owner of Scottish Sea Farms Ltd, the UK's second largest salmon producer.

2005 (35,000 tonnes gutted weight)

Focus on the core. Divestment of operations SalMar does not consider to be core businesses, including the production of herring, herring oil and fish meal.



2006 (44,000 tonnes gutted weight)

Kverva Holding AS sells 42.5% of the company's shares to a limited number of Norwegian and international investors.

Acquisition of three new licenses in Nordmøre.

Acquisition of the remaining 51% of the shares in Senja Sjøfarm AS.

64

2007

SalMar shares listed on the Oslo Stock Exchange on 8 May 2007.

Acquisition of 4 licenses in Møre & Romsdal through Halsa Fiskeoppdrett AS and Henden Fiskeoppdrett AS.

Acquisition of Arctic Salmon AS (four licences) in Nordreisa, Troms.

65

2008

Acquisition of one licence in Central Norway (Møre & Romsdal) and one in Northern Norway (Troms).

Acquisition of 34% of the shares in Volstad Seafood AS.

77

2009

Acquisition of the remaining 66% of the shares in Volstad Seafood AS.

79

2010

Acquisition of 75.54% of Rauma Gruppen AS and 100% of Stettefisk AS. Broodfish in Central Norway (Møre & Romsdal).

Acquisition of 23.3% of the shares in the listed Faeroese company Bakkafrost P/f.

104

2011

Completion of the world's most innovative and efficient salmon harvesting and processing plant – InnovaMar. Acquisition of 7 licenses in Central Norway through Bringsvor Laks A, Krifo Havbruk AS and Villa Miljølaks. Increase of shareholding in P/F Bakkafrost to 24.8%. Leif Inge Nordhammer steps Down as CEO and is replaced by Yngve Myhre on 6 June.

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2012

Acquisition of 10 licenses in Northern Norway (Finnmark) from Villa Artic AS.

Increase of shareholding in P/F Bakkafrost to 25.2%.

Volume harvested in 1000's of tonnes

128

2013

Acquisition of minority shares in SalMar Rauma AS and 50.4% of the shares in Villa Organic AS.

Divestment of ownership in P/F Bakkafrost.

154,8

2014

Acquisition of 8 green licenses

Yngve Myhre steps down as CEO and is replaced by Leif Inge Nordhammer.

150

2015

Principle approval of the ocean farming pilot.

Establishment on Iceland through acquisition of 22.91 % of the shares in the Icelandic farming company Arnarlax Ehf.

Arnarlax
SUSTAINABLE ICELANDIC SALMON

131

2016

SalMar awarded the first eight development licences for Ocean Farming AS.

SalMar increased shareholding in Arnarlax Ehf to 34 per cent.

Leif Inge Nordhammer steps down as CEO, Trond Williksen new CEO

154

2017

September 2017, Ocean Farm 1 arrived at its destination in Frohavet, off the Trøndelag coast in Central Norway

The new smolt production facility in Senja was completed

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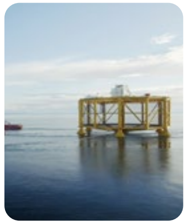


2018

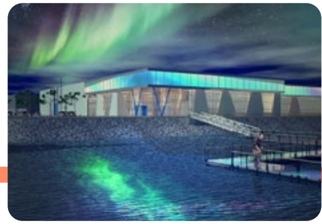
SalMar increased shareholding in Arnarlax Ehf to 41.95 per cent.

First harvest from the worlds first offshore fish farm, Ocean Farm 1

Aqusition of 51 per cent of the shares in Mariculture AS, to establish fish farming offshore in the open ocean.

Trond Williksen steps down as CEO, Olav-Andreas Ervik new CEO.

166



2019

Increased ownership in Icelandic aquaculture company Arnarlax Ehf to 59 per cent.

Gustav Witzøe new CEO following Olav-Andreas Ervik appointment as new CEO in SalMar Ocean which strengthens the focus on offshore fish farming.

Started construction of InnovaNor, the new harvesting and processing plant on Senja in Northern Norway.

174

2020

Started construction of the expansion of the smolt facility on Senja, Senja 2

Successful private placement and listing of Icelandic Salmon on Euronext Growth, SalMars ownership reduced to 51 per cent.

198

2021

InnovaNor in operation, the new harvesting and processing plant on Senja in Northern Norway.

Started construction of a new smolt facility in Central Norway, Tjuin.

Successful issue of the first green bond and a private placement in SalMar ASA.

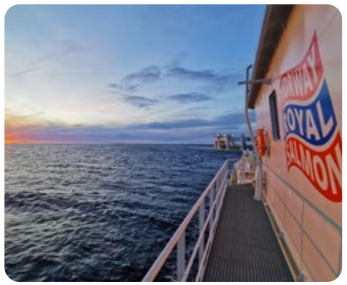
Strategic partnership with Aker through SalMar Aker Ocean to establish a global offshore aquaculture company

Increasing our production capacity in Central Norway through aqusition of ownershare in Refsnes Laks AS and Nekton Havbruk AS

Scottish Sea Farms Ltd. acquired Grieg Seafood Hjaltland UK Ltd. strengthening our value chain and increasing our presence in the Shetland region

SalMarAker**Ocean**

211



2022

Increasing position of SalMar to the worlds 2nd largest salmon producer by joining forces with NTS, NRS and SalmoNor at the end of 2022 through a series of transactions. Majority owner in aquaservice company Frøy after the transactions.

Finalized construction of new smolt facility on Senja in Northern Norway.

Gustav Witzøe stepped down as CEO and took up the position as Board Chair. Linda L. Aase CEO from May until October and Gunnar Nielsen CFO from April until October. Frode Arntsen new CEO and Ulrik Steinvik new CFO from October.

A New Era in Aquaculture

The establishment of salmon farming in the open ocean is an important part of SalMar's strategy for sustainable growth and production of salmon. Salmon farming is a climate-friendly and effective method of food production. In the open ocean, it could allow for both increased output and value creation, as well as encourage technological innovation and opening up vast new areas for salmon production in its natural habitat.

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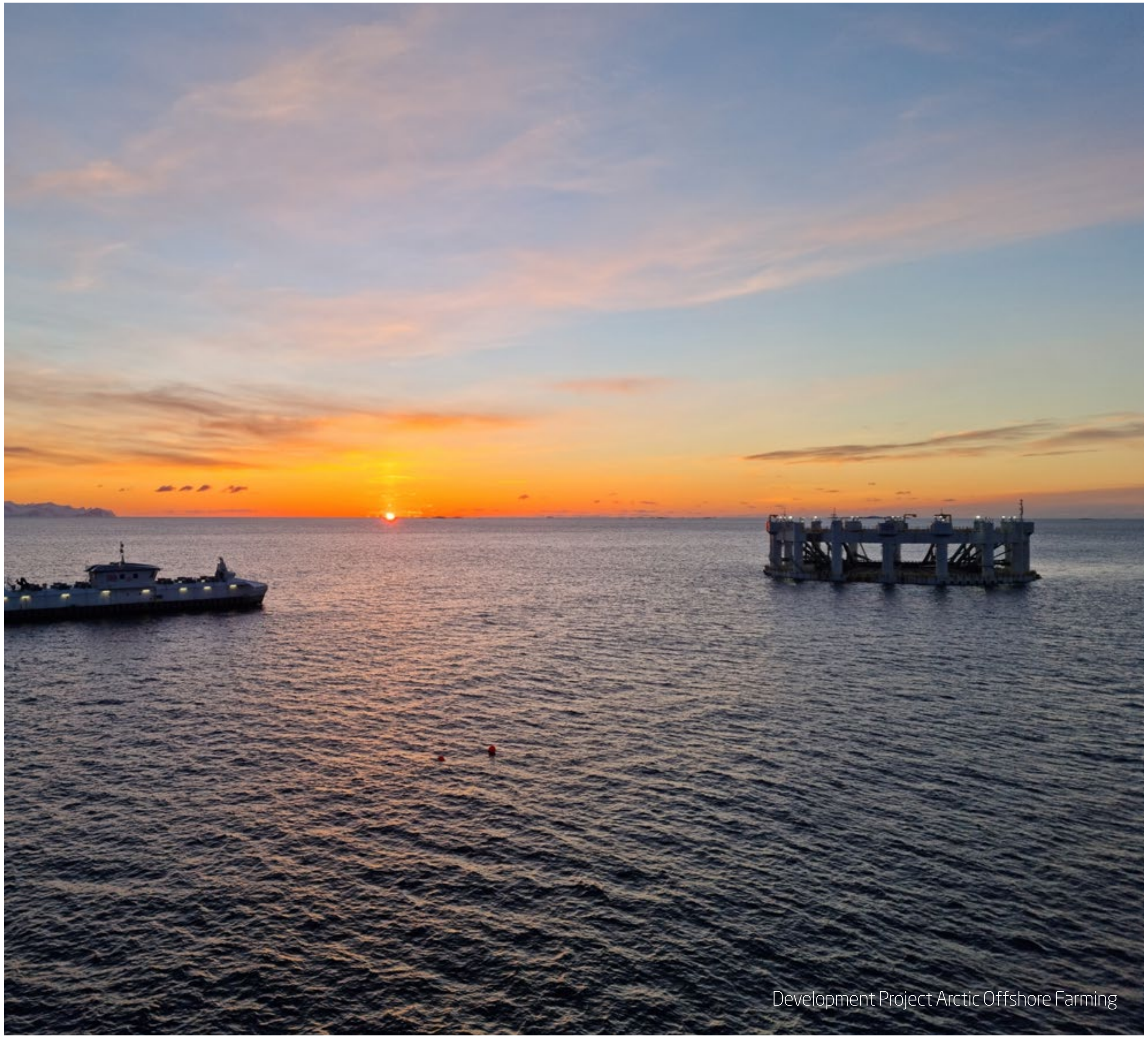
SalMar leads the way for salmon farming in the open ocean

To strengthen and concentrate its efforts in the area of offshore aquaculture, SalMar together with Aker created the company SalMar Aker Ocean AS. With the purpose of creating the world leading offshore farming company, aiming for producing 150 000 tonnes of salmon per year.

In 2016 the first eight aquaculture development licences were granted to Ocean Farming AS, converted to permanent production licenses in 2020, and early in 2019 Mariculture AS was granted eight licences for the development of an open-ocean aquaculture facility. Both companies are subsidiaries of SalMar Aker Ocean AS, a subsidiary of SalMar ASA.

And through the acquisition of NRS, SalMar also gained ownership of the development project Arctic Offshore Farming AS which has 6,051 tonnes MAB in development licenses. The company is a subsidiary of SalMar ASA.



Development Project Arctic Offshore Farming

The purpose of these licences is to promote increased investment in sustainability, desired changes in production methods, innovation and increased overall value creation in the salmon farming. The threshold for being granted a development licence is high. The fact that SalMar has received such licences is an important testament to the Group's research and development efforts. The development licences have been granted for a period of seven years. However, they may be converted into ordinary production licences if the Norwegian Directorate of Fisheries' target criteria are met.

The Group's ambition is to retain its leadership in this field, with respect to both technological advancements and biological salmon production. In this way it aims to contribute to the environmentally sustainable development of the Norwegian aquaculture sector. There will be close cooperation and interaction between the Group's offshore and traditional coastal fish farming operations, to ensure that mutual transfer of knowledge and experience benefits both parts of the business to produce sustainable salmon.

Ocean Farm 1's good biological performance strengthens confidence in offshore fish farming

Ocean Farm 1, which is situated in an area of sea called Frohavet, off the coast of Frøya, has been a pilot project focusing particularly on biological conditions and fish welfare. It is a large and challenging project, which has involved the testing and development of new and innovative equipment technology that will be of benefit to the whole industry. After 15 months at sea, the first production cycle was harvested early in 2019. The fish achieved good growth, low mortality and a uniform high quality. Few salmon lice were observed, and it was not necessary to apply any delousing treatments. At the same time, costs were in line with the Group's best-performing traditional sea farms.

A second generation of fish was transferred to Ocean Farm 1 in August 2019, after several measures were implemented based on lessons learned during the previous production cycle. In August 2020 the fish was harvested – also this a generation with good growth, low mortality and production costs as expected. The promising biological results from the first and second production cycles reinforce our confidence that farming salmon further out in the ocean is the right direction.

In 2022 the unit was upgraded and further improved based on valuable operational experience before the next production cycle starts in April 2023. The experiences from the first unit are all taken into account when detailing the FEED for the next generation of units.

Production in the open ocean

The award of eight development licences for the Smart Fish Farm project marks a substantial step towards the establishment of aquaculture in the open ocean. The objective is to locate the fish farm in open water, and the company has applied for a site in the Norwegian Sea. Nothing similar has ever been attempted before. An important aspect will be to test the way technology and biology interact in such exposed surroundings.

This new equipment technology could help to realise the Norwegian government and parliament's ambition to make Norway the world's leading seafood nation. The Smart Fish Farm will be largely immune from environmental impact caused by other fish farms because it can be situated in any exposed area along the whole Norwegian coast where the outer ocean currents flow. At the same time, its design allows fish to receive necessary treatments in a closed environment, from which there are no emissions.

Arctic Offshore Farming

Through the acquisition of NRS SalMar gained the ownership in in the development project Arctic Offshore Farming. The investment in Arctic Offshore Farming is a strategically important investment, developing and building offshore technology of the future for the aquaculture industry. The technology differs from both Ocean Farm 1 and Smart Fish Farm where there are 2 cages which can be submerged and a barge connected between the cages.

Both cages are installed on site and are ready for its first production cycle which scheduled to start in the summer of 2023. The site Fellesholmen is per date the most exposed salmon farming site in Norway. Through 2022 the company has gained experience on the harsh winter conditions on the site and lowering of the cages to submerged position works well.

Contributing to sustainable growth and equipped for R&D

SalMar considers that a precondition for sustainable growth in the aquaculture sector is the ability to operate in new locations, where sea temperatures and ocean currents provide optimal biological conditions for the farming of fish. The purpose of these projects is to develop the technology that will make this possible, on the salmon's terms/condition. They will also be of great importance for the Norwegian aquaculture industry's long-term competitiveness and will strengthen Norway's position as a global leader in offshore fish farming.

All of these projects are equipped to undertake a variety of R&D tasks relating to biological conditions and fish welfare. As such, they will help promote further development in the aquaculture sector and the applied R&D relating to it. It is important that the operational experience provided by the pilot facilities leads to the industrial-scale construction of this type of offshore fish farms.

Work continues to establish a regulatory framework including tax regulation for offshore farming in close collaboration with the respective authorities. This is necessary to have in place before investment decisions for new offshore units.

The ABC of Salmon Farming

Broodstock

The broodstock are the parent fish which provide the eggs and sperm (milt) required to produce new generations. The fertilised eggs take 60 days to hatch when placed in an incubator kept at eight degrees Celsius.

Eyed salmon eggs

After 25–30 days in the incubator the eggs have developed to the stage where the eyes of the salmon are clearly visible as two black dots inside the egg.

Fry

The egg hatches when the eggshell cracks open, liberating the baby fish (fry) inside. When it hatches the fry is attached to a yolk sac, which provides it with the sustenance it needs during its first few weeks of life. From now on the fish's growth and development will all depend on temperature.

Initial feeding

When most of the yolk sac has been absorbed, the fry can be moved from the incubator into a fish tank. They are now ready for initial feeding. The water temperature is kept at 10-14 degrees Celsius, and the fry are exposed to dim lighting 24 hours a day. The initial feeding period lasts for six weeks. As they grow the fry are sorted and moved to larger tanks. Well ahead of their "smoltification" all the fish are vaccinated before being shipped by wellboat to the fish farm's marine net-pens.

Smoltification

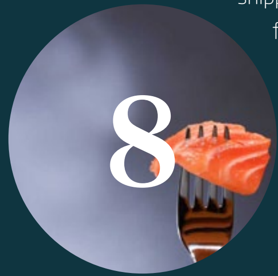
The process whereby the juvenile fish transition from a life in freshwater to a sea-going existence is called smoltification. During this process the fish develop a silver sheen to their bellies, while their backs turn a blue-green colour. Their gills also change when the juvenile fish turns into a smolt.

On-growing

The farming of fish for human consumption takes place in net pens, large enclosed nets suspended in the sea by flotation devices. In addition to a solid anchorage, net pens require regular cleaning and adequate measures to prevent the farmed fish from escaping. Growth in the net pens is affected by feeding, light and water quality. Here too the fish are sorted as they develop and grow.

Harvesting & processing

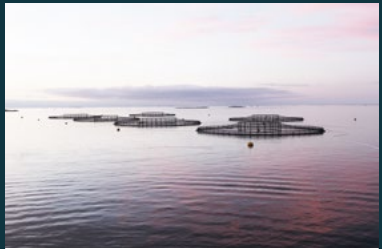
A year after transfer to the marine net pens, the first fish are ready for harvesting. The fish are transported live by wellboat to the processing plant. There the fish are kept in holding pens, before being carefully transferred to the plant itself. The fish are killed and bled out using high tech equipment, and always in accordance with applicable public regulations. After harvesting the salmon is subject to various degrees of processing.



Sales

The fish is sold either as whole gutted salmon (fresh or frozen), fillets, in individual portions or a wide range of other products, which are distributed to markets around the world.

SalMar's Operating Segments



FISH FARMING CENTRAL NORWAY (Møre og Romsdal & Trøndelag)

Sea-farm production

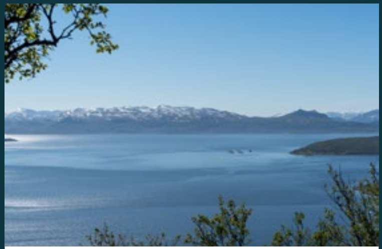
No. of licences:
84,749 tonnes MAB[1]

Harvest volume 2022:
114,100 tonnes gutted weight

Smolt and cleaner fish production

No. facilities:
4 smolt facilities and 1 lumpfish facility

Production in 2022:
Approx. 22.4 million smolt and 1.1 million lumpfish



FISH FARMING NORTHERN NORWAY (Troms og Finnmark)

Sea-farm production

No. licences:
75,116 tonnes MAB[2]

Harvest volume 2022:
63,400 tonnes gutted weight

Smolt production

No. facilities:
2 smolt facilities

Production in 2022:
Approx. 14.5 million smolt

ICELANDIC SALMON

Sea-farm production

No. of licences:
23,700 tonnes MAB

Harvest volume 2022:
16,100 tonnes gutted weight

Smolt production

No. of facilities:
4 smolt facilities in operation

Production in 2022:
Approx. 4.3 million smolt

SALMAR AKER OCEAN

Sea-farm production

No. of licences:
6,304 tonnes MAB[3]

Harvest volume 2022:
–

SALES & INDUSTRY

Volume sold:
Approx. 193,000 tonnes gutted weight

Share of secondary processing:
42.3%

Number of harvesting- and processing plants:
4 in operation at end of 2022

1 Includes 4 time-limited demonstration licenses and 1,100 tonnes MAB in development licenses

2 Includes 2 time-limited demonstration licences and 6,051 tonnes MAB in development licenses.

3 In addition the company has 8 development licenses for the Smart Fish Farm project

Fish Farming Central Norway (Møre og Romsdal & Trøndelag)

Fish Farming Central Norway is the region in which the SalMar Group first established its business. Initially this was based on assets acquired from a company which had gone into liquidation, and which had one licence for the production of farmed salmon and a harvesting and processing plant in Frøya that was designed to handle white fish. Since then, both the Group as a whole and the segment has experienced a fantastic growth journey.

Central Norway has today 84,749 tonnes MAB, and also operates several R&D licences in collaboration with other companies. In 2022 SalMar acquired ownership in SalmoNor. increasing the production capacity in the region. The segment has 3 smolt facilities in operation and 1 under construction. In addition the segment has 1 facility for the production of cleaner fish.

The fish farming operations are located in Central Norway, stretching from Sunnmøre in the south to the Namdal coast in the north. Fish Farming Central Norway is divided into 5 regions, which are each led by a regional manager. The environmental conditions for salmon farming in this region are good, with favourable sea temperatures all year round thanks to the Gulf Stream, a high water replacement rate and several suitable locations.

SalMar's fish farms focus on cost-effective operation and maintain a high ethical standard with respect to animal husbandry. In order to contribute to SalMar reaching its goal of being the most cost-effective producer of farmed salmon, there is a continuous focus on sub-goals. The company was quick to introduce its own standards and 'best practices' in order to secure increased efficiency. This involves, among other things, concentrating marine-phase production at large, sustainable facilities stocked with the correct biomass volume and with a good environmental carrying capacity. SalMar is also working strategically to secure locations so that we can take our share of future production growth. In 2021 the first closed net pen for the company was taken into operation and a second closed net pen is under construction which start of production in 2023.

The segments smolt facilities have a high level of expertise with respect to day-to-say operations as well as development/project management. The production of smolt is currently transitioning to the use of recirculating aquaculture systems (RAS) technology. The segment currently employs RAS technology at its largest smolt facility, Follafoss, located at the head of Trondheimsfjorden and in 2023 a new RAS smolt facility at Tjuin, not far from Follafoss, will come into operation.

Fish Farming Northern Norway (Troms og Finnmark)

SalMar has the largest aquaculture operation in Troms og Finnmark County, with activities stretching from Harstad in southern Troms to Sør-Varanger in Finnmark. The business is divided into three regions, which are each led by a regional manager. The segment's head office and administration are located at InnovaNor our harvesting and processing facility on Senja.

The segment has 75,116 tonnes MAB for the production of farmed salmon. In addition, SalMar co-operates several R&D licences. In 2022 SalMar acquired ownership of NRS, increasing the production capacity in the region. The segment has 2 smolt facilities.

Over many years, the segment has focused systematically on enhancing the expertise of its workforce and employs several apprentices. Remote feeding has been an important focus area for the segment. This means joint surveillance and control of all SalMar's sea sites from South Troms to East Finnmark. The sea farms are monitored even when there is no one physically on site. Data collection is more structured in the remote feeding centre, which provides a better foundation for decision making forward in time.

The segment has 2 smolt facilities, which is based on recirculating aquaculture systems (RAS) technology. Robust, high-quality smolt is a decisive factor for the success of the whole value chain and in the 2022 the expansion of the facility on Senja was completed with first smolt delivery in 2023. The expansion will result not only in the capacity to produce more smolt, but also the flexibility to produce larger sized smolt.

It is possible to produce more salmon in Norway, and Northern Norway has a considerable potential for further growth. This region has excellent environmental conditions for sustainable production, which we nurture through expertise and systematic improvement efforts. The expansion of SalMar's smolt production, production capacity through NRS as well as the new local harvesting and processing plant, InnovaNor, underpin the importance to the Group of both Fish Farming Northern Norway and the region as a whole.

Sales & Industry

Sales & Industry handles the Group's sales activities and harvesting and processing activities in Norway. The segment sold approx. 186,000 tonnes of salmon and other fish-based products in 2022. Sales activities concentrate on the markets of Europe, Asia and America. In all, the segment distributes salmon to more than 50 different countries. Because SalMar attaches particular importance to market proximity, the segment has sales offices in Japan, South Korea, Vietnam, Taiwan and Singapore.

InnovaMar is SalMar's main industrial processing facility. It is located at Nordskaget in Frøya, in close proximity to Fish Farming Central Norway's sea farms. InnovaMar is a modern building covering 17,500m2. It has an advanced equipment park for harvesting, fileting and portioning. It has the capacity to harvest 150,000 tonnes of salmon annually. A significant portion of the volume harvested goes on to secondary processing before being sent to customers and consumers around the world. Innovative use of production technology increases the quality of the final product, reduces costs and improves the employees' working environment.

Through SalMar's co-ownership of Vikenco AS, SalMar facilitates the harvesting of fish from the southern part of Central Norway and Møre & Romsdal County. In 2021 upgraded Vikenco came into operation increasing both harvesting, processing, storage and freezing capacity of the facility and in 2023 further upgrade of harvest capacity is scheduled.

After the acquisition of SalmoNor, SalMar gained a controlling ownershare in SalmoSea AS which has a harvesting facility located at Rørvik in northern part of Trøndelag County.

At the end 2021 the new harvesting and processing facility in Northern Norway, InnovaNor, came into operation and volume was ramped up at the facility during 2022. This is an important move to strengthen the region as an important industrial engine in the Group's development and will contribute to local value creation and new employment opportunities. At the same time, InnovaNor will provide the same flexibility and immediate capacity, as the Group has at its InnovaMar facility in Central Norway, to harvest fish on the terms of the biology and contributing to optimising logistics. InnovaNor is the largest and most modern processing facility in Northern Norway covering 20,000 square meters. It has a capacity to harvest 150,000 tonnes of salmon annually. The building incorporates landing, harvesting, processing, packaging, freezing and storage capabilities including an office wing, which is the new headquarter for all our activities in Northern Norway. The facility is rigged with the latest in technology for value added processing built with scalability in mind with both post and pre-rigor capacity, thereby strengthening our product portfolio and offering to customers in all markets.

Icelandic Salmon

The company succesfully completed a private placement in the autumn of 2020 with the following listing on Euronext Growth. At the same time the segment changed name from Arnarlax to Icelandic Salmon. At the end of 2022 SalMar owned 51% of the shares in the company.

Icelandic Salmon is Iceland's largest producer of farmed salmon. The company is fully integrated, with its own hatcheries, sea farms, harvesting plant and sales force. The natural conditions, with good quality seawater and temperatures on a par with Northern Norway, provide a sound basis for engaging in sustainable aquaculture in Iceland. The company has its headquarters and harvesting plant in Bildudalur in Iceland's Westfjords region, in close proximity to the sea farms located in the surrounding fjord systems. In addition, the company has 4 smolt facilities, three located on the south coast of Iceland and one in the Westfjords, as well as a sales office in Reykjavik.

2022 has been a positive year which has showcased the potential on Iceland, with 40% increase in harvest volume, stable biological performance of the fish in sea and improved financial results compared to 2021.

Farming in Iceland is still in an early phase, and during 2022 important measures have been implemented in the company that will provide better biological and economic results in the long term. Some highlights in 2022 include improved utilization of MAB capacity, increase of smolt production capacity for further growth and continued progress in the market of the brand Arnarlax-sustainable Icelandic salmon.

SalMar together with Icelandic Salmon has a strong belief in sustainable aquaculture production in Iceland.

SalMar Aker Ocean

To strengthen and concentrate its efforts in the area of offshore aquaculture, SalMar created the subsidiary SalMar Ocean AS, later changed to SalMar Aker Ocean AS. Late 2021 SalMar and Aker through Aker Capital entered into a partnership whereas Aker Capital has 15% ownership of SalMar Aker Ocean and SalMar ASA control the remaining 85%, with the purpose of creating the world leading offshore farming company.

The company aims to create the world's most reliable and intelligent offshore farming operations with the highest requirements for fish welfare and with a zero-emissions value chain ambition. With an ambition of producing 150 000 tonnes of salmon per year.

The segment has currently 1 unit in operation, Ocean Farm 1. In 2022 Ocean Farm 1 was upgraded at Aker Solutions yard at Verdal before it was transported back to its location on Frohavet in March 2023 and start of next (the third) production cycle in April 2023.

Work for design of new offshore units also progressed in 2022. Both for a new semi-offshore unit, Ocean Farm 2, based on the design from Ocean Farm 1, and an open ocean unit, Smart Fish Farm. Simultaneously work continued to establish a regulatory framework including tax regulation for offshore farming in close collaboration with the respective authorities. This is necessary to have in place before investment decisions for new offshore units.

Roy Reite was appointed as CEO in SalMar Aker Ocean February 1, 2022. Reite has valuable experience of international industrial entrepreneurship and the Norwegian finance sector, and he has in-depth knowledge of the coastal culture. This provides the insight that is important and necessary to realise SalMar Aker Ocean's ambitions.

SalMar's Cultural Tenets

SalMar's corporate culture is constantly evolving, and builds on the success factors that have been cultivated within the company since its inception in 1991. Although the company's culture is affected by both external and internal framework conditions, it remains firmly anchored in a few overarching principles, in particular a strong focus on good husbandry, operational efficiency and safe food production.

We care

To succeed as a team we must also develop the right attitudes towards, as well as respect and care for salmon, co-workers, customers, business associates and the environment. We must think for ourselves but act with loyalty, and always bear in mind that we are engaged in food production.

The job we do today is vital to the success of us all

Although SalMar as a whole numbers more than 1,800 people, it is vital to develop personal attitudes and an understanding that what happens is up to me and my function. It is therefore vital that everyone is familiar with our vision, objectives and values, and that we support each other for our common passion for salmon, and on our way to being at all times the lowest-cost supplier of farmed salmon.

What we do today we do better than yesterday

To be the most cost-effective salmon producer demands continuous improvement at all stages of the production process. This tenet is about daring to step into the unknown and develop a culture of winning, where performance is both measured and celebrated.

Sustainability in everything we do

High ethical and moral standards form the basis for developing an even stronger focus on safeguarding the environment that we work in day to day, and that we are the temporary custodians of. We shall not deplete the environment, but ensure that we pass it on unimpaired to the next generation. This is our shared social responsibility, and everything we do must stand up to public scrutiny both today and in the future.

The job is not done until the person you are doing it for is satisfied

This means that we will meet the expectations of others and demand high standards of each other, in accordance with our own SalMar standards. There are many 'suppliers' and 'customers' in the production chain, and it is only by treating each other with mutual respect that we will succeed.

Focus on the solution

Everyone who works for SalMar, regardless of position or place, has a duty to help come up with solutions and contribute to improvement processes. We will challenge existing practices and systems, we will jointly implement solutions, and we will talk to, not about, each other.

Passion for Salmon

The aquaculture industry is developing rapidly, and the potential for further growth is enormous. However, at SalMar we are in no doubt that any growth must be sustainable: environmentally, socially and financially.

In 2014, to reinforce our focus on the elements that have made SalMar the company it is today, we adopted a new vision that will henceforth guide our steps:

"Passion for Salmon"

Although SalMar continues to pursue its stated aim of cost leadership, it is moving from a focus on outcomes to a focus on performance. We aim for excellence at all levels and in all aspects of our operation.

The new vision will underpin all activities and all actions within SalMar. All decisions relating to production will be made on the basis of our passion for salmon. The fish will be farmed in conditions most conducive to their well-being. We believe that the best biological results will pave the way for the best financial results, and thus safeguard our position as the most cost-effective producer of farmed salmon in the world.

This new vision and ambition depend on the existence of a winning culture throughout the organisation. The source of SalMar's corporate culture and the company's cultural tenets is our shared passion for salmon. These tenets underpin our vision and describe the attitudes and conduct expected of all employees.

Sustainability and Corporate Responsibility

Sustainability and Corporate Responsibility

Sustainability is essential for SalMar as it ensures the longevity and profitability of our business while promoting environmental and social balance. The transition and maintenance of sustainable practices, such as minimizing environmental impacts and preserving natural resources, can help maintain healthy ecosystems and promote fish welfare. This, in turn, can lead to a reliable and consistent supply of high-quality salmon for our consumers, as well as the long-term viability of the industry. Furthermore, practicing sustainability can also build consumer trust and ensure long-term success in an increasingly eco-conscious market.

Today, the world's population is consuming resources at a rate that surpasses the planet's ability to generate them. Notably, food production is accountable for a significant fraction of the ecological and climate burden on the planet. To sustain the ever-expanding global populace, we require innovative approaches to food production that minimize environmental impacts. Salmon farming stands out as one of the most sustainable techniques for producing food, primarily due to its eco-friendliness in terms of space utilization, freshwater consumption, and greenhouse gas emissions. Consequently, aquaculture and salmon farming hold great potential to provide the world's growing population with healthy, protein-rich food in the foreseeable future.

Fish

Good fish welfare is the foundation of SalMar's business. We work systematically to create an environment in which the salmon thrives and remains healthy.

FISH →

Environment and technology

SalMar believes in preserving the seas for future generations. We minimise our footprint with measures and routines throughout the entire value chain.

ENVIRONMENT →

People and society

SalMar acts as a responsible corporate citizen. We believe in creating local value and safe workplaces and support the local communities where we operate.

PEOPLE & SOCETY →

Sustainability in Everything We Do

"Sustainability in everything we do" is one of SalMar's key tenets. For SalMar, sustainability extends beyond the scope of its operations, encompassing its behavior in the surrounding areas and our direct and indirect impacts throughout the value chain. SalMar endeavors to safeguard the seas while simultaneously prioritizing the well-being of its employees, salmon, and the environment, and advancing sustainable development. This includes actively contributing to the evolution of new technology to decrease the biological footprint of its production and promote environmental preservation.

The Group recognizes the diversity of its corporate social responsibility, which includes responsibilities as an employer, producer, supplier of healthy food, user of the natural environment, and administrator of financial and intellectual capital. Social responsibility is integral to SalMar's values, and the company is committed to conducting its operations transparently and with accountability, while minimizing the impact on the natural environment.

SalMar's holistic approach hinges on the understanding of the interdependence between caring for people, the economy, and the environment, which are essential components for sustainability. As a result, sustainability is a crucial consideration in everything that SalMar does.

In 2022, SalMar continued its commitment to sustainability reporting, publishing its ninth consecutive report. Like the previous year, the 2022 report underwent third-party verification by Ernst and Young, as detailed in the appendix. The report includes businesses in which SalMar held over 50% of the shares and/or had operating control in 2022, and is thus included in the consolidated accounts. Scottish Sea Farms, an associated company of SalMar through Norskott Havbruk, is not part of the sustainability reporting.

In November 2022, SalMar completed the transactions with NTS, Norway Royal Salmon (NRS), SalmoNor, and Frøy, consolidating all their operations in this report unless otherwise specified. Frøy has been categorized as assets held for sale in the financial reporting and is therefore not included in sustainability reporting. Since SalMar, NTS, NRS, and SalmoNor now constitute a single entity, all their activities are reported as a single unit, i.e., SalMar. The report is prepared according to the principles required by the Global Reporting Initiative (GRI), and information on the report's alignment to the GRI Index is provided as an attachment.

The report is structured around SalMar's three core pillars of sustainability throughout the value chain. Key Performance Indicators (KPIs) under each part of the report are reported in Norway and Iceland, which represent the two key operating regions for SalMar.

Please address any queries about the report to SalMar's Head of Sustainability Mats Wærøe Langseth.

Our Principles

SalMar's facilities are strategically located in rural coastal areas of Norway and Iceland, where the clean water and natural conditions are optimal for producing healthy salmon. These facilities have become vital anchors for both large and small coastal communities, providing job opportunities and supporting local economies. SalMar recognizes the importance of these communities and their surrounding environment to its operations and values the benefits it derives from them. Consequently, the Group is committed to fulfilling its responsibilities as an employer, supplier of healthy food, user of the natural environment, and administrator of financial and intellectual capital.

Salmon farming demands optimal environmental conditions to ensure the fish's health and welfare. Therefore, SalMar undertakes extensive monitoring and research and development (R&D) activities to protect the environment and ensure sustainable operations. The Group assesses every aspect of its operations for sustainability risks, and appropriate measures are implemented through established procedures and instructions. To ensure compliance with the guidelines for sound operations, SalMar conducts regular measurements and internal audits.

Leadership of SalMar's sustainability endeavours

The CEO of the Group bears the ultimate responsibility for SalMar's environmental impact and its efforts towards achieving sustainability. SalMar has established quality departments to oversee and evaluate the progress being made in this area. Nonetheless, the Head of Sustainability and management teams in Fish Farming and Sales & Industry, with the assistance of qualified professionals, coordinate these efforts. To ensure that SalMar, as a whole, adopts a cautious approach and can execute necessary measures, systematic risk and opportunity assessments are carried out at the highest level and in all departments, including those related to climate risks. This holds true for SalMar's subsidiaries, where the Group's presence on the board of directors guarantees consideration for these matters.

The departmental management is accountable for ensuring that monitoring activities are conducted and reported. The quality managers follow up and assist in this regard, supporting departmental and operational leaders. Quality managers, along with other quality assurance staff, participate actively in regular management meetings at all levels of the organization. These meetings address quality, safety, the working environment, fish welfare, and environmental/climate issues.

Dialogue with stakeholders

SalMar recognizes that it has a diverse group of stakeholders and is committed to maintaining constructive communication with each of them. We engage in this dialogue through various means such as in-person meetings, media outreach, interim and annual reports, stock market notices, GRI reports, advertisements, R&D projects, and our website, www.salmar.no. These dialogues take place both locally and at the corporate level. At SalMar, we understand that our success depends on working collaboratively and treating each other with candour and respect. This is a fundamental part of our guiding principles for all dialogues.

In determining which stakeholders to include in our future sustainability reporting efforts, we consider the extent of their influence over our organization. Our aim is to engage our stakeholders in a meaningful and effective manner, while ensuring that they derive value from their interactions with SalMar. We take important steps in this process, such as gaining acceptance for the issues selected, shedding light on the different perspectives regarding impact, identifying challenges, gathering external feedback, and sharing knowledge.

SalMar engages in a thorough process to identify stakeholders with whom it will initiate dialogue

- Public authorities administer the public interest in the area and grant licences to operate, making them a natural inclusion for stakeholder dialogue.
- Selection and approval of suppliers and engagement with local stakeholders and in R&D activities is determined by management teams in the various parts of the company.
- Identification of the NGOs with which SalMar will have direct contact is determined by Group Management.

The table shows the various stakeholder groups that are included in SalMar's analyses.

SalMar's stakeholders			
Internal influence	Business associates	Customer groups	External influence
Employees	Partners	External customers	Government / regulatory authorities
Shareholders/investors	Suppliers	New customers	Industry associations
Board and Group Management	Service providers	International customers	Discussion partners
	R&D partners	National customers	NGOs
			Research establishments
			Local communities
			Media

Transparent reporting and benchmarking

Open and transparent reporting of our performance increases our stakeholders' trust in us. In 2022, we continued our efforts to report through a greater variety of channels. In furtherance of this, SalMar has also chosen to continue commission third-party verification of its sustainability KPIs and reporting in accordance with the Global Reporting Initiative (GRI). Benchmarking on sustainability and innovation trends is also important for SalMar to understand its position in the industry. This is done through a variety of channels. The table below shows the various ways SalMar reports on sustaina-bility-related matters.

Annual Report

Integrated report combining sustainability reporting with financial reporting.

Quarterly Reports

Quarterly update of financial and operational results.

Salmar.no

Our website is updated regularly. Here you will find relevant information about SalMar.

Green Bond Report

For the allocation of the received proceeds from the green bond for 2021, SalMar issues reports annually outlining how the proceeds were used in accordance with the green bond framework. The report can be found on salmar.no.

CDP Report

Reporting to the Carbon Disclosure Project (CDP) involves reporting of strategy, climate and energy accounts, with associated initiatives and improvements. SalMar reported to the CDP climate change in 2022 and will do so again for 2023.

In 2022 SalMar received a score of B for its CDP climate change response and received an A score for the CDP Supplier Engagement Rating 2022.

ASC reports

Audit reports from our ASC-certified sites are available on our website or at www.asc-aqua.org.

Green licences

A separate report is published annually on SalMar's experience and evaluation of its operations under green licences. This is available on our website.

TCFD Report

Along with this Annual Report, SalMar publishes its first TCFD report. The report assesses climate-related risks and opportunities, and their financial and operational implications on SalMar. The report can be found on salmar.no.

Gender Equality Report

In 2022, SalMar published its first Gender Equality Report, evaluating its gender equality practices, hereunder mapping its remuneration practices and involuntary part-time employments. This is a biennial report that complies with the expectations set by the activity duty and the duty to issue a statement set by the Norwegian Equality and Anti-Discrimination Act.

SalMar Policies

In 2022, SalMar published 18 sustainability policies on its webpage. These are public statements from SalMar that give insight into how SalMar conducts its endeavours while always considering sustainability in everything we do.

Sustainable supply chain management

In July 2022, the Norwegian Transparency Act entered into force. The Act requires companies of a certain size to carry out due diligence assessments of both its own operations, and it's value chain. The due diligence assessments should assess the risk of human rights breaches that the company influences or is influenced by in any way.

SalMar takes this mission very seriously. In 2022, SalMar published it's Human Rights Policy and Whistleblowing Policy on its website, providing insight into SalMar's practices and position on human rights and protecting our employees and the employees throughout our value chain.

SalMar acknowledges that sustainability does not only concern our own operations but must be rooted in all processes throughout the value chain. Obtaining and maintaining a sustainable value chain requires dedicated efforts and clear procedures. In 2022, SalMar published its Procurement Policy and Supply Chain Management Policy on its website. These provide insight into how SalMar works towards ensuring a sustainable supply chain. Supply chain management has managerial responsibility at SalMar.

The procurement process assesses potential strategic partners on their environmental profile, social performance, professional reliability, and their ability to meet our product demands. Compliance with standards relating to social compliance, environmental practices and relevant regulations are included in contracts with suppliers.

Regular internal and external supplier audits are an integral part of SalMar's supply chain management. As part of SalMar's endeavours to achieve a strong, transparent, and sustainable value chain, and following the Norwegian Transparency Act, SalMar have conducted a due diligence assessment of its value chain related to human rights risks aligned with OECD guidelines. The due diligence assessment is performed using a risk-based approach, meaning that the suppliers considered to have the highest risk for human rights breaches are prioritized for more extensive analysis. The due diligence process starts with a self-assessment questionnaire where suppliers are asked to answer inquiries related to their practices on human rights, worker's rights, health and safety, governance, tax, and their own supply chain management processes. If answers deviate from SalMar's expectations, closer follow-ups are performed. SalMar have not identified significant risk of human rights breaches or incidents of breaches to human rights in its due diligence processes but will continue to assess further on this. A full statement on findings will be published publicly on our website by the end of June 2023, following requirements by the Norwegian Transparency Act.

SalMar was acknowledged as a Supplier Engagement Leader by the CDP for 2022, receiving an A score on the Supplier Engagement Rating.

Materiality assessment

SalMar places a high priority on ensuring that we focus our efforts on the areas where our operations have the greatest potential impact on fish, the environment, and people. As part of our 2022 reporting process, we have decided to update our materiality assessment. The assessment included not only what is important to us as a company, but also what is important to our stakeholders.

The material aspects identified in our assessment are the foundation for the content covered in this report. The colours indicate the part of the report in which the aspect is described in more detail.

Significance for stakeholders	Significance for SalMar: Important	Significance for SalMar: Material
Material	Interaction with wildlife Climate Risk Waste and nutrient management Water risk & scarcity	Fish escapes Fish welfare Safe and healthy food Salmon lice Sustainable feed Biodiversity GHG emissions Human rights Regulatory compliance Safe and secure workplaces
Important	Collaboration with others	Degree of secondary processing Research & development Site environment status Equality Local value creation

People and Society · Environment and Technology · Fish

UN's Sustainable Development Goals

At SalMar, we are committed to supporting the United Nations' 17 Sustainable Development Goals (SDGs) through our actions and initiatives. While all SDGs are important to us, some are particularly relevant and provide areas where we can make the greatest contribution. We prioritize these SDGs as focus areas for our Group's efforts.

More information on the targets for each goal can be found at https://datatopics.worldbank.org/sdgatlas/targets/

SUSTAINABLE DEVELOPMENT GOALS

2 ZERO HUNGER

Targets in focus: 2.4:

Salmon farming is a sustainable way of producing healthy, nutritious food with a low carbon footprint, low water consumption and high resource efficiency, all on the terms of the salmon to ensure high welfare standards and quality.

3 GOOD HEALTH AND WELL-BEING

Targets in focus: 3.4:

Salmon is a healthy source of protein, an important source of omega-3 and a good source of vitamins and minerals. Moreover, it is well documented that eating salmon contributes to protect against cardiovascular disease.

5 GENDER EQUALITY

Targets in focus: 5.1, 5.5, 5.C:

SalMar published its first Gender Equality Report in 2022, concluding full gender pay equality at SalMar. SalMar also published its first public policy on Non-discrimination and Equal Opportunities, which can be found at our website. Moreover, SalMar's female ratio has increased four years in a row.

6 CLEAN WATER AND SANITATION

Targets in focus: 6.3, 6.4, 6.6:

SalMar promotes circular economies and is working tirelessly to continue its transition towards these. SalMar is continuing to increase water use efficiency and is transitioning to recirculating aquaculture systems.

7 AFFORDABLE AND CLEAN ENERGY

Targets in focus: 7.2:

SalMar have committed to the Science Based Targets initiative to reduce its greenhouse gas emissions by 42% from 2020 to 2030. For SalMar's direct operations, the most important activities involve transitioning to renewable energy sources. This is one of SalMar's key focus points towards 2030.

8 DECENT WORK AND ECONOMIC GROWTH

Targets in focus: 8.5, 8.8

SalMar is dedicated towards ensuring that all our employees are valued, safe and respected in the workplace. This includes our supply chain. SalMar has an anonymous whistleblowing channel available for all public and public policies on Non-discrimination and Equal Opportunities, and Human Rights.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Targets in focus: 9.4:

SalMar is a forerunner in the industry when it comes to improving, upgrading and transforming operations and activities. Through more than 30 years, SalMar has been adapting and developing new ways of operating. In recent years, SalMar has brought more newbuilds to rural parts of Norway.

11 SUSTAINABLE CITIES AND COMMUNITIES

Targets in focus: 11.3:

SalMar is dedicated to its employees and to the local communities of where we operate. SalMar is conscious that operating in remote areas requires contributing to the local communities so that they also see the value of SalMar's presence.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Targets in focus: 12.2, 12.3, 12.4, 12.5, 12.6, 12.8:

Borrowing natural resources to carry out our operations brings responsibilities that SalMar takes very seriously. This involves responsible and sustainable operations in all parts of the value chain. SalMar is dedicated to reducing waste, food waste and increasing recycling rates and the procurement of products or services with circular designs.

13 CLIMATE ACTION

Targets in focus: 13.1, 13.3:

SalMar published its TCFD Report, evaluating the possible financial impacts on SalMar from different climate-related scenarios. SalMar takes climate change very seriously and is working towards limiting our impacts on the climate. Furthermore, we are ensuring that SalMar is resilient to the consequences that climate change brings.

14 LIFE BELOW WATER

Targets in focus: 14.1, 14.2

SalMar has responsibilities concerning surrounding ecosystems to our operations. SalMar is leading projects to gain more insight into our impacts on surrounding bodies and how to mitigate the adverse impacts. The fish farming industry is strictly regulated, but SalMar always wants to go beyond to be proud of the way we do things.

15 LIFE ON LAND

Targets in focus: 15.2:

SalMar has, along with the rest of the Norwegian fish farming industry, taken a firm stance in the battle against deforestation. SalMar will only purchase feed ingredients that have been certified by a recognized entity to be deforestation free. This way, we ensure that our activities do not contribute to harmful deforestation.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Targets in focus: 16.5, 16.8:

SalMar has a public policy on Anti-corruption and bribery stating that SalMar will stay cognizant on this matter and report any risks or events of wrongdoings. SalMar also takes a firm stance stating that we have zero tolerance for corrupt practices from any employee, manager, member of the Board of Directors or any related third party.

17 PARTNERSHIPS FOR THE GOALS

Targets in focus: 17.14, 17.17

Stakeholder engagement and establishing common goals and pathways toward sustainable development is one of SalMar's most important contributions to the industry, to local communities and to our other stakeholders. We believe that partnership is integral to our shared success of reaching our goals.

Fish

Fish

At SalMar, the salmon is our captain, and everything we do must be on the salmon's terms. A "Passion for Salmon" is the foundation of SalMar's entire business. Our goal is to produce sustainable, healthy and nutritious food for a steadily growing global population. And we will do so with the salmon in focus.

Fish welfare is paramount for successful fish farming, and SalMar is actively engaged in developing and implementing initiatives and procedures to improve fish welfare. We acknowledge that every decision we make regarding the fish's health also affects the financial, social, and environmental aspects of the value chain. Fish welfare exemplifies SalMar's comprehensive approach and highlights the importance of sustainable aquaculture, which must prioritize the well-being of the salmon.

In the following table, NTS, NRS and SalmoNor have been fully consolidated for the whole year.

Our KPIs

			Norway			Iceland		
		Target	2022	2021	2020	2022	2021	2020
Survival	12-month rolling survival rate[1]	>97% within 2025	94.6%	95.0%	95.6%	89.7%	93.3%	90.5%
Antibiotics	Grams of active pharmaceutical ingredient (API) / tonne produced	0	0	0	0	0	0	0
Lice	No. observations over the lice limit	0%	3.3%	2.2%	2.2%	26.2%	12.8%	NA
Interaction with wildlife	Birds – Accidental mortality	0	0.32	0.47	0.51	0.43	0.17	0.71
	Birds – Euthanised	0	0.09	0.16	0.07	0	0	0.29
	Marine mammals – Accidental mortality	0	0	0	0.01	0	0	0
	Marine mammals – Euthanised	0	0	0	0	0	0	0
Fish escapes	No. of incidents	0	2	4	10	0	1	0
	No. of escaped fish	0	11	226	20,645	0	81564	0
Fish feed	Certification of marine ingredients in fish feed[2]	100%	94%	97%	93%	100%	98%	97%
	Certification of soya ingredients in fish feed[3]	100%	100%	100%	100%	100%	100%	100%
	FFDR (Fish meal)[4]	<1.2	0.47	0.36	0.49	0.56	0.32	0.63
	FFDR (Fish oil)[4]	<2.52	1.36	1.64	1.68	1.29	1.56	1.98
	Economic feed conversion ratio	<1.13	1.18	1.19	1.16	1.34	1.30	1.43
Certification	Share of active sites certified[5]	100%	100%	100%	100%	100%	83%	86%

1 12-month rolling survival rate measured in accordance with the Global Salmon Initiative's methodology.
2 Marine ingredients to make fish meal and fish oil, certified in accordance with Marintrust, MSC or equivalent.
3 Certified in accordance with Proterra RS, European Soy or equivalent.
4 Target in accordance with ASC certification requirements.
5 Farming sites certified in accordance with GlobalGap, Debio or ASC.

Fish Welfare

SalMar's endeavours in the area of fish welfare build on the "*Five Freedoms of Animal Welfare*". Good fish welfare requires systematic efforts to ensure that the fish's welfare is safeguarded by providing them with optimal conditions throughout their lifecycle. In 2022, SalMar published its Fish Health and Fish Welfare policy on its website. The policy states how SalMar works to ensure the highest standards for fish health and fish welfare at all times, including our cleaner fish. SalMar also published a separate policy on responsible slaughtering practices of our salmon, named Humane/Ethical Killing Policy. The policies can be found at salmar.no.

SalMar uses a variety of metrics to measure fish welfare. Among others, SalMar monitors appetite, growth rate, skin health, and wounds during operations, and monitors oxygen uptake during transport. All in all, fish welfare is a prerequisite for SalMar's business and is thus treated with the utmost importance.

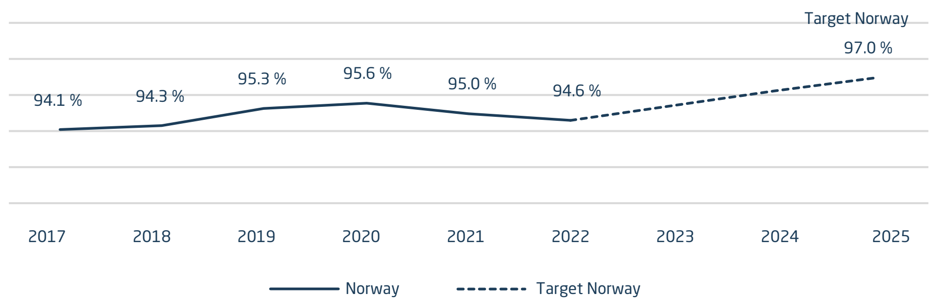
We strive to increase our fish's survival rate

In our view, the most reliable indicator of fish welfare is the survival rate of fish from the time they are transferred to our sea farms until they are harvested. To measure this rate, we use a 12-month rolling survival rate, which is measured in absolute numbers and follows the Global Salmon Initiative's methodology.

Over the past few years, SalMar has achieved a survival rate of around 95% in Norway. In 2021, we set an ambitious target of reaching a 97% survival rate by 2025. However, in 2022, we experienced a slight decrease in the survival rate due to biological challenges in Central Norway towards the end of the year. Nonetheless, our Northern region has demonstrated that it is indeed feasible to achieve the 97% target. In Iceland, we experienced a decrease in the survival rate, but our goal is still to achieve a survival rate of 95% by 2025.

We recognize that the main causes of mortality are smolt quality, infectious diseases, and fish handling. In 2022, we made progress in enhancing smolt quality and fish handling in connection with delousing treatments. However, we acknowledge that we still need to improve our management of diseases such as PD, HSMI, ISA, and CMS, as well as gill health.

Trend and target survival rate



We promote cleaner fish welfare

SalMar produces in-house cleaner fish for risk-based use to combat salmon lice in the salmon sea phase. The number of cleaner fish used has been reduced over the last years. SalMar finds it only natural to promote fish welfare also when it comes to cleaner fish. We aim to maximize cleaner fish survival rates by farming robust cleaner fish and giving them healthy living conditions inside the net pens. SalMar has dedicated feed for cleaner fish which helps them grow and stay healthy while carrying out their main function. Furthermore, we use artificial kelp inside the net pens to give the cleaner fish a familiar environment where it can eat, hide out, rest and sleep when not eager at work. SalMar is continuously involved in R&D projects regarding cleaner fish husbandry, relating to cleaner fish species, size, feed, living conditions, etc. Cleaner fish are also included in our Fish Health and Fish Welfare policy.

We prevent antibiotic resistance

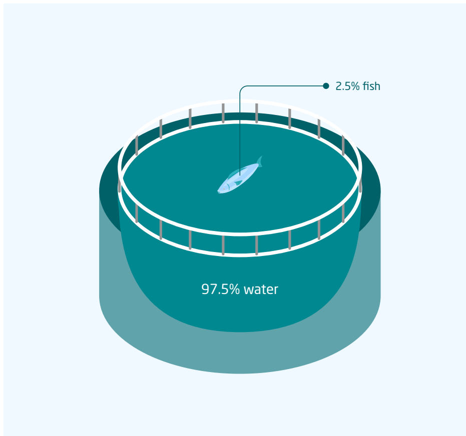
In 2022, SalMar did not use antibiotics, neither in Norway, nor in Iceland. This shows that the company's commitment to avoiding the use of antibiotics is ongoing.

Important steps to eliminate the use of antibiotics include the vaccination of fish, ensuring good day-to-day fish welfare and upholding the zoning boundaries between generations of fish to minimise the spread of bacterial infection.

Antibiotics usage 2022

0

Resistance to antibiotics is a growing problem worldwide. To prevent the development of resistance it is important that all food producers do what they can to keep the use of antibiotics as low as possible. The Norwegian monitoring programme for antibiotic resistance (NORM-VET[1]) concludes once again that the use of antibiotics in the production of Norwegian salmon is extremely low compared to all other animal protein sources.



The fish have plenty of space

As regulated by the current legislation in both Norway and Iceland, maximum density is 25 kg/m^3 (2.5%) for conventional salmon and 10 kg/m^3 (1%) for organic salmon. SalMar complies with this in all geographies, and on average the density in each individual net pen is lower than the requirement. This means that the salmon always has more than enough space to freely move, which is an important prerequisite for good fish welfare. The average stocking density in Norway in 2022 was 8.10 kg/m^3.

[1] Source: https://www.vetinst.no/overvaking/antibiotikaresistens-norm-vet

We keep the number of salmon lice down

Salmon lice are a naturally occurring parasite in seawater. As fish farmers, it is our responsibility to ensure that our salmon can coexist with these lice. The presence of salmon lice can have negative effects on the quality of the salmon's flesh and in severe cases can lead to disease and death. To prevent this, we take preventative measures to minimise lice numbers and use treatment regimes that are gentle to the fish and the environment.

Our goal of staying within the limits set by regulations remains unchanged, and in 2022, SalMar worked systematically to control salmon lice at our sites. Although on average, salmon lice numbers were slightly higher in 2022 than in the previous year, we continue to take measures to ensure that the number of lice remains within acceptable thresholds.

In Norway the current regulation stipulates a maximum permitted number of lice. As a rule, the number is capped at 0.5 adult female lice per fish. However, for certain types of licence and in certain areas, the lice threshold is 0.2. All fish farmers report lice numbers to the authorities weekly using the government's online portal Altinn. The updated status from all our farming sites is freely available at www.barentswatch.no. In 2022, 3.3% of SalMar's observations showed numbers exceeding the lice threshold.

In the fall of 2021, a similar regulation for maximum permitted number of lice was imposed in Iceland. The number is capped at 0.5 adult female lice per fish and counting shall be done at least weekly in the sensitive period from week 14 to 22 and at least bi-weekly outside of this period when sea temperatures are higher than 4°C. Therefore, the KPI was first included in 2021.

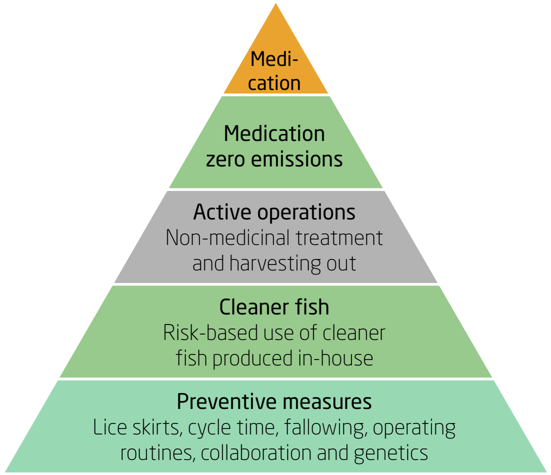
The main strategy for reducing the number of treatments is through preventive measures, such as lice skirts, reduced cycle time and fallowing, as well as risk-based use of cleaner fish produced in-house.

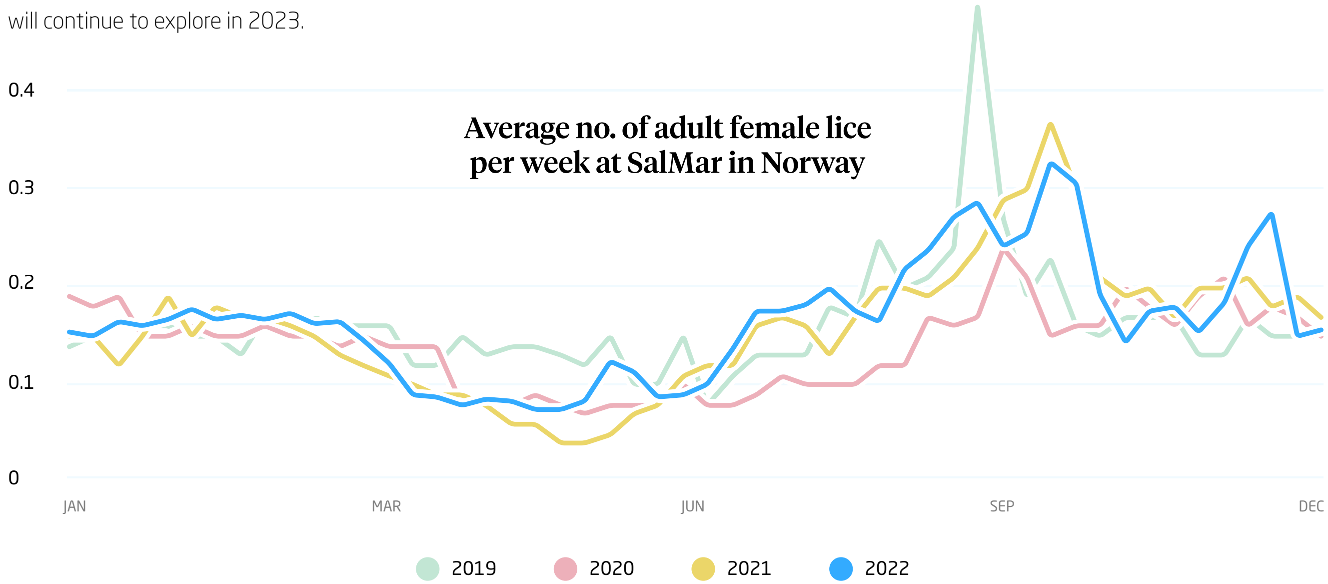
In addition, SalMar has established its own internal capacity for non-medicinal delousing. We are working systematically to reduce the mortality rate from these operations. This includes strong risk assessments for the treatment process and performing evaluations after treatment has been completed. Fish welfare is our main focus, and new tools are being developed to improve these work processes.

Throughout 2022, SalMar made ongoing efforts to enhance our technical equipment to make it gentler and more efficient. We also focused on developing effective tools, such as indicators, that can aid us in better predicting the status of the fish's welfare. These efforts will continue into 2023. Additionally, we implemented new treatment methods such as CleanTreat and made continued investments to increase our treatment capacity.

SalMar introduced the innovative technology of lice lasers in 2022, where advanced optics identify salmon lice on the salmon and remove them using laser pulse. SalMar will continue to explore this option in 2023. Furthermore, SalMar also introduced the OptoScale optic solution for increased insight and monitoring of fish welfare indicators, weight and lice. This has also been a progressive initiative that SalMar will continue to explore in 2023.

Visualisation of SalMar's anti-lice strategy

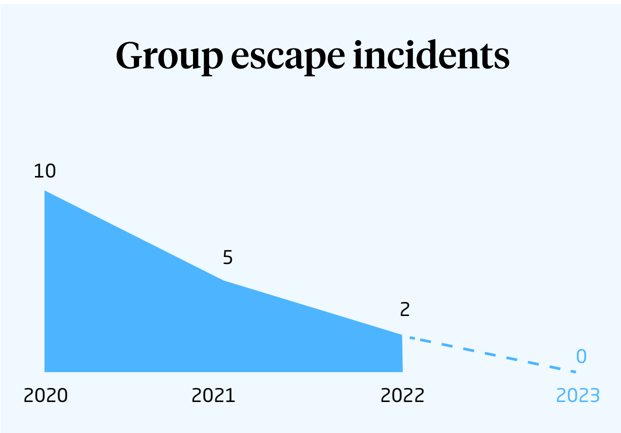




We prevent and limit fish escapes

SalMar has a zero-vision with respect to fish escapes and takes all such incidents seriously. In 2022, SalMar had 2 reported incidents in Norway and none in Iceland. A total of 11 fish escaped from our facilities in Norway and Iceland, which corresponds to less than 0.00002% of all the fish SalMar had at its sea farms.

The authorities were informed of the two incidents at an early stage and non-conformance analyses were performed. Relevant remedial measures were then implemented as per established procedures. SalMar continues to strive every day to prevent fish from escaping. This means focusing on day-to-day routines for monitoring and checking the technical equipment, as well as procedures for operations involving the handling of fish. In addition, we continue to collaborate with suppliers and research institutes on the development of more secure equipment.



SalMar recognizes that damage to net pens is a common cause of fish escapes in the industry. Therefore, in recent years, we have collaborated with our net pen supplier to test different types of pens to find one that offers better protection against escapes. We have found a type of pen that not only provides enhanced protection but also delivers additional environmental benefits. Consequently, SalMar has launched an investment program to reduce incidents related to our net pens, even though our current pens are certified and are subject to strict controls. The number of escape incidents were halved from 2020 to 2021 and more than halved again from 2021 to 2022. Our goal for 2023 is zero escapes. No financial costs arising from fish escapes were recorded in 2022. We remain committed to continually improving our net pens to ensure that we meet our targets for fish welfare and sustainability.

Partnership for wild salmon

SalMar is committed to preserving wild salmon populations and ensuring that aquaculture can coexist with those who depend on wild salmon fishing in our operating areas. We are engaged in several biodiversity initiatives that aim to monitor wild salmon populations and track any escaped farmed salmon.

For years, we have partnered with research institutes to monitor Norwegian rivers for escaped farmed salmon. All fish caught in the rivers are analyzed for scale samples to determine if farmed salmon are present in the wild breeding population. In 2022, 4619 individuals were examined, and 11 were defined as farmed salmon, being 0.2%. This is a reduction from last year's 0.8%.

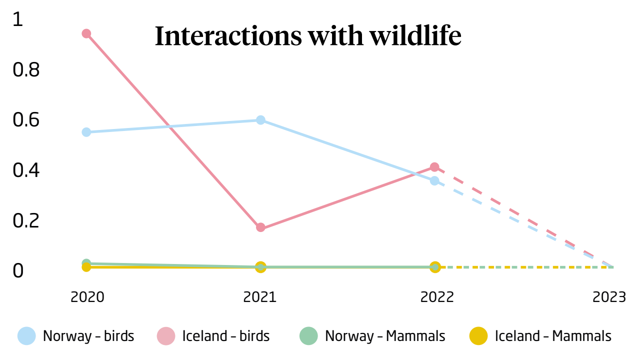
In Troms, we participate in the Wild Salmon Industry Collaboration Project, which aims to monitor the status of rivers and implement measures to increase the number of wild salmon in the area. The project covers the following rivers and watercourses: Brøstadelva, Tennelva, Ånderelva, Grasmyrvassdraget and Salangsvassdraget.

We also work closely with Gramyrvassdraget in Senja and Målselv for monitoring and emergency preparedness. Furthermore, we collaborate with NINA, Ferskvannsbiologen, and Skandinavisk Miljøundersøkelser AS for advice and practical initiatives related to wild salmon conservation.

Along with the Norwegian Seafood Federation and other industry players, SalMar is also running a project relating to the tracing of escaped farmed salmon. This will be achieved through a combination of geoelement markers (traces in fish scales) and DNA (tracing of the parent fish's DNA). This will make it possible to trace escaped farmed fish back to their owner. Efforts to achieve this capability have been underway for several years. OURO[1] is a joint industry initiative which was established in 2015 in response to statutory regulations requiring action to reduce the genetic impact of farmed salmon on wild fish stocks. The OURO initiative's activities are funded by SalMar and other players from the aquaculture industry.

We impact wildlife as little as possible

For SalMar, it is very important to have as little impact on wildlife as possible, and we are working actively to prevent this. However, our presence will sometimes affect other animals. In 2022, we experienced a small number of incidents both in Norway and Iceland. We seek to use equipment at our sites that minimises the risk of harm to wildlife. We will continue working to reduce the number of such incidents in 2023, as we target no interactions with wildlife.



[1] http://utfisking.no

Sustainable Feed

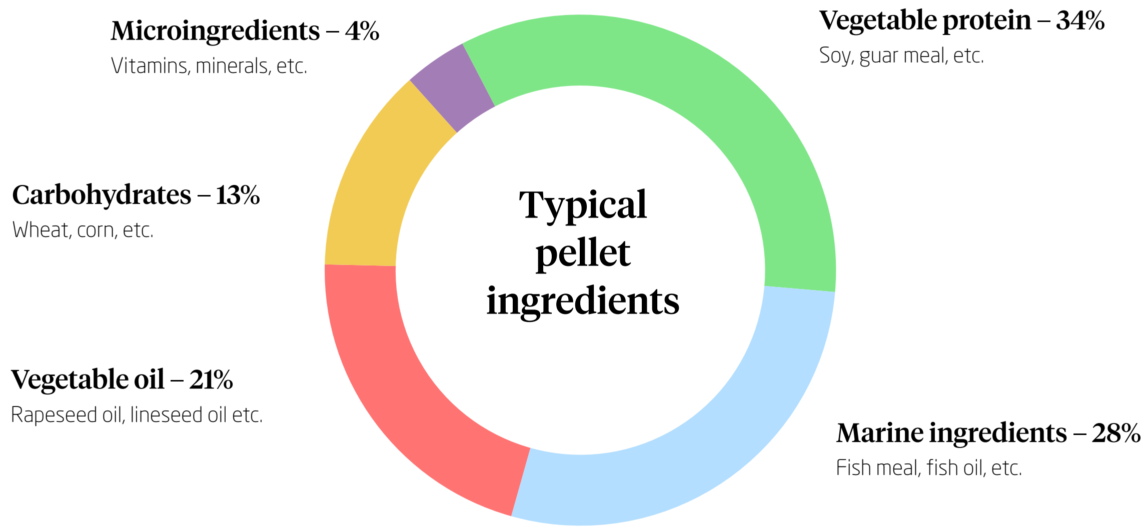
Fish feed must have the correct nutritional content, consistency and taste. But for SalMar, it is equally important that the feed is gentle on the environment. We require our feed suppliers to ensure that the ingredients they use are certified, so we can confidently sell a product that has been sustainably produced. This means that the feed ingredients are not genetically modified, have not been produced in areas threatened by deforestation and do not depend on endangered fish stocks. See SalMar's Deforestation Policy at salmar.no.

SalMar uses an all-round feed that optimises production and promotes good fish health. In other words, a high-value salmon feed that ensures good growth, a low feed factor and meets the salmon's nutritional needs. In 2022, around 310,000 tonnes of dry feed pellets were used in SalMar's salmon farming operations in Norway, and 27,000 tonnes in Iceland. This includes the full year feed usage by NRS and SalmoNor.

In the pie chart below, a typical pellet is shown by ingredients. The sum of these ingredients makes up a healthy feed for our salmon that optimizes fish health, welfare and growth.

SalMar has a target for 2023 to increase its use of trimmings and by-products in the feed, aligned with our transition to circular economies. In 2022, 32% of SalMar's marine ingredients derived from trimmings. SalMar also targets to increase the inclusion of novel feed ingredients.

SalMar not only monitors the ingredients it uses, but also ensures the nutritional value of the feed utilized in its hatcheries and sea farms. To verify the quality, SalMar examines the fat, protein, phosphorus, and fiber content of the feed. Moreover, SalMar conducts regular inspections on the physical quality of the feeds upon receipt to identify any instances of non-conformances.



How we safeguard our fish feed

- All fish feed used by SalMar is required to be certified.
- All fish feed used is deforestation-free and not genetically modified.
- SalMar has dedicated personnel who work with fish feed and its nutritional content.
- Continuous improvement through employee training and R&D.
- SalMar has chosen to maintain a strategic partnership with our main feed suppliers (Cargill Aqua Nutrition Norge and Skretting), with whom we work to include sustainable ingredients in the feed we use, improve agricultural practices and nutrient management.
- SalMar is involved in several R&D projects investigating the use of novel feed ingredients, such as algae, insect meal, kelp, salmon oil, seafood trimmings and excess raw material from processing.
- SalMar recognizes that soil health and nutrient management is a global challenge in agriculture and expects our feed suppliers to manage soil health and perform nutrient management in a responsible and sustainable manner. We engage with our suppliers to discuss ways of reducing nutrient spill, and make sure that we hold ourselves accountable on this as well.

We use certified ingredients

Marine ingredients currently make up approximately 28% of the fish feed. SalMar requires all its feed suppliers to purchase marine ingredients that are certified in accordance with the Marine Trust, MSC, or equivalent. This is to ensure that the fish stocks from which they are drawn are sustainable. In 2022, 94% of the marine ingredients used by our fish feed suppliers came from certified fish stocks. This is a decrease from 2021 and is strongly related to a weak supply of marine ingredients in the market. SalMar will work purposefully with its suppliers to increase the certified share in 2023.

Vegetable raw materials have become an important ingredient in fish feed. Vegetable-based proteins make up about 34% of the feed and vegetable oil make up about 21%. At SalMar, we require our feed suppliers to purchase soy from sustainable sources that are certified in accordance with ProTerra, Europesoya or an equivalent environmental standard. In 2022, all our feed suppliers used only certified soy in their feed basket. This means that the soy is not farmed in areas threatened by deforestation and has not been genetically modified. In addition, early in 2022 an independent external report conducted by Brazilian auditors concluded that all Brazilian suppliers of soy to the Norwegian salmon farming industry have accomplished their goal for a deforestation and conversion free supply chain.

Deforestation and conversion free feed

100%

At SalMar, we ensure full traceability of the origin of all feed ingredients used in our fish feed, including those sourced through both direct and indirect suppliers. To ensure sustainability throughout our value chain, we conduct audits on our feed suppliers and verify that all ingredients used in our fish feed come from sustainably sourced producers. Additionally, we conduct regular risk assessments to identify how the availability of our feed ingredients may impact our production in the future.

We actively research and test novel feed ingredients

SalMar actively explores and invests in projects concerning novel feed ingredients. In order to minimize footprint of feed ingredients and as a measure to reduce nutrient spill from agriculture, SalMar continuously test and evaluate novel and local feed ingredients such as algae, insect meal, kelp, salmon oil, seafood trimmings and excess raw material from processing. Significant scale-ups in inclusion of such ingredients have been made in 2022, and testing with even larger inclusions are in line for 2023.

We ensure low dependence on wild fish stocks

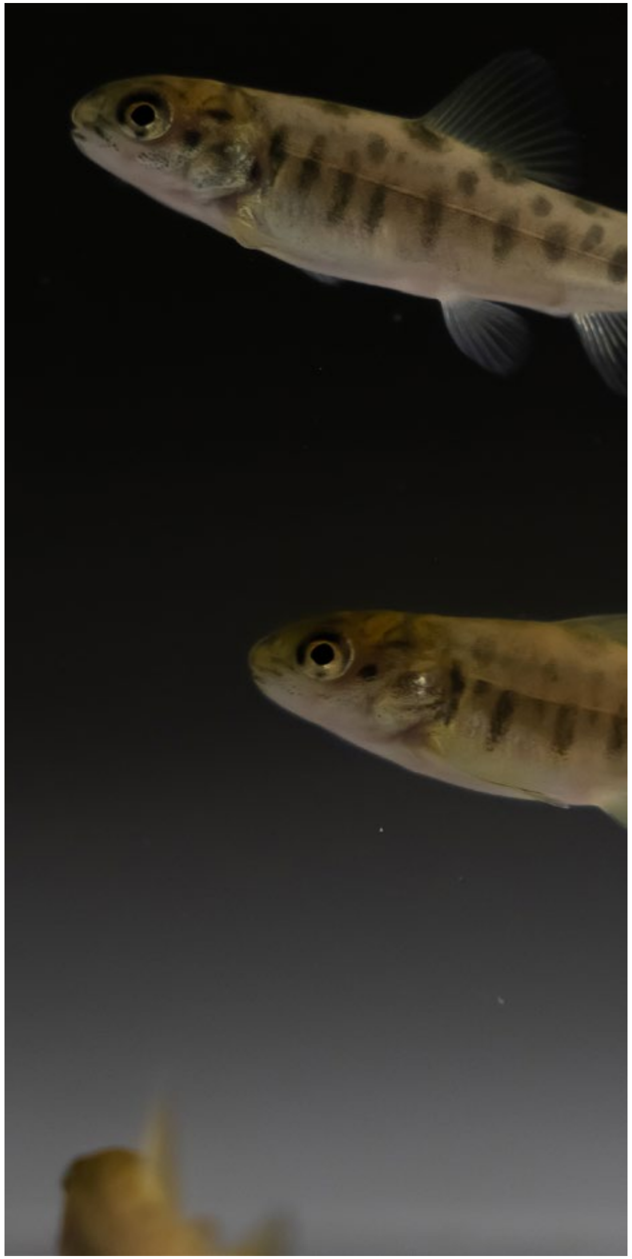
As a measure of feed sustainability, we use the Fish Forage Dependency Ratio (FFDR). This quantifies our dependence on wild fish stocks as raw materials in our feed. This is done by assessing the volume of live fish that is required to make the amount of fish meal or fish oil needed to produce one unit of farmed salmon. The lower the FFDR we can achieve, the more salmon we can produce on the basis of a globally limited supply of marine raw materials.

According to the ASC standard, feed is deemed to be sustainable if its FFDR (fish meal) is less than 1.2 and its FFDR (fish oil) is less than 2.52. In 2022, SalMar's Norwegian and Icelandic operations both achieved values well below this level.

By volume, the largest sources of marine ingredients in the feed produced by our main suppliers were herring and white-fish offcuts, blue whiting, bony fish and anchovy. See the feed suppliers' own sustainability reports for further details.[1]

1 Skretting: https://www.skretting.com/en/sustainability/sustainability-reporting/

Cargill Aqua Nutrition: https://www.cargill.com/sustainability/aquaculture/aquaculture-sustainability-reporting



We ensure efficient feed utilisation

At SalMar, we recognize the importance of not only the nutritional value, consistency, and taste of our fish feed but also the correct dosing to promote effective feed utilization and maintain fish health.

Our continuous monitoring of key performance indicators such as effective feed utilisation helps us achieve several benefits, including optimal growth, reduced environmental emissions, good fish welfare, increased disease resistance, low mortality, less size variations, increased yield at harvest, and high-quality fish.

eFCR in Norway

1.18

As such, the feed conversion ratio (eFCR) is a vital sustainability KPI that we prioritize. In 2022, SalMar achieved a small but significant improvement in eFCR from 1.19 in 2021 to 1.18 in 2022. Without this improvement, SalMar's feed usage would have been 3,000 tonnes higher, inducing increased emissions, costs and environmental impacts.

To achieve optimal feeding, we tailor feed to the salmon's appetite in each net pen, monitoring feeding using advanced technologies such as underwater CCTV cameras that show where the fish are located in the water column and monitor their appetite. Our focus on optimizing feeding during the first 12 weeks at sea, providing the greatest amount of feed availability during this period, helps raise healthy and robust fish.

In 2022, SalMar remained committed to the advancement of its feeding centers that are responsible for remotely controlling the feeding of its fish stocks. This has been achieved by bringing together highly skilled staff in a single location, thereby facilitating the development of a central "control room" and enabling the implementation of new routines and continuous learning. SalMar presently operates several feeding centers, each of which remotely feeds several sites from their respective control rooms. These centers are located in Senja, Fosen, Smøla, and Rørvik in Norway, with an additional one situated in Iceland.

The remote feeding scheme has increased our focus on feeding and is considered a good environmental measure in terms of providing strong growth, a fast turnover and effective MAB and site utilisation. It also provides opportunities for increased focus on the competence of those employees who perform one of the most important tasks at SalMar. Facilitating their access to real-time data and customising optimal reporting and support tools are areas the company is continuing to work on. In partnership with Telenor, we have boosted our data transfer capacity through the installation of 5G at several of our sites.

Safe and Healthy Food

SalMar produces healthy food, which is easy to prepare and tastes delicious. SalMar's products are based on first-class, sustainable raw materials, and their quality is maintained through the whole value chain until the salmon reaches the customer.

It is our responsibility to ensure our customers feel safe when they eat salmon from SalMar and know that it has a healthy nutritional content. For this reason, we are certified in accordance with the strictest requirements and guidelines for sustainable aquaculture, including the Aquaculture Stewardship Council (ASC) and Debio.

Share of sea sites certified

(ASC, Debio and/or Global GAP)

100%

How we provide safe and healthy food to all our customers

- Local processing makes it possible for SalMar to offer a wide range of first-class, fresh, frozen and organic salmon products.
- We ensure good fish welfare and the correct nutritional content in the fish feed we use, which provides healthy food for human consumption.
- Our value chain is certified from roe to plate.
- Thorough training at all levels, including training in routines and procedures is required to ensurie the high quality of SalMar's products
- We perform regular internal audits, and welcome audits and inspections by the regulatory authorities, certification agencies and customers.

For more insight into how SalMar ensures that all food is completely safe and healthy for its customers, see our Food Safety Policy on our webpage.

SalMar's whole value chain is certified from roe to plate

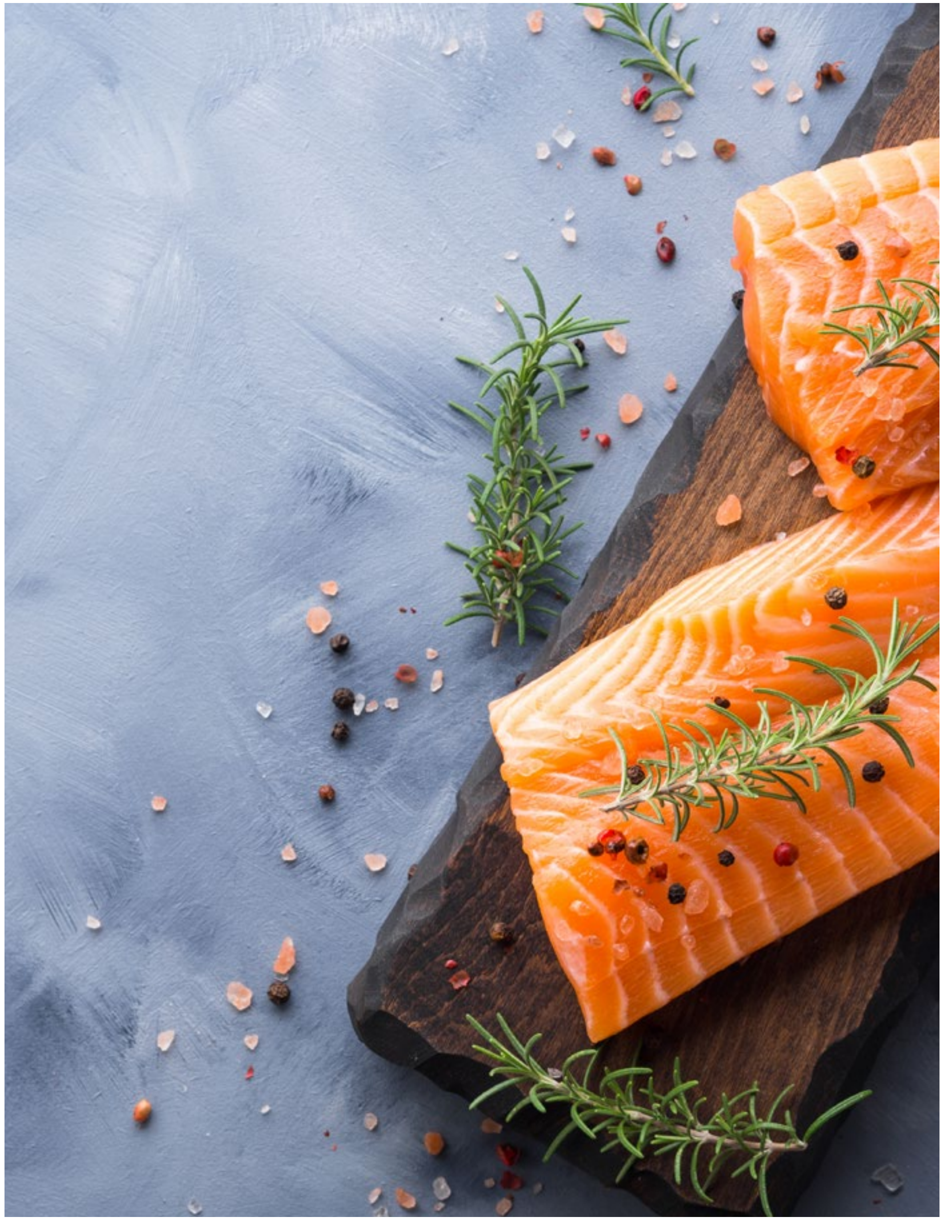
We strive to conduct ourselves with honesty, propriety, and trustworthiness, and take pride in being transparent about our operations. To this end, we have obtained certification in accordance with the most stringent requirements and guidelines. Our compliance with third-party standards, as well as those set by our customers, is verified through careful monitoring of our operations. In addition to this, our operations are also subject to oversight by government and regulatory authorities.

Global G.A.P.	Debio	ASC	Kosher	BRC	IFS
Whole value chain			Harvesting/processing		

All our sea farms in Norway and Iceland are certified in accordance with Global G.A.P.[1] . In addition, several of our sea farms are certified in accordance with ASC or Debio[2] . SalMar's goal is for all its sea farms to be either ASC or Debio-certified by 2025. In 2022, 57% of our sites in Norway and 100% of our sites in Iceland were ASC-certified.

The Aquaculture Stewardship Council (ASC) is an independent, international non-profit organisation, which established the world's most stringent sustainability standard in June 2012. The mission of the ASC Standard is to bring aquaculture one step closer to the sustainable, environmentally and socially responsible production of salmon. This is achieved through effective market mechanisms that create value along the entire value chain. By choosing ASC-certified salmon, consumers can be assured that they are buying salmon from a responsible farmer.

With more than 400 auditing criteria within seven main categories, the ASC Standard is difficult to reach and to retain. It demands substantial resources with respect to documentation and reporting, before, during and after certification. Furthermore, SalMar has been certified in accordance with the ASC's Chain of Custody scheme. Openness regarding our performance is a key aspect of the standard. Further details can be found on our website www.salmar.no, and the ASC's website www.asc-aqua.org.



1 https://www.globalgap.org/
2 https://debio.no/english/

Salmon is a healthy and delicious food

Salmon contains a number of nutrients which make it an important part of a balanced diet. Salmon is a healthy and delicious food. It is one of the most rigorously investigated foodstuffs and is perfectly safe to eat.

The World Health Organisation (WHO) has published a detailed report on both the risks and benefits of eating salmon. The report concludes that eating oily fish, like salmon, reduces the risk of cardiovascular disease. It is the products' fat composition, with a high content of the omega-3 fatty acids EPA and DHA, but also vitamin D, selenium and easily digestible proteins, which contribute to this health benefit. The report warns of higher human mortality rates if too little seafood is eaten. The biggest challenge with respect to seafood consumption remains the fact that people in general eat too little of the important nutrients provided by fish. One salmon meal a week (150g) has proved sufficient to cover the body's recommended intake of the healthy fatty acids EPA/DHA.

The Norwegian Scientific Committee for Food Safety (VKM) makes recommendations to the Norwegian Food Safety Authority. The VKM has concluded that it is well documented that oily fish protects against cardiovascular disease and has a positive impact on the neural development of babies, both before and after birth. Furthermore, they conclude that the positive effects of eating seafood far outweigh any potentially negative impact.

When you buy salmon from SalMar, you can be sure it is safe to eat

SalMar's production is subject to Norwegian and Icelandic regulations for food production, and our facilities are regularly inspected by the Norwegian Food Safety Authority (NFSA) and the Icelandic Food and Veterinary Authority (MAST). In addition, the Group has its own sampling programme, under which feed and finished products are analysed and tested for a number of factors. The NFSA's monitoring, performed by the National Institute of Nutrition and Seafood Research (NIFES), shows very little foreign matter in farmed fish, and no samples were found to exceed threshold values in the most recently published reports. For further details regarding the nutritional content and status with respect to contaminants, etc, in Norwegian seafood, please visit the Seafood Data section on NIFES's website[1] or search the Food Composition Table[2] .

Production is organised such that the demands of different standards and customers are met. We perform regular internal audits, and welcome the public authorities, certification agencies and customers to carry out external audits and inspections.

In 2022 SalMar performed 252 internal audits and safety inspections, this is 10 more than in 2021. In addition, 243 audits from external parties were conducted, which is 40 more than in 2021.

Food safety and the regulations relating thereto are taken very seriously. In 2022, there were no such incidents of product recalls.

SalMar has defined routines for the follow-up of customer complaints, and the Group has informed its customers of how they should proceed if a product they have bought does not meet their expectations. All products can be traced back through the whole value chain, and a well-trained team is on hand to deal with any complaints from consumers. The complaints handling process is documented in a dedicated module in our quality system and provides managers with an overview of the current status.

SalMar is BRC-certified, which is a part of the GFSI standard. We expect our relevant suppliers to hold the same level of certification when engaging in food safety related matters.

1 https://sjomatdata.nifes.no/#search/
2 www.matvaretabellen.no

Pre-rigor filet

SalMar provides fresh and frozen pre-rigor fillets to its customers. The company's emphasis on pre-rigor filleting is an important strategy for reducing energy consumption, minimizing transport-related emissions, utilizing 100% of the raw material, and creating local employment opportunities.

Pre-rigor filleting means that the fish is harvested and filleted the same day, before the fish goes into rigor mortis. This processing enables delivery to the market 2–6 days earlier than has been the norm. This way of handling fish has a number of advantages:

- Fresher fish to the customer
- Firmer muscle texture, better colour and lower drip loss
- Longer shelf-life in the market
- No need to store and mature the fish before filleting and boning

Organic salmon

SalMar is one of the world's largest producers of organically farmed salmon. Organic salmon is supplied all year round, and production is vertically integrated from the broodfish and roe down to the finished processed products. To be defined as organic, it must have been produced in compliance with the EU's directives and be approved by Debio. Local processing means that we can deliver a wide variety of first-class fresh and frozen organic salmon products. SalMar supplies both pre- and post-rigor organic salmon. A high content of marine oils means that this salmon is an exceptionally good source of EPA and DHA.

Sashimi quality

Since 2011, SalMar has produced sashimi-quality fish. Every single salmon is handpicked, and only the best boneless pieces of salmon are used. The ready to eat fillets are packed within 2 hours to ensure maximum freshness and taste.

The objective is to offer a salmon product that maintains the same quality and taste as it had on the day it was caught right up until its use-by date. To maintain this level of quality, a unique packing, transport and refrigeration process is used. Our sashimi-quality products are transported in recycled cardboard boxes that are chilled using dry ice, which ensures optimal temperature control.

Environment & Technology

Environment & Technology

SalMar operates under the fundamental principle of having a minimal environmental impact in the areas in which we operate. While food production is a major contributor to global greenhouse gas emissions, the farming of salmon is considered one of the most environmentally friendly methods of producing food. At SalMar, we strive to lead the development of a more sustainable aquaculture industry by protecting our oceans, reducing energy consumption, and minimizing greenhouse gas emissions. We constantly pursue new technologies and innovations to reduce our biological footprint while maximizing salmon production.

Salmon is considered one of the most sustainable sources of animal protein due to its low carbon emissions, low water consumption, and small area requirement. However, there is still much to learn about sustainable practices. By pursuing new knowledge and innovation, we can protect our natural resources for future generations while still meeting the growing demand for food worldwide. SalMar is committed to driving this development forward.

In 2022, SalMar published its Environmental Practices Policy, which provides insight into our active efforts to ensure environmentally responsible practices. Our policy, along with 17 other ESG-related policies, can be found on our website.

In the following table, NTS, NRS and SalmoNor have been fully consolidated for the whole year.

Our KPIs

			Norway			Iceland		
		Target	2022	2021	2020	2022	2021	2020
Greenhouse gas (GHG) emissions[1]	Scope 1+2 (GHG tCO_2e)	42% reduction from 2020 to 2030[2]	27,123	27,542	28,087	2,054	2,185	1,033
	Scope 3 (GHG tCO_2e)		1,104,451	1,282,258	1,446,023	68,729	66,824	64,637
	Intensity Scope 1+2 ($kgCO_2e$/tonne produced)		99	96	105	99	128	76
	Intensity Scope 3 ($kgCO_2e$/tonne produced)		4,049	4,456	5,428	3,297	3,923	4,757
	Scope 1+2+3 (GHG tCO_2e)		1,131,574	1,309,800	1,474,110	70,783	69,010	65,670
	Intensity Scope 1+2+3 ($kgCO_2e$/tonne produced)		4,148	4,552	5,533	3,396	4,052	4,833
Onshore electrical power	Sites supplied by onshore electrical power (hybrid/el)	100%	43%	41 %	47 %	0%	0%	0%
Secondary processing	Share of secondary processing[3]	>42.5%	42.3%	44.7 %	42.0 %	NA	NA	NA
Site environment	MOM-B score ≤ 2	100%	91%	88 %	93 %	100%	50%	100%
Freshwater withdrawal[4]	Withdrawal (1 000 m^3)[5]	20% reduction within 2030	45,053	36,878	50,470	16,232	5,535	5,505
	Intensity (litres per kg produced biomass)		165	178	268	779	325	405
Operational areas with low water risk	Share of operational areas with a low overall water risk[6]	100%	100%	100%	100%	100%	100%	100%
Smolt	Share of smolt from RAS facilities	100%	97%	89 %	86 %	NA	NA	NA

1 GHG emissions have been recalculated to include the emissions from NTS, NRS and SalmoNor back to 2020.
2 Targets verified by the Science Based Targets Initiative and aligned with the 1.5°C target set by the United Nations.
3 Excludes NRS and SalmoNor
4 SalMar's freshwater withdrawal equals SalMar's freshwater consumption and discharge. No water is withdrawn and stored of significant quantities.
5 When consolidating the acquired companies' freshwater withdrawal for 2021 and 2020, there is a clear downward trend for the Group.
6 https://www.wri.org/aqueduct

Greenhouse Gas Emissions

The reduction of global greenhouse gas emissions is a pressing challenge, and SalMar aspires to be a prominent example for other companies worldwide. Salmon farming serves as a low-carbon alternative for food production. A recent study conducted by SINTEF Fisheries and Aquaculture and the Institutet för Livsmedel och Bioteknik i Sverige (SIK) has confirmed that salmon production is significantly more climate-friendly than pork or beef production. The study found that the carbon equivalent contribution of 1 kg of farmed salmon is only half that of 1 kg of pork, and only one-seventh of that of 1 kg of beef. Nonetheless, SalMar recognizes that simply asserting the climate benefits of salmon farming is not enough. We aspire to lead the way in this industry and continue to develop sustainable practices to ensure our operations remain environmentally responsible.

The groups GHG emission reduction 2020-2022

337.000 tons
CO_2-equivalents

Equaling 11x the Group's own Scope 1+2 emissions

SalMar has pledged to reduce its greenhouse gas emissions

To demonstrate our genuine commitment to reducing greenhouse gas emissions, SalMar recognized the importance of establishing a GHG inventory of the highest quality. As such, we engaged with the Science Based Targets initiative (SBTi) towards the end of 2021 to align our GHG inventory with the Greenhouse Gas Protocol. Through this process, we also revised our existing GHG reduction targets to align with science-based targets that are consistent with the United Nations' 1.5 °C target. This ensures that our GHG reduction efforts are aligned with global scientific consensus on what is required to limit global warming to a manageable level.

Scope 1 and 2 absolute emissions: At least 42% reduction from 2020 to 2030

Scope 3 absolute emissions: At least 42% reduction from 2020 to 2030

The target on Scope 1 and 2 emissions means that SalMar must work purposefully towards reducing greenhouse gas emissions from its own operations. This is done by limiting our dependency on fossil fuels and ensuring that all the electrical power we use comes from renewable energy sources.

The Scope 3 target means that SalMar must collaborate with its value chain to ensure that all operations both prior and subsequent to our own operations are done in a carbon efficient manner. This is done by ensuring that SalMar's climate goals are aligned with the ones of our suppliers and setting clear expectations towards this.

Both targets include SalMar's activities in Norway and Iceland.

Following the transactions with NTS, NRS and SalmoNor, SalMar has performed a full recalculation of its GHG inventory back to the base year 2020, in accordance with SBTi and Greenhouse Gas Protocol recommendations. This was done for a fair comparison from base year and onwards. The presented values therefore include NTS, NRS and SalmoNor back to base year 2020.

SalMar commits to apply to the Science Based Targets for an update on climate targets in due course following the upcoming Forest, Land and Agriculture (FLAG) recommendations. Scope 3 emissions are presented as per Greenhouse Gas Protocol categorizaton.

Scope 3	Description	Norway	Iceland
Cat 1	Purchased goods and services	672,389	57,426
Cat 3	Fuel and energy related activities	6,889	491
Cat 4	Upstream transportation and distribution	423,556	10,677
Cat 5	Waste generated in operations	1,273	122
Cat 6	Business travel	344	13
Total	All emissions in Scope 3 target	1,104,451	68,729

The categories presented above make up SalMar's emission target for Scope 3 and were deemed most relevant to SalMar's activities. SalMar has included categories 2, 7, 9, 10, 12 and 15 into our GHG inventory, but they were deemed negligible or too inaccurate in estimation for inclusion in our Scope 3 targets by our internal team. Categories 8, 11, 13 and 14 were deemed not relevant for our activities.

SCIENCE BASED TARGETS

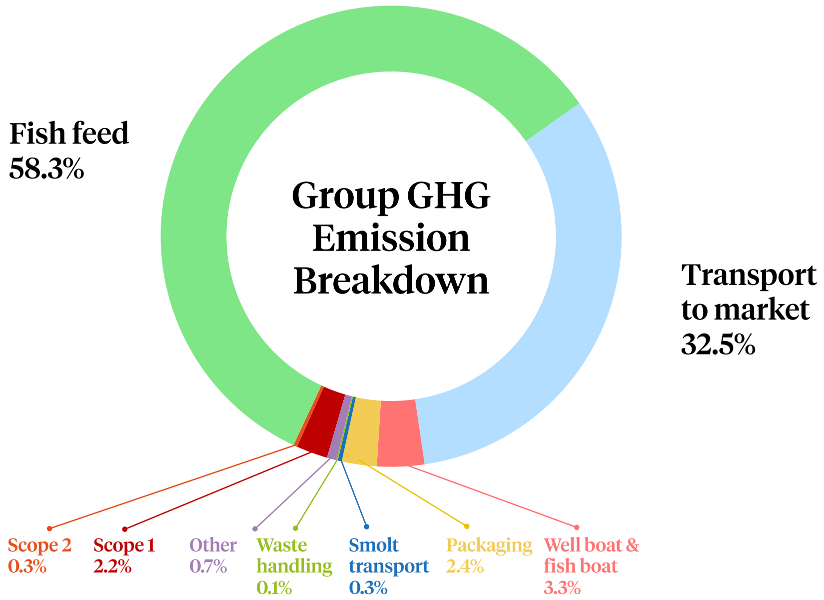
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

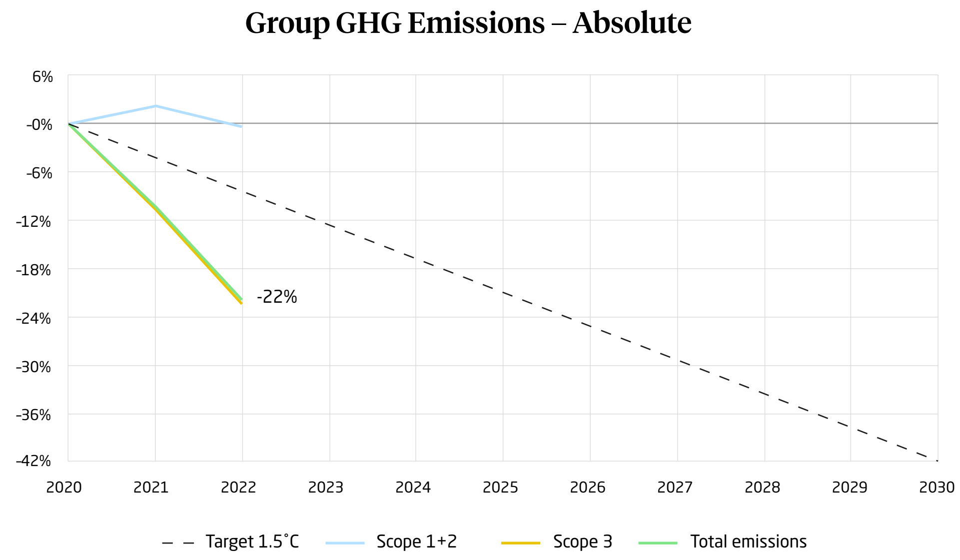
Emission reduction performance 2022

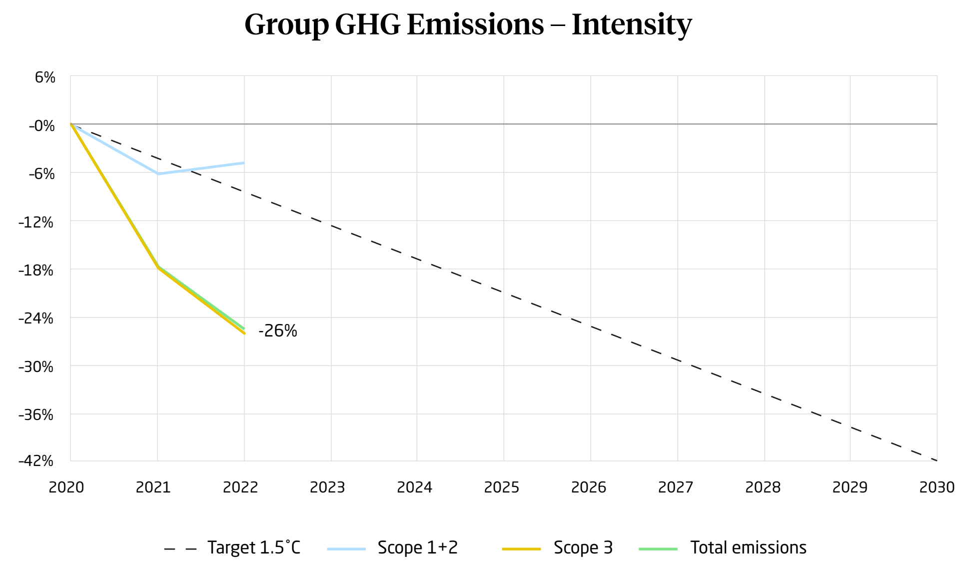
In 2022 SalMar continued its strong efforts to reduce GHG emissions. The Group's Scope 1 and 2 emissions were reduced by 2% from 2021 and is now at the same level as the base year 2020. The main reason for the increase from 2020 to 2021 was the addition of workboats in Iceland, more than doubling the Scope 1 emissions year over year for Icelandic Salmon. SalMar as a standalone excluding Icelandic Salmon and the acquired companies, has reduced its Scope 1 and 2 emissions by 9% from base year, fully on course to reach the targets set. The focus going forward will now be to share best practice between companies and decide on the most effective emission reducing actions.

SalMar has been very successful in reducing Scope 3 emissions, resulting from strong collaboration and commitment to our suppliers. The Group's Scope 3 emissions have been reduced by 13% in the last year, and 22% since base year. Since Scope 3 emissions are dominating, this also means that the Group's total emissions have been reduced by 13% in the last year, and 22% since 2020, a reduction of more than 337 000 tons of CO_2-equivalents. This is an achievement SalMar is very proud of.

SalMar was in early 2023 listed on the Financial Times publication "Europe's Climate Leaders 2023" for a third consecutive year following their third publication of the list.







Overview of energy and greenhouse gas emissions

SalMar's energy and climate balance sheet has been prepared with support from CEMAsys and BDO, and the analysis is based on the recognised GHG Protocol[1]. The values are based on data reported from internal and external systems, where one uses a variety of emission factors[2] for the most accurate calculation of the greenhouse gas emissions.

SalMar consumed a total of 9,301,621 litres of fossil fuel (349 TJ) and 130,884 MWh of electricity (471 TJ) in Norway in 2022. In Norway, SalMar has agreements with its primary electricity provider, which guarantee that the power supplied comes from 100% renewable sources. In addition, waste heat and local power sources were used by several of our facilities in 2022, which accounted for 45,940 MWh of energy (165 TJ).

SalMar's operations in Iceland consumed 800,037 litres of fossil fuel (30 TJ) and 11,551 MWh of electricity (42 TJ) in 2022. All electricity in Iceland derives from geothermal and local hydro power sources, thus deriving from renewable sources. In addition, district heating from renewable energy sources was also used, accounting for 114 MWh of energy (0.4 TJ) for 2022.

In 2022, SalMar (excluding newly acquired companies) purchased certifications of origin for 92% of used electrical power, ensuring zero-emission, renewable energy, and resulting in a market-based Scope 2 of 2,089 tCO_2e. NRS purchased certifications of origin for 97% of its electrical power, while SalmoNor did not purchase these certificates.

SalMar has performed carbon accounting since 2014. For values presented back to 2014, please see our Annual Report for 2021.

1 The analysis is based on the international standard "A Corporate Accounting and Reporting Standard", which is developed by "the Greenhouse Gas Protocol Initiative" - GHG protocol.
2 Sources emission factors: DEFRA, IEA, IMO, Ecoinvent and information from suppliers in the value chain. The reference list is not complete but contains the most important references to factors used by CEMAsys. In addition, a range of local/national sources is relevant, dependent on which type of emission factor which is used.

Overview of energy and greenhouse gas emissions

		Group				Norway				Iceland			
	Target	Status vs. Target	2022	2021	2020	Status vs. Target	2022	2021	2020	Status vs. Target	2022	2021	2020
Energy consumption (TJ)													
Scope 1 – Fossil fuels			379	326	316		349	294	301		30	32	15
Scope 2 - Electricity			679	640	532		637	617	513		42	22	18
Scope 1 + 2			**1,058**	**966**	**848**		**986**	**911**	**814**		**73**	**55**	**33**
Greenhouse gas emissions (GHG tCO_2e)													
Scope 1 – Fossil fuels	42% reduction from 2020 to 2030	+0 %	25,774	26,766	25,761	-4 %	23,720	24,581	24,728	+99 %	2,054	2,185	1,033
Scope 2 - Electricity[1]		+1 %	3,403	2,961	3,360	+1 %	3,403	2,961	3,360		0	0	0
Scope 1 + 2		**+0 %**	**29,177**	**29,727**	**29,121**	**-3 %**	**27,123**	**27,542**	**28,087**	**+99 %**	**2,054**	**2,185**	**1,033**
Scope 3		-22 %	1,173,180	1,349,082	1,510,660	-24 %	1,104,451	1,282,258	1,446,023	+6 %	68,729	66,824	64,637
Total (Scope 1+2+3)		**-22 %**	**1,202,357**	**1,378,810**	**1,539,780**	**-23 %**	**1,131,574**	**1,309,800**	**1,474,110**	**+8 %**	**70,783**	**69,010**	**65,670**
Intensity[2]													
Energy intensity (GJ/tonn produced)	42% reduction from 2020 to 2030		3.6	3.2	3.0		3.6	3.2	3.1		3.5	3.2	2.4
Intensity of GHG emissions ($kgCO_2e$/tonn produced) - Scope 1+2		-5 %	99	98	104	-6 %	99	96	105	+30 %	99	128	76
Intensity of GHG emissions ($kgCO_2e$/tonn produced) - Scope 3		-26 %	3,995	4,426	5,395	-25 %	4,049	4,456	5,428	-31 %	3,297	3,923	4,757
Intensity of GHG emissions ($kgCO_2e$/tonn produced) - Scope 1+2+3		-26 %	4,094	4,524	5,499	-25 %	4,148	4,552	5,533	-30 %	3,396	4,052	4,833

1 Location-based. Market-based GHG emissions are 6,949 tonnes CO_2e in 2022. All electricity in Iceland is renewable and location-based equals market based, 0 tonnes CO_2e.
2 All intensities are calculated with tonnes produced biomass, gross growth in sea.

We are electrifying the value chain

As part of our endeavor to promote environmental sustainability in the aquaculture industry, SalMar is dedicated to increasing energy efficiency. We are actively exploring various strategies to achieve this goal, including supplying onshore electricity to power our sea farms and electrifying our vessels. We believe that electrifying our value chain will play a crucial role in reducing Scope 1 emissions.

Over the past years, SalMar has undertaken a project to lay power cables from onshore to several of our sea farms, resulting in the provision of electric/hybrid solutions to a total of 46 sea farms. As of 2022, this represents 43% of our active sea farms. In addition to significantly reducing diesel consumption and minimizing emissions, electrification also has positive occupational health impacts by decreasing noise pollution from diesel generators.

Sites supplied by onshore electrical power (hybrid/el)

43%

Looking ahead, we will continue to expand our efforts by connecting additional barges to onshore electricity sources. We will also implement hybrid technology at sites located beyond feasible onshore areas.

In 2016, SalMar started using the world's first fully electric aquaculture work boat. Named the *Elfrida*, the work boat is currently in operation at one of our sites in Møre & Romsdal County. In 2020, SalMar started using the world's first battery-hybrid wellboat, the *RoVision*. SalMar increased the number of hybrid vessels in 2022 and have ordered more for 2023.

While we will continue to put more electric and hybrid-propulsion boats into operation, we will also investigate alternative energy sources which can help to reduce our greenhouse gas emissions, e.g., hydrogen.

We use local energy and water resources

As part of our efforts to improve energy efficiency, SalMar prefers to use local water-based energy sources, and we always strive to take advantage of such resources at our facilities.

Our largest hatchery, Follafoss, utilizes heat exchangers to extract energy from the wastewater produced by the nearby cellulose plant. This process yields approximately 20 million kWh of energy, resulting in reduced energy consumption for SalMar. Additionally, the hatchery obtains its production water from the Follafoss Power Plant.

To further harness the potential of the water supply, a turbine has been installed in the hatchery's supply pipe, which generates up to 1.5 MW of electrical power before the water is used for fish production.

In Iceland, the hatcheries take advantage of the region's natural geothermal energy sources by using geothermal heat exchangers to warm the intake water, thereby reducing the energy requirement. Furthermore, the harvesting plant in the Westfjords utilizes the local hydro power to enhance efficiency.

We make effective use of our fish feed

Fish feed accounts for almost 60% of our Scope 3 emissions. To reduce our overall greenhouse gas emissions, it is therefore crucial to increase the efficiency of our feed consumption, and use novel, low-carbon feed ingredients in our fish feed. 21% of the emissions from SalMar's feed came from land-use change. SalMar is in dialogue with feed suppliers on ways to both include more climate-friendly feed ingredients in the feed, but also on how to improve agricultural practices.

In 2022 SalMar reduced its carbon footprint from feed with 18% compared with 2021. This is partly due to a reduction of feed use through improved feed factor, but also through strong collaborations with our feed suppliers in reducing the unit carbon footprint of our feed compositions.

SalMar is always ready to adopt innovative solutions across operations if deemed fit. We are currently involved in several innovative projects, for instance regarding use of local feed ingredients as an initiative to reduce the carbon footprint. In addition, we are working actively to continuously improve our feed conversion ratio. See the section on sustainable feed earlier in this report for further details.

We are cutting emissions by investing in local processing and new methods of transport

Local harvesting and processing of farmed salmon is essential to the industry's value creation, and a core focus of SalMar. It is also a very climate-friendly action. The processing of salmon reduces both the weight and volume of the products to be transported, which cuts transport-related carbon emissions.

In 2022, 42.3% of our harvested volume was processed locally in Norway. This has reduced emissions by more than 86,000 tonnes CO_2e or 22%, compared to the entire volume sent to markets as whole fish. The level of processing is greatest with respect to overseas markets, which is also where the greatest emission reductions are obtained.

Reduction in GHG emissions due to local processing

86,000
tonnes CO_2e

This clearly demonstrates that our focus on local secondary processing is an important factor in reducing greenhouse gas emissions. And we have expanded our local processing capacity in 2022. InnovaMar, our main harvesting and processing plant, is fully operational in Central Norway. The upgrading of our secondary processing plant Vikenco, in Møre & Romsdal County, was completed at the start of 2021, and InnovaNor, our new harvesting and processing plant in Northern Norway, came into operation at the end of 2021. InnovaNor gradually ramped up its activity during 2022.

SalMar is exploring new methods of market transportation through various projects that combine sea, rail, and road transport. We are creating partnerships and anticipate realizing these projects in the next few years. In 2022, SalMar doubled rail transport from Northern Norway, which has 40 times lower GHG emissions than trucking.

In 2021 a new boat transportation route from Iceland to the east coast of US started, reducing the carbon footprint of our products as they previously have been sent with air freight. The total emissions from transportation from Iceland per produced biomass has reduced by 13% since 2020.

We have conducted a study analysing the footprint of different farming technologies

At the end of 2021 SalMar together with experts from the R&D company Asplan Viak has conducted a life cycle assessment for the carbon footprint and energy requirement for different farming technologies.

The study analysed:

- Open net pen production (Coastal)
- Offshore net pen production
- Closed net pen production (Coastal)
- Land-based production in recirculating aquaculture systems (RAS)

The study shows that open net pen and offshore production have a lower carbon footprint than closed net pen and land-based production before transportation to the end consumer. This is because open and offshore technologies require less energy than closed and land-based technologies.

The study also found that local processing is key to reducing the carbon footprint when using air freight. For the US market, fish produced in open or offshore net pens in Norway and transported as fillets by air freight has a similar carbon footprint to fish produced locally in land-based facilities in the US on an American electricity mix. The study gives us further confidence to SalMar's strategic endeavours both coastal and offshore.

We conduct climate-related risk analyses

In 2022, SalMar conducted a climate risk analysis of all its operations across the value chain from roe to plate and accompanying suppliers to the value chain. The analysis is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework and analyses both threats and opportunities and associated physical and transitional implications to SalMar's financial position. Some key findings include:

- SalMar's assets running on fossil fuels, e.g., work boats, company cars, etc. are sensitive to SalMar's climate ambitions and external pressure to quickly transition to zero-emission fuels.
- SalMar's open net pens, would be under threat if governing bodies in Norway or Iceland decided to shift their fish farming strategy to solely include closed net pens. This threat is relevant considering the ongoing discussions on this topic in Canada.
- Carbon taxation is a hot topic in global business today, but is yet to be considered for fish farming operations in Norway and Iceland. If a significant carbon tax was introduced to SalMar's operations, this could have financial implications.
- In conclusion, there is not currently grounds to write off value from SalMar's assets from climate change and its associated implications on SalMar's activities, nor is there currently grounds to alter expected future cash flow. However, this remains an important matter to continue to assess in the coming years.

For more information, see SalMar's TCFD Report published on our website.

Biodiversity and Site Environment

Salmon thrive and develop optimally in their own natural habitat. At the same time, we have great respect for the fact that we use the local community's shared assets in our production. Coming generations must have the same opportunities as us to draw benefits from the sea, and SalMar has a duty to keep the sea and all its living creatures in good condition. Our technology is therefore tailored to treat both the fish and the environment in a gentle fashion.

We protect the seas

The seabed beneath all our sites is inspected regularly to see whether/to what extent the surroundings have been affected by our operations. We are working continuously to find the optimal locations for our farms, so that we can realise our objective of having all our operational sites with a condition designated as "very good" or "good" (MOM-B score of ≤ 2[1]). In 2022, 91% of our operational sites in Norway achieved this score, while 100% of our sites in Iceland did so. All sites had a satisfactory MOM-B score prior to the transfer of new fish stocks. SalMar carry out risk assessments continuously, assessing the locations of our current and potential sea sites with respect to pollution sensitivity. Locations with a high sensitivity to nutrient pollution will not be chosen for operations.

MOM-B Score ≤ 2

Norway:
91%

Iceland:
100%

Together with the trade union Norwegian Seafood Federation (Sjømat Norge), other fish farmers and research institutions, SalMar monitors large areas to see whether fish farming operations are having a regional impact. The latest Risk Assessment of Norwegian Aquaculture published by the Institute of Marine Research[2] states that the risk of eutrophication deriving from emissions of nutrient salts is considered low in all production areas in Norway, and the risk of environmental impact on the seabed as a result of particulate organic emissions from fish farms is considered low at sites with a soft seabed and moderate at sites with a mixed or hard seabed.

SalMar has also decided not to use copper impregnation in the coating of our net-pens to reduce benthic impacts from our operations. The majority of net-pens are already not impregnated with copper, and all new net-pens will be copper-free.

In addition, all of our harvesting and processing facilities and onshore hatcheries comply with their discharge permits on excess wastewater which is treated before it is discharged to sea. Water quality is also monitored constantly. All our facilities are located in areas with low risk within all main categories of the WRI Aqueduct map[3] .

There were no incidents of non-compliance to water quality permits or to discharge permits in 2022.

Our wastewater volume target is aligned with our water withdrawal target, as we do not store water. All water that is withdrawn is discharged to the recipient after the appropriate treatment. Considering SalMar's water withdrawal reductions in the last years, this also means a significant reduction in wastewater discharge.

We make use of new areas and new technologies

SalMar wishes to make use of the open ocean for food production. For this reason, we have developed the world's first offshore fish farm, in collaboration with partners in the aquaculture, offshore oil & gas industry, and relevant research establishments. In connection with our pilot project Ocean Farm 1, new and innovative equipment technology has been developed, which will benefit the entire aquaculture sector. Offshore fish farming moves the salmon out to its natural habitat, which allows us to operate on the salmon's terms to an even greater extent than today. See the separate section in the annual report for further details.

At the start of 2021, our first closed net pen went into operation in Møre & Romsdal County. This is a new closed-containment unit, where water is pumped up from beneath the unit and is purified before being discharged back into the sea. This increases biosecurity and helps keep control of lice numbers inside the unit. The unit will be used for post-smolt production, where the fish will grow from a standard smolt size to around 800–1,000 g before being transferred to conventional open net pens. SalMar aims to obtain operating experience from this first unit, with the emphasis on both fish welfare and the environment.

Building on this, SalMar began building what will be the world's largest fish farming construction made by thermoplastics, the Marine Donut, in collaboration with Bluegreen in 2022. This is a new, innovative design for closed net pen that SalMar is excited to realize and explore. The first production cycle is planned to start in 2023.

1 The MOM-B study complies with Norwegian Standard NS9410. The condition is graded on a scale of 1 to 4.
2 Source: Risk Assessment of Norwegian Aquaculture, www.hi.no
3 www.wri.org/aqueduct

Water Management

Compared to other food production types, salmon farming requires less freshwater since the fish spend much of their lives in the sea. SalMar's total water withdrawal in Norway is presented in the table below.

Freshwater source	Water withdrawal (1000m^3)
Surface water	43,702
Ground water	0
Municipal/Third party water	1,351
Total water withdrawal	45,053

We use fresh water only from low-risk areas

In large parts of the world, access to fresh water is a challenge. SalMar recognizes the risks posed by water scarcity on a global scale. In SalMar's operations, all withdrawn freshwater comes from areas where the risk of water shortages, or the risk of poor water quality, is low. The water risk map produced by the World Resource Institute[1] provides a good overview of the water risk in various areas. All SalMar's activities and infrastructure are in areas defined as having a low water risk and low water stress, both in Norway and Iceland.

21.6 million m^3

Reduction in freshwater withdrawal 2020-2022

SalMar are engaging with their suppliers carrying out activities in areas with a higher water risk. Our feed suppliers are considered to have some of their activities in areas with higher water risk. SalMar expects its feed suppliers to withdraw, consume and discharge water responsibly and sustainably, and to have a clear strategy towards reducing its freshwater use. SalMar takes it upon ourselves to hold all suppliers accountable and responsible for their activities and their impacts, and we are in continuous dialogues to identify and implement best practice on sustainability, such as water use efficiency. You can read the approach of one of our feed suppliers in their Land & Water section of their ESG Report for 2022 in this link: Land & Water section. This supplier also engaged the World Resource Institute to set context-specific water targets across their value chain, culminating in this white paper: white paper.

1 www.wri.org/aqueduct

We use new technology to reduce water consumption

SalMar's consumption of fresh water relates largely to its onshore hatcheries. These facilities accounted for 97% of freshwater consumption in 2022. The remaining consumption comes mostly from our harvesting and processing activities.

In Norway, when not considering the acquired companies in 2022, SalMar has reduced its freshwater withdrawal by 43% in the last two years. This denotes a reduced freshwater withdrawal of 21.6 million cubic meters.

The reduction in Norway is due to the transition from use of flow through technology to recirculating aquaculture systems (RAS) technology in our onshore hatcheries.

The transition from flow through technology to facilities based on RAS technology is an important part of our strategy to reduce the amount of freshwater used at our hatcheries. All our more recent hatcheries have been built using RAS technology, with 96–99% of the production water being purified and reused. In 2022, 97 per cent of the biomass transferred from our smolt facilities in Norway had been raised in RAS facilities. Since all new capacity is built with this technology, water consumption per unit produced will continue to fall in the future.

Share of smolt delivered from RAS facilities:

97%

The increase in water withdrawal seen from the table is due to the inclusion of the newly acquired companies. Icelandic Salmon also expanded their smolt capacity significantly in 2022, resulting in an overall higher water consumption. However, considering the Group as a whole, there is a clear downward trend regarding freshwater consumptions, which will continue in the coming years.

We target a 20% reduction in freshwater withdrawal from 2022 to 2030.

See SalMar's Water Management Policy for more information on how SalMar conducts responsible water management.

Circularity and Nutrient Management

SalMar strives to transition from linear to circular economies, influencing material flow patterns, procurement strategy and strategic partnerships in operational areas with high potential for reuse of resources. SalMar has initiated a strategic partnership with Antec Biogas for a pilot project on establishing a biogas plant in close proximity to our newbuild smolt facility Tjuin in Steinkjer municipality. The biogas plant, if realized, will utilize directly Tjuin's nutritious sludge from smolt production to produce biogas.

At the Senja hatchery, an ultramodern drying facility has been installed for utilizing the produced sludge as a resource. All the sludge produced by the facility is dried to a 95% solid, which is then delivered to a third party for use in the production of soil improvement agents that can be found on sale in the retail sector.

At the Follafoss hatchery, the sludge is sedimented out to form an 18% solid. The bulk of the sludge is used for biogas production. Some is also delivered to a third party, which sanitises it by adding it to livestock manure. The resulting product is spread on fields as a soil improvement agent/fertiliser. These are important steps for SalMar in performing responsible nutrient management.

We also carry out monthly measurements of the total organic carbon (TOC) , total nitrogen and total phosphorus in the wastewater which is sent to local authorities.

If resources cannot be effectively reused, one must handle its disposal responsibly. All SalMar departments have a waste management plan, which stipulates the receiving facilities approved for various types of waste. Packaging and fish farming equipment, such as collars, nets and mooring devices are delivered to undertakings that reuse the materials. SalMar will continue to handle our resources responsibly and limit waste generation.

We help to reduce marine pollution

Pollution of the seas, and plastic pollution in particular, is a major environmental problem. SalMar recognises this and wishes to help reduce the amount of plastic waste polluting the oceans. We are therefore striving for further improvements in our own waste handling and reductions in any microplastic emissions from our operations and are engaging in general clean-up efforts along the coast. SalMar is working on several initiatives to reduce the volume of its plastic waste:

- We ensure that obsolete plastic equipment is recycled by delivering it to established return schemes and collecting other waste for delivery to municipal waste handling systems.
- We contribute to more reuse and recycling, particularly of plastic materials. This is achieved by improving the material surrounding our end products and increasing our use of reusable boxes.
- We support measures that help to increase our knowledge of the presence and consequences of microplastics and nanoplastics in the sea.
- We contribute to beach cleaning/collection of plastic waste through funding, lending boats for use during clean-up operations, as well as participating ourselves.
- We work with the Norwegian Seafood Federation and other initiatives to reduce pollution of the seas, in particular by plastic waste.

Sea pollution through uneaten feed and faecal matter is also a challenge in the fish farming industry. SalMar takes its responsibilities towards being an accountable industry actor very seriously and is engaging in projects for increased knowledge on this matter. Furthermore, we are working with new optic technology to optimize feed conversion ratio, thus limiting the feed spilled to sea.

1 www.nibio.no

We exploit every part of the salmon

SalMar exploits all by-products (head, spine, offcuts) from our salmon fully. All offcuts from the production of fillets at SalMar's harvesting and processing facilities are sent for further processing, resulting in 100% of the raw materials being utilised. From InnovaMar, the raw materials go directly to Nutrimar via a system of conveyer belts/pipes, which ensures a high degree of freshness and usable volume when processing this raw material. It also means that there is practically no need for input factors relating to its transport and handling. For more information about Nutrimar and its products, see www.nutrimar.no. All fish that die during production are sent to companies that use them as ingredients in the feed industry.

Research and Development

Norway's aquaculture industry has undergone remarkable growth and development, with SalMar being a significant contributor to this progress by prioritizing the advancement of knowledge in its operational areas.

The company achieves this through close collaboration with public authorities, educational and research institutions, and industry associations. In 2022, SalMar continued its extensive research and development activities in various fields, with a focus on fish welfare and lice control. The company undertook significant R&D projects at its processing plant, with considerable attention devoted to optimizing feeding and controlling feeding at its sea farms. SalMar remains committed to providing the industry with sector-specific knowledge, benefiting the sector as a whole.

We support research establishments and academia

SalMar's communications with the NTNU have been growing in scope in recent years, which the company considers to be only natural. The NTNU's Taskforce Salmon Lice research programme was set up in 2020 partly at the initiative of SalMar. The taskforce is a collaborative effort between the NTNU and many aquaculture industry organisations. The objective is to take a broad look at the problems caused by salmon lice. The programme is well underway, and SalMar is participating actively in several of its subprojects. The NTNU has created five doctoral research positions, with postgraduate and undergraduate students attached to each one.

SalMar is also in close contact with the University of Tromsø (UIT) and has signed a cooperation agreement involving the sharing of experience and the initiation of joint projects. One example is the work being done to establish an endowment professorship in the field of recirculating aquaculture systems (RAS) at the UIT. This is a cooperative venture involving several industry players. We are very engaged in supporting the education of tomorrow's researchers and ensure that students gain a good insight into the aquaculture sector, so they can contribute to its further development.

In collaboration with the NTNU, SalMar ASA has endowed a professorship within the field of aquaculture cybernetics. The professorship is intended to promote cross-functional research linking the areas technical cybernetics, biology and aquaculture. It will act as a knowledge base for and link between the aquaculture industry and the academic world. The professorship will also contribute to the recruitment of more students to the field of aquaculture, thus securing the industry's access to highly qualified technological expertise. This professorship will strengthen the NTNU's position as one of the world's leading universities for aquaculture and aquaculture technology.

We actively use R&D licenses and have multiple green licenses

SalMar has been actively engaged in partnerships with R&D establishments for many years. This also includes collaboration on the operation of R&D licences. The scale and professionalism relating to important development tasks has increased and continues to increase. SalMar sees itself as a professional, but demanding partner, whose aim is to ensure that the results of all trials are as relevant as possible, and that plans and protocols take into account the practical realities of fish farming. SalMar has dedicated personnel who organise and assist research establishments in their efforts, at the same time as operational staff gain more and more experience in how best to safeguard research results under busy day-to-day operating conditions. Proximity to the research, with opportunities to influence both its planning and areas of focus are important sources of motivation for SalMar. The development of vaccines, optimisation of medication, feeding and nutrition, and technological issues relating to large-scale operations are examples of important areas for further research.

Following the Norwegian authorities' 2013/2014 round of licence allocations, SalMar obtained "green" licences. The terms of the green licences set stricter limitations on the number of salmon lice and the number of medicinal delousing treatments, as well as a stronger focus on escape prevention. In connection with its green licences, SalMar has focused particularly on the use of cleaner fish, in the form of farmed lumpfish, to control sea lice levels, and the use of a more secure net-pen construction. We have also emphasised participation in a salmon surveillance project in Trøndelag's salmon rivers, in order to assist in the development of methods and expertise related to the tracking and mapping of escaped farmed salmon in rivers. So far, experience from the operation of these sites has been good. A separate report is published annually detailing SalMar's experience and evaluating the operation of its green licences. This report is available on our website.

We are working long-term to develop a more genetically robust strain of salmon

Genetics and the development of a more robust salmon are important preventive measures to reduce biological risk. SalMar has its own breeding programme based on the Rauma Broodstock. We use no form of genetic engineering in our breeding programme. See SalMar's GMO and Growth Hormones Policy for more information on this.

SalMar's focus on breeding and genetics includes a collaboration with Benchmark Holding PLC's entity SalmoBreed through our co-ownership of SalMar Genetics. SalMar is pleased to see that this model has provided a solid foundation for the further development of the Rauma Broodstock in the years ahead. In this effort, we will be focusing on the development of robust qualities, in addition to general resistance to disease and good growth. The change in focus and intensity of our efforts in this area is a natural consequence of the Group's desire to control the value chain and safeguard the continued development of our products and the long-term future of our business.

We use new packaging solutions and reduce food waste

SalMar is committed to reducing food waste and promoting sustainability through the development of better packing and packaging solutions. As part of this effort, we are involved in national and international projects aimed at creating effective and quality-preserving production, packaging, and distribution methods.

Our focus is on further developing our packaging solutions by adopting more environment-friendly materials, promoting material reuse, and adding other desirable properties. We are working towards increasing the percentage of our products transported in reusable boxes, with a large proportion of our pre-rigor finished products already packed in such boxes. This approach results in significant savings by reducing the need for ice and avoiding polystyrene box disposal.

We have also stopped using ordinary ice for a large part of our fillet production, instead opting for dry ice made from gas derived from fertiliser production. This approach reduces the weight and volume of our consignments and, consequently, the emissions generated during transportation.

Moreover, we are continually developing new and better packaging materials and technologies, focusing on reusable boxes, ice-free shipments, and packaging technology that provides complete bacteriological security. We have initiated several projects aimed at extending the shelf-life of our salmon products through the use of new freezing technology and innovative packaging solutions.

In 2022, we increased our use of the Keep-It® shelf-life indicator, a device that displays the temperature and the remaining shelf-life of the product. This indicator helps to increase the shelf-life of the product and reduce food waste by focusing the attention of all links in the value chain, from the factory to the customer.

Currently, we are working on new projects that aim to visualize the quality of the product in the package using new technological solutions. Our objective is to document additional quality attributes through simple technological solutions.

People & Society

People & Society

At SalMar, we care for our colleagues, partners, and the local communities where we conduct our business. As responsible corporate citizens, we believe that our behavior has a positive impact on both our own operations and society at large. With a workforce of over 2,500 employees, we are a significant employer and a key contributor to society, which in turn gives us multiple responsibilities to people, society, and industry. We take these social obligations seriously and uphold ethical business practices as a core value. Our commitment is to operate in an honest, proper, and trustworthy manner, and we take pride in showcasing our operations.

Our focus on sustainable development revolves around creating local value, fostering knowledge development, and enabling people to live a good life. As an employer, producer, supplier of healthy food, user of nature and the environment, and manager of intellectual and financial capital, we understand that these aspects are essential to our business. Given our position, we recognize the importance of positively and sustainably impacting our surroundings, while also giving back to the community whenever possible.

In the following table, NTS, NRS and SalmoNor have been fully consolidated for the last two months of 2022 to reflect the financial reporting.

Our KPIs

			Norway			Iceland		
		Target	2022	2021	2020	2022	2021	2020
Employees	No. of full-time equivalents (FTE)		2,112	1,828	1,653	154	133	110
	ASA		49	36	35			
	Hatcheries		101	82	96			
	Fish Farming		759	668	630			
	Sales & Industry		1,203	1,041	893			
	Female ratio		28%	28%	26%	26%	23%	24%
	ASA		44%	44%	44%			
	Hatcheries		22%	19%	18%			
	Fish Farming		13%	10%	9%			
	Sales & Industry		37%	39%	38%			
Safety & sickness absence	No. of fatalities	0	0	0	0	0	0	0
	LTIs[1]	0	10	17	24	9	7	9
	H-factor	< 6	3.0	5.9	9.1	5.8	5.5	7.8
	Sickness absence[2]	< 4.5%	5.7 %	6.1 %	5.3 %	4.1 %	4.1 %	4.3 %
Regulatory compliance	No. of violations	0	0	1[3]	0	0	0	0
	Fines (NOK million)	0	0	0.2	0	0	0	0

1 SalMar in Norway reports H-factor as LTIs per million working hours. Icelandic Salmon reports H-factor as LTIs per 200.000 working hours
2 Reported for full year for all companies
3 The violation related to a mishap in the application process of building a small road by one of SalMar's smolt facilities

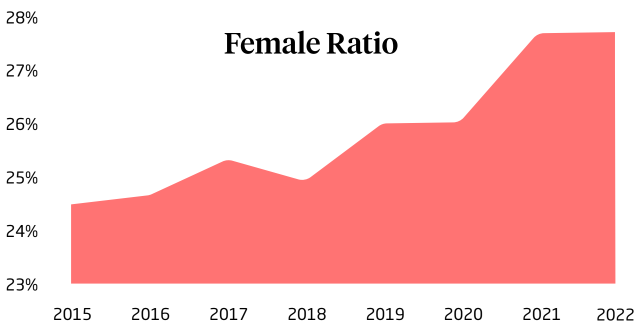
The Workforce

In order to achieve our strategic goals, it is imperative that we recruit and retain top-notch employees regardless of their gender, age, or background. However, this can only be achieved by providing a working environment that is both appealing and secure. By doing so, we can attract and retain highly skilled individuals who will contribute to our overall success.

We have a diverse workforce

In Norway in 2022, SalMar employed a total of 2,112 full-time equivalents from 51 different countries. This is 284 full-time equivalents more than in 2021. The workforce was made up of 584 women and 1,528 men. The female ratio of the Executive Management is 14% in SalMar and 33% in Icelandic Salmon. Icelandic Salmon employed 154 full-time equivalents in 2022, an increase of 21 from 2021.

SalMar works actively towards the recruitment of women in what has traditionally been a male dominated industry. Our goal is to exhibit the vast opportunities for women in all parts of the industry. This is done by actively targeting potential future employees (in school, universities etc.) and having female representatives speak about SalMar as a workplace.



Increase YoY in FTE

305

Increase in female ratio

4 years in a row

The female ratio of employees increased in most parts of our value chain. This shows that SalMar's continued efforts to increase the female ratio of its workforce is effective. The percentage of women is considerably higher at the Group's admin and harvesting and processing facilities than at its hatcheries and fish farms. One of SalMar's focus areas have been the Fish Farming segment, as this has the lowest female ratio. We are happy to see that this is where the female ratio has increased the most in 2022.

In accordance with the activity duty and the duty to issue a statement set forth in Norwegian regulations to promote more equality and prevent discrimination, SalMar has disclosed its KPIs in relation to this reporting also in 2022. These KPIs include part-time employees, temporary employees, non-guaranteed hours employees, average number of weeks parental leave, average cash benefits[1] , median cash benefits and ratio of highest to median cash benefits. Where all KPIs are divided between female and men.

Temporary, part-time and non-guaranteed hours employees constitute a smaller proportion of the total workforce in SalMar. Despite this, it is important to understand whether there is involuntary part-time work carried out. Together with labour union representatives, SalMar regularly assess if there are employees who involuntary work part-time and in dialogue with the employees try to adapt the working situation. SalMar published all results of the equality assessment in our Gender Equality Report available at our website.

The remuneration assessment for 2022 was carried out disregarding our new companies NTS, NRS and SalmoNor, due to lack of data. The results show that overall cash benefits in Norway are lower for female vs. male. This is mostly due to the higher proportion of women within the industry segment with lower salary environment and since the overall seniority level is higher for male employees. Since seniority also is a decisive factor when employing senior managers, male representatives are overrepresented in managerial positions. SalMar's remuneration policy does not accept any form of discrimination of cash benefits provided to employees on the basis of gender. No non-conformance was found from this policy in the latest remuneration assessment. See also our ethical guidelines later in the report.

Icelandic Salmon has been certified from BSI, proving that that their remuneration policy promotes equality.

Details of benefits to executive management and compensation according to the remuneration policy for 2022 is presented in a separate remuneration report.

Overview of employees, parental leave and average cash benefits in Norway, excluding acquired companies in 2022

	Female	Male	Total	Female ratio
Employees (FTE)	559	1,464	2,023	28 %
Part-time employees (FTE)	28	51	79	35 %
Temporary employees (FTE)	6	12	18	35 %
Non-guaranteed hours employees (FTE)	32	65	98	33%
	Female	**Male**	**Total**	**Difference**
Average number of weeks parental leave	24	11	15	13
Average cash benefits (KNOK)[1]	457	616	573	-159
Median cash benefits (KNOK)	452	629	576	-177
Ratio highest paid to median			6.0	

1 Cash benefits include all cash benefits paid to employees e.g. base salary, overtime, bonus and other cash remuneration.

We have clear ethical guidelines

In our Code of Conduct, we make our policy clear with respect to the promotion of diversity and equality. SalMar accepts no discrimination, abuse or harassment of our workers or partners, and we treat everyone with courtesy and respect no matter what their ethnicity, gender, national or social background, age, functional capacity, sexual orientation, religious faith, political convictions or other status. Respect for the individual is the cornerstone of the company's policy. Everyone shall be treated with dignity and respect and shall not be unfairly prevented from carrying out their duties and responsibilities. This attitude springs from acknowledgement that diversity contributes to a better working environment, greater adaptability and better results in the long term.

SalMar's Code of Conduct is available on our website.

All employees can safely report wrongdoing

SalMar has a dedicated whistleblowing channel for both Norway and Iceland, through which all employees can report wrongdoing in the workplace or any grievances they may have. The whistleblowing channel is also accessible via SalMar's intranet in both local languages and English. The service is operated by the investigatory unit at BDO AS, and all employees are free to use it either anonymously or under their full names. The whistleblowing channel aims to be a contributor towards keeping all people accountable for their actions. It is encouraged for usage not only for matters regarding oneself, but also if we see others treated unfairly.

All employees are given training in the whistleblowing procedure and know that they are protected from reprisal if they do make a report. The whistleblowing procedure is also described in the management system that is available to all employees. All cases are handled in close collaboration with internal safety representatives and local unions.

In 2022, the whistleblowing channel was made open to the public, meaning that anyone who has grievances can report these to SalMar. This was done to ensure that our suppliers and customers also are accounted for. We require our suppliers to inform their employees that SalMar's grievance mechanism is available if they want to raise concerns.

In 2022, nine whistleblowing reports were recorded, including all grievances at NTS, NRS and SalmoNor for the full year. The grievances were each carefully considered and solved in accordance with internal guidelines (Chap. 12.4 in the Code of Conduct).

For more information on our whistleblowing channel and SalMar's practices related to this, see our Whistleblowing Policy on salmar.no.

We actively work to ensure equal opportunities and non-discriminatory environments

In 2022, SalMar published its Non-Discrimination and Equal Opportunities policy on our webpage. To properly ensure that SalMar conducts non-discriminatory business, and to uphold the requirements of the Activity Duty and the Duty to Issue a Statement issued through the Norwegian Equality and Anti-Discrimination Act, SalMar has initiated activities internally. These include a mapping of SalMar's remuneration practices and the mapping of any involuntary part-time work, as well as activities against discriminatory working environments. The results of this work can be seen in our Gender Equality Report published on our website.

In order to work actively, purposefully and well-structured with equality, SalMar has set an internal task force to investigate, analyse, and evaluate risks of discrimination. These processes are streamlined to involve all SalMar's segments. Findings and experiences will be discussed in a greater forum with the task force, and representatives from SalMar ASA, to establish corrective and preventive actions.

"SalMar shall treat everyone with dignity and respect and conduct their activities without discrimination on the basis of race, ethnicity, national or other origin, disability, age, gender, sexual orientation, language, religion or status"

SalMar's Non-discrimination and Equal Opportunities Policy

We empower our employees and encourage their active participation

If SalMar is going to develop and constantly forge ahead, it is vital that all employees contribute their views and suggestions for new ways of doing things. To facilitate this, the various departments hold regular planning and review meetings. Large parts of the Group make use of a scheduled meeting scheme, which focuses on individual action plans and close follow-up of the individual employee.

New recruits to SalMar receive HSE training through induction courses, operational seminars, the SalMar School and the Arnarlax Academy. Annual refresher courses are also held on important HSE topics and our Code of Conduct.

The SalMar School and Arnarlax Academy are our arenas for developing individual competence and our corporate culture. In addition to operational issues, these arenas also address matters relating to corporate culture and leadership and involve both managers and employees in the process of creating the world's best aquaculture company. Underpinning all our activities in this area, are our shared management principles and tenets – which enable us to develop even more SalMarians.

The level of risk associated with the work being performed every single day at SalMar means that training and having the right competence is vital. Training is provided internally and in the form of external courses. Day-to-day follow-up and on-the-job learning are, nevertheless, the most important sources for individual competence improvement.

SalMar is conscious of its role in helping to train skilled workers and employs numerous apprentices. We collaborate with "blue" courses of study at both upper secondary and university college level. In Norway, these include schemes such as Ungt Entreprenørskap, Blått Kompetansesenter and the Norwegian University of Science and Technology (NTNU), while in Iceland we collaborate with the Fisktækniskolí.

Furthermore, SalMar conducts periodic development discussions with its employees, at least annually. This is common practice in most businesses, and SalMar considers this to be vital both in developing happy, high-performing employees and in giving the employees a familiar arena where open and honest dialogue with senior management is encouraged.

SalMar also promotes and supports our employee's freedom of association and the right to collective bargaining. 96% of SalMar's employees are currently on collective bargaining agreements. More information is provided in the GRI Index provided as an attachment to the Annual Report.

Incentive schemes for senior executives are linked to our sustainability KPIs

SalMar has a performance-based bonus scheme for its senior executives, based largely on the achievement of the Group's sustainability KPIs. Different individuals are measured against different KPIs, depending on where in the organisation they work and what their responsibilities are. This applies from members of Group Management down to fish farm technicians.

For example, each individual sea farm has clear KPIs linked to fish welfare, with both survival rate and feed factor being included in the assessment of the performance-based bonus.

We provide a safe and secure workplace

Working at SalMar shall be safe. We work systematically with risk management and training to protect our workforce.

In 2022, a total of 10 Lost Time Injuries (LTI) were recorded in Norway. This a reduction of 7 incidents from 2021. SalMar's H-factor was 3.0 in Norway, which is the lowest reported value in SalMar's history. This is very important to SalMar and is a result of tireless work and focus on safety and safe practice in the workplace.

H-factor 2022

3.0

SalMar is again reporting LTIs for subcontractors as a step towards full transparency and accountability throughout the value chain. There were 5 LTIs at SalMar's subcontractors in Norway in 2022 and 0 in Iceland. One incident related to a slip on icy land surface, two incidents were related to pinched fingers and two incidents were related to rope snapping resulting in rope with high force slapping the worker.

SalMar continuously strives for best practice to limit work-related injuries. Continued focus on our internal industrial safety capability is important to further reduce the number of personal injuries in 2023. All parts of the Group have an industrial safety representative, and two industrial safety inspections are carried out in each department every year. In 2022, these inspections uncovered important areas for improvement to further reinforce workplace safety.

All serious personal injuries are investigated to prevent similar incidents occurring in the future. In collaboration with DNV GL, our central technical staff department have developed company-specific tools to enable it to investigate such incidents. Nevertheless, prevention remains the most important factor. At SalMar, we place great emphasis on ensuring that hazardous operations are well planned. Operational plans are drawn up before any work commences and associated safe work analyses (SWA) are performed for those taking part. The mapping of our overall risk picture is the most effective measure we can implement to reduce the probability of injuries occurring.

HSE performance is followed up systematically through targets and action plans. Based on overarching targets, each individual division and department has defined its own local sub-targets. Management has an obligation to monitor performance and evaluate progress, as well as the need for new measures and focus areas. Safety is followed up through weekly and monthly reviews by SalMar's management teams. Lessons learned and improvements are shared across all departments by means of quality-assured reports. All employees are covered by a company health service in the vicinity of their workplace. The Group ensures that everyone receives the training necessary to perform their tasks. Furthermore, all facilities at SalMar have dedicated safety committees/representatives.

The Working Environment Committee also plays a key role in our HSE activities. The committee comprises selected management representatives along with nominated employees. The committee reports to the Group's governing bodies and the employees' union organisations.

SalMar complies with national regulations also with regards to working hours and sufficient rest. This is paramount to maintain SalMar's strict demands for safe operations.

We are working actively to reduce the sickness absence rate

The sickness absence rate continued to be an area of intense focus in 2022. The sickness absence rate in 2022 improved in Norway but is still some way off our target. This was largely Covid-related also in 2022 as strict quarantine rules and a high infection number in our Group brough many sickness-related absence days in early 2022. Bringing the overall sickness absence rate down towards our company goal will be a focus area for 2023.

Society

SalMar has a global supply chain both upstream and downstream, and therefore have a responsibility to ensure and promote human rights in all our activities, both direct and indirect. SalMar endorses wholeheartedly the principles set out in the Universal Declaration of Human Rights. All aspects are considered closely, and the most relevant for our operations (direct and indirect), e.g., protection against discrimination and the right to form a labour union, are included in the Group's Code of Conduct and several other governing documents.

SalMar intends to comply fully with the Transparency Act put forth by the Norwegian Government that entered into force in July 2022. This is a strong initiative regarding business transparency and work on human rights aspects.

To continuously ensure that human rights standards are upheld throughout the value chain, SalMar also conducts systematic and random audits of subcontractors.

SalMar has a presence in local communities along the Norwegian coast and is attentive to developments in villages and local districts. Today, we have operations along the entire coast of Central Norway, Northern Norway and the Westfjords region of Iceland. It is important for our employees that the local communities in which they live have the necessary infrastructures and opportunities for leisure activities. For SalMar, it is crucial that the Group is able to operate at locations offering good growing conditions for our fish stocks. It is also important for SalMar to participate in local arenas for the exchange of views and information, and to take part in planning processes.

Salmon farming is still considered a "young" industry, and it is important to ensure that local decision-makers and other local residents are informed about our operations and plans for development. Through active participation in business associations and the public debate, SalMar contributes to important sustainable development processes in Norway and Iceland.

We support and sponsor the local communities in which we operate

To give something tangible back to the local communities in which the Group operates, SalMar supports several local sports teams and voluntary associations through the SalMar Fund. Overall, the fund gives priority to sporting and cultural initiatives, particularly those involving children and young people.

SalMar also supports several national charities and campaigns, such as the Norwegian Cancer Society and WWF's efforts to combat ocean plastic.

In 2022, SalMar continued its collaboration with the Norwegian Labour and Welfare Administration (NAV) to recruit people with shorter résumés to jobs at the InnovaMar harvesting and secondary processing plant in Frøya.

In 2013, SalMar became a sponsor of the football club Rosenborg Ballklubb (RBK). This partnership was expanded in the start of 2023 to also encompass Rosenborg Kvinner, an aspiring female football clubs in the Norwegian top division. The partnership also includes a separate programme for children and teenagers, and the development of grassroots football clubs in Trøndelag. RBK has highlighted the partnership through the SalMar Sports Ground and the SalMar Academy. The objective is to help transfer competence from Rosenborg to grassroots clubs in Trøndelag County in the form of engaging training sessions to promote player and trainer development.

In collaboration with the NTNU, SalMar ASA has endowed a professorship within the field of aquaculture cybernetics. The professorship is intended to promote cross-functional research linking the areas technical cybernetics, biology and aquaculture. It will act as a knowledge base for and link between the aquaculture industry and the academic world. The professorship will also contribute to the recruitment of more students to the field of aquaculture, thus securing the industry's access to highly qualified technological expertise. This professorship will strengthen the NTNU's position as one of the world's leading universities for aquaculture and aquaculture technology.

We operate visitor centres so our stakeholders can learn more about aquaculture

SalMar wishes to increase the public knowledge about the aquaculture industry and the target audience includes locals, tourists, schoolchildren and members of the business community. Through exciting experiences on shore and at sea, the public will gain greater insight into a modern and sustainable industry. A visit to the SalMar Salmon Centre includes an interactive exhibition about fish farming in Norway, and visitors can see the high-tech solutions used to remotely feed the salmon. In addition, the centre features a modern kitchen where visitors can learn how easy it is to prepare delicious salmon meals. Visitors also have the opportunity to take a trip out to a sea farm, to see with their own eyes how and where the salmon live.

Today SalMar with subsidiaries have six visitor centres open to the public.

In 2017, a visitor centre, the SalMar Salmon Centre, opened in Finnsnes/Lysnes in Northern Norway. In 2022, SalMar opened another visitor centre in Molde in Central Norway.

The visitor centre from Refsnes Laks is located in Trondheim and the visitor centre from Nekton is located on the Smøla archipelago. Through the acquisition of SalmoNor and NRS two additional visitor centres have been included in the group, one in Rørvik in Trøndelag County and Laksens Hus in Alta in Finnmark county.

We ensure safe road transport

At certain times every winter in Norway and Iceland, the weather makes the roads impassable, and we experience hazardous situations due to heavy goods vehicles not having the proper tyres/chains. We have therefore introduced control measures and routines. As a buyer of transport services, SalMar demands that its suppliers meet certain standards. To transport salmon from our production facilities and harvesting plants, the transport services provider must sign a declaration stating that they know and comply with the Norwegian Public Roads Administration's technical requirements for vehicles in Norway. They also commit to familiarise themselves with the prevailing driving conditions on the roads they will be using.

Together with the Norwegian Public Roads Administration, transport buyers and other partners, SalMar is a participant in the "Safe Trailer" project. This project is intended to help equip heavy vehicles to cope better with winter driving conditions in Norway and will lead to increased safety for all. Specifically, the project involves Norwegian Public Roads Administration staff teaching our employees how to check that tyres and chains are in order, as well as providing useful information material to the company's employees and drivers.

In addition, our staff assess whether the trailer is in a technically acceptable condition and whether the driver is "competent" to drive it. In the event of any non-conformance, necessary measures are implemented.

Our financing is linked to our sustainability endeavours

At the start of 2021, SalMar engaged a sustainability linked credit facility, with four sustainability KPIs included in the determination of interest margin. SalMar achieves a lower margin if we succeed and a higher margin if we fail to fulfil the targets for the KPIs. The four KPIs all contribute to increased sustainability.

- Survival rate
- Economic feed conversion ratio
- Share of secondary processing
- Greenhouse gas emission intensity in Scopes 1+2

In addition, SalMar issued a green bond at the start of 2021, with the funds raised being used in accordance with the published green bond framework. SalMar publishes a Green Bond Report annually on our webpage showing that the green bond's funds were invested solely in areas that contributes to the sustainable development of the company and the industry at large. See SalMar's website for further details.

We comply with the regulations

The aquaculture industry is strictly regulated, and companies must comply with applicable laws and regulations. SalMar reports the number of regulatory violations that have resulted in fines. This includes all violations relating to products and food safety, environmental and social regulations that resulted in monetary fines. In 2022, SalMar had no regulatory violations. Icelandic Salmon was given a fine for the escape incident reported in 2021, but the case is under appeal and remains open.

Regulatory violations in 2022

0

SalMar also published its Anti-Corruption and Bribery Policy and Anti-Competitive Behaviour Policy, stating how SalMar works to stay compliant with relevant regulations and proper business practices. There were no violations relating to corruption or anti-competitive behaviour in 2022, nor did SalMar identify such events in its supply chain.

Please see Note 4.9 to the annual financial statements for information concerning allegations of price fixing.

GRI Index and Third-Party Verification

Each year, SalMar reports on its activities in the field of corporate social responsibility and sustainability on the basis of the guidelines issued by the international organisation, the Global Reporting Initiative (GRI). Reporting takes place via this report, SalMar's annual report and other information published on our website.

The sustainability reporting for 2022 includes data for a number of disclosures drawn from GRI's guidelines. An overview of which indicators the report covers is presented in a separate publication on our webpage.

EY has carried out a limited third-party verification of the 2022 report. The KPIs in the report that have been verified, along with accompanying comments, are presented below.

Third-party verification

The following shows the KPIs that have been the subject of third-party verification by EY.

Fish

KPI		Indicator
Survival rate	12-month rolling survival rate	GSI
Antibiotics	Grams of active pharmaceutical ingredient (API/tonne produced)	GSI
Interaction with wildlife	Birds – Accidental mortality	GSI
	Birds – Euthanised	GSI
	Marine mammals – Accidental mortality	GSI
	Marine mammals – Euthanised	GSI
Fish escapes	No. of incidents	GSI
	No. of escaped fish	GSI
Fish feed	Certification of marine ingredients in fish feed	Own KPI
	Certification of soya ingredients in fish feed	Own KPI
	FFDR (Fish meal)	Own KPI
	FFDR (Fish oil)	Own KPI
	Economic feed conversion ratio	Own KPI
Certification	Share of active sites certified	GSI

Environment & Technology

KPI		Indicator
Greenhouse gas (GHG) emissions	Scopes 1 + 2 (GHG tCO_2e)	305-1+2
	Intensity Scopes 1+2 ($kgCO_2e$/tonne produced)	305-4
	Scope 3 (GHG tCO_2e)	305-3
	Intensity Scope 3 ($kgCO_2e$/tonn produced)	305-4
	Intensity Scopes 1+2+3 ($kgCO_2e$/tonne produced)	305-4
Secondary processing	Share of secondary processing	Own KPI
Site environment	MOM-B-Score ≤ 2	Own KPI
Operational areas with low water risk	Share of operational areas with a low overall water risk	303-5
Consumption of fresh water	Consumption (1,000 m³)	303-5
	Intensity (liter per kg produced)	Own KPI

People & Society

KPI		Indicator
Safety & sickness absence	LTI – Own employees	403-9
	LTI – Subcontractors	403-9
	H-factor	403-9
	Sickness absence	403-10

Corporate Governance

Corporate Governance at SalMar ASA

SalMar ASA aims to maintain a high standard of corporate governance. Good corporate governance strengthens public confidence in the company and contributes to long-term value creation by regulating the reciprocal roles and responsibilities of shareholders, the Board of Directors and the company's management, over and above that which is provided in laws and other regulations.

Corporate governance at SalMar shall be based on the following main principles:

- All shareholders shall be treated equally.
- SalMar shall maintain open, relevant and reliable communications with its stakeholders, including shareholders, public authorities and the general public, on matters relating to its business.
- SalMar's Board of Directors shall be autonomous and independent of company management.
- A majority of board members shall be independent of the company's majority shareholder.
- SalMar shall have a clear allocation of roles and responsibilities between shareholders, the Board and management.

1. Corporate Governance

Compliance and regulations

SalMar's Board of Directors have overall responsibility for ensuring that the company has adequate corporate governance. The company's Board and management perform a thorough annual assessment of its principles for corporate governance.

SalMar is a Norwegian public limited company listed on the Oslo Stock Exchange. The company is subject to section 3-3b of the Norwegian Accounting Act, pursuant to which the company must annually disclose its principles and practices with respect to corporate governance. In addition, the company is subject to the Oslo Stock Exchange's requirements for an annual statement of its principles and practices with respect to corporate governance. This disclosure shall cover each chapter in the prevailing Norwegian Code of Practice for Corporate Governance (code of practice) issued by the Norwegian Corporate Governance Board (NUES). The Oslo Stock Exchange's Continuing Obligations provide an overview of the information that must be included in the disclosure. The Norwegian Accounting Act is available from www.lovdata.no, while the Continuing Obligations are available from www.oslobors.no.

SalMar complies with the current Code of Practice for Corporate Governance, published 14 October 2021. The code of practice may be found at www.nues.no.

Application of the code of practice is based on the 'comply or explain' principle, which means that the company must provide an explanation if it elects an approach different to that recommended in the code of practice.

SalMar issues a comprehensive statement of its principles for corporate governance in its annual report, and this information is also available from www.salmar.no. This present statement describes how SalMar has conducted itself with respect to the code of practice in 2022.

Deviations from the code of practice: Reference is made to item 6.

2. Business and Purpose

SalMar is one of the world's largest producers of farmed salmon. As at 31 December 2022, the company owned licences for marine production of 166,169 tonnes MAB in Norway. This includes 6 time-limited demonstration licences covering 780 tonnes MAB each and 7,151 tonnes MAB in development licenses . In addition, the company has 6,240 tonnes MAB development licences through the Mariculture AS. SalMar has substantial secondary processing and sales activities in Frøya at InnovaMar, Senja at InnovaNor and Aukra at Vikenco, as well as five sales offices in Asia.

In 2021 SalMar entered into a strategic partnership with Aker establishing SalMar Aker Ocean. The company has ambition to become a global offshore aquaculture company with an ambition of 150,000 tonnes.

At the end of 2022, SalMar owned 51.02 per cent of the Icelandic aquaculture company Icelandic Salmon, which harvested 16,100 tonnes of salmon in 2022 and holds 23,700 tonnes MAB in license capacity.

SalMar owns 50 per cent of Norskott Havbruk AS, which in turn owns 100 per cent of Scottish Sea Farms Ltd, the UK's second largest producer of salmon, with an annual capacity of around 50,000 tonnes of harvested fish following the acquisition of Grieg Seafood Hjaltland UK Ltd. in 2021.

SalMar ASA's objectives are defined in Article 2 of its articles of association: *"The objective of the company is fish farming, the processing and trading of all types of fish and shellfish, and other financial activities related thereto. The company may, in accordance with directives from the relevant authorities, undertake general investment activities, including participation in other companies with similar or related objectives."*

SalMar's Board of Directors has drawn up clear objectives and strategies for the Group to secure optimal value creation for its shareholders and other stakeholders. Each business area has developed its own goals in line with these, and strategic priorities have been defined. Within the framework of the above article, SalMar is currently engaged in broodstock and smolt production, marine-phase farming, harvesting, processing and sale of farmed salmon. The Board also defines risk and sustainability profiles for the Group and ensures that these support value creation for its shareholders, and the board evaluates the risk profile annually.

The company's objectives and main strategies are further discussed in the annual report and can be found on the company's website www.salmar.no.

Corporate values, code of conduct and social responsibility

SalMar's corporate culture is based on the success factors that have underpinned its development since its establishment in 1991. Although this culture is affected by both internal and external work conditions, it is firmly embedded in certain overarching principles, such as sustainability, equality, quality, care for the environment, focus on work tasks and continuous improvement.

Underpinning all of SalMar's actions and business operations is its vision: "Passion for Salmon". This means that all choices relating to the company's production shall be made on the basis of a passion for salmon. Salmon shall be produced on its own terms. SalMar considers that the best biological results will provide the basis for the best financial results, and will safeguard SalMar's position as the world's most cost-effect salmon producer.

SalMar has two main principles: minimizing our environmental impact in the areas we operate, and to maxmize value creation from the fish we produce. One of our most important tenets is "sustainability in everything we do". Sustainable food production is an issue that has gained increased significance and focus. SalMar is engaged in a number of initiatives which will help make our already sustainable food production even more sustainable. See our latest sustainability report for further details.

SalMar has a set of tenets that describe desired behaviours and a shared understanding of how employees should behave. Through the SalMar School and day-to-day exposure to SalMar's corporate and performance culture, all employees are given encouragement and opportunities for development. For more information on the SalMar culture, please see the annual report and the company's website www.salmar.no.

SalMar has drawn up a code of conduct and social responsibility, whose purpose is to safeguard and develop the company's values, create a healthy corporate culture and uphold the company's integrity. The code of conduct is also meant to be a tool for self-assessment and for the further development of the company's identity. All employees of the company are bound to comply with the ethical guidelines laid down in the code of conduct. The reporting of any wrongdoing or other causes for concern is covered by specific procedures, which also allow employees to report anonymously through an external channel. The code of conduct is available from the company's website www.salmar.no.

SalMar has a presence in many local communities. The Group is therefore very aware of the diverse nature of its social responsibilities: as an employer, an industrial processor, a producer of healthy food, as a custodian of financial and intellectual capital, and – not least- as a user of the natural environment. Increased biological control is one of the company's most important focus areas, and is a material prerequisite for long-term success. The company is, among other things, working actively to safeguard fish welfare and prevent salmon from escaping.

One of the company's most important tenets is 'We care'. This permeates the SalMar culture, and ensures a high degree of awareness among employees, both internally and externally, in the areas in which the company operates.

Deviations from the code of practice: None

3. Equity and Dividend

Equity

As at 31 December 2022, the company's equity totalled NOK 24,155 million, which corresponds to an equity ratio of 38.6 per cent. The Board considers SalMar's capital structure to be adequate in relation to the company's objectives, strategy and risk profile.

Dividend policy

SalMar intends to provide shareholders with a competitive return on invested capital by creating value for shareholders in the form of dividends and share price appreciation over time.

SalMar's dividend policy takes as its starting point that the company shall at all times have a robust balance sheet and a liquidity reserve that is sufficient to meet future obligations.

The company has established long-term financial targets linked to gearing: NIBD[1] in relation to EBITDA in the interval 1.0–2.5. Provided that the company is within these limits, and taking account of future investments, the intention is to pay out surplus liquidity in the form of a dividend or the buyback of treasury shares. Provided the Annual General Meeting (AGM) approves, the aim is to make annual payments of dividend. The company will also consider the buyback of treasury shares within the authorisation limits granted to the Board by the AGM.

For the 2022 financial year, the Board proposes payment of a dividend corresponding to NOK 20.00 per share. This proposal is based on the Board's assessment that company's has demonstrated its capacity to adapt to changing market and regulatory conditions, delivering strong results and successfully completing large transactions, while maintaining a sound financial position with a strong liquidity reserve.

1 NIBD includes liabilities in accordance with IFRS 16 and EBITDA is without fair value adjustment, onerous contracts and production tax

Board authorisations

Authorisations granted to the Board are normally time limited, and are valid only up until the next AGM and no later than 30 June the following year.

The AGM of 8 June 2022 granted the Board four authorisations: to increase SalMar's share capital, to issue convertible loans, to buy back SalMar's own (treasury) shares and to acquire own shares in the market with subsequent cancellation. These were extensions of authorisations granted by the AGM in 2021. In line with the Norwegian Code of Practice for Corporate Governance, each of the authorisations was considered separately.

The authorisation for the Board to increase the company's share capital was limited to NOK 1,472,499.75, through the issue of up to 5,889,999 shares to finance investments and the acquisition of businesses through cash issues and contributions in kind.

The second authorisation allows the Board to issue convertible loans for up to NOK 3,000,000,000 for the purpose of enabling SalMar, at short notice, to use such financial instruments as part of its overall financing requirement. In connection with the conversion of loans raised pursuant to this authorisation, SalMar's share capital may be increased by up to NOK 1,472,499.75, though with account taken of any capital increases undertaken pursuant to the authorisation to increase SalMar's share capital, such that the total capital increase for both authorisations combined may not exceed 10 per cent of the share capital. It follows from the purpose of the authorisations that the Board may need to waive existing shareholders' preference rights.

The third authorisation allows the Board to acquire up to 11,677,638 treasury shares with an aggregate par value of up to an aggregate of NOK 2,919,409.50 at a price per share of no less than NOK 1 and no more than NOK 1,000.

Finally, the Board was granted an authorisation to acquire own shares for subsequent cancellation, cf. the Public Limited Liability Companies Act Section 9 4, for up to 5,684,191 shares with an aggregate par value of NOK 1,421,047.75. The rationale for the Board's proposal was that such arrangement would amongst other things give the Board an extended possibility to utilise mechanisms for distribution of capital to SalMar's shareholders and to facilitate an adequate capital structure of SalMar. The amount payable per share could be in the range between NOK 1 and NOK 1,000 per SalMar Share. Exercise of such authorisation was made subject to principles of equal treatment of shareholders. To ensure that SalMar's majority owner's, Kverva Industrier AS, proportionate shareholding remained equal it was set in place an arrangement whereby any shares acquired in the market would be cancelled through a subsequent share capital decrease and that a corresponding part of Kverva Industrier AS' shares would be redeemed.

The total capital increase for the last two authorisations combined may not exceed 10 per cent of the share capital.

All board authorisations are valid up until the next AGM, which will be held on 8 June 2023.

Deviations from the code of practice: None

4. Non-Discrimination of Shareholders and Transactions With Closely Related Parties

As of 31 December 2022, SalMar ASA owned 13,706,246 treasury shares, which accounts for 9.44 per cent of the company's registered share capital. Transactions involving treasury shares are undertaken on the stock exchange or otherwise at the listed price.

In the event of not immaterial transactions with related parties, the company shall make use of valuations and assessments provided by an independent third party.

In the event of capital increases based on an authorisation issued by a general meeting of shareholders, where the existing shareholders' rights are waived, the reason for this will be provided in a public announcement in connection with the capital increase as it was done on the successful private placement that took place 8 June 2021.

SalMar's code of conduct and regulations regarding insider trading set out what is required of employees with respect to loyalty, conflicts of interest, confidentiality and guidelines for trading in the company's shares. The code of conduct states that all employees must notify the Board if they, directly or indirectly, have a material interest in any agreement entered into by the company. Board members also have a duty to comply with the company's code of conduct.

SalMar's Board Chair Gustav Witzøe is the company's founder. He indirectly owns 93.02 per cent of Kverva AS, which, through Kverva Industrier AS, owns 41.3 per cent of the shares in SalMar ASA. Witzøe is a member of the board of Kverva AS. The instructions regulating the Audit and Risk Committee includes monitoring of the company's routines and follow-up of transactions between related parties.

Transactions with related parties are discussed in Note 4.8 to the 2022 consolidated financial statements.

Deviations from the code of practice: None

5. Free Transferability

SalMar has only one class of shares and all shares have equal rights. Each share has a face value of NOK 0.25 and carries one vote.

The company's shares are freely transferable on the Oslo Stock Exchange, and its articles of association do not contain any restrictions on the right to own, trade or vote for shares in the company, as long as the regulations governing insider trading are complied with.

Deviations from the code of practice: None

6. General Meeting of Shareholders

The company's highest decision-making body is the General Meeting of Shareholders.

General meetings are open to participation by all shareholders. Pursuant to Article 7 of the company's articles of association, the Annual General Meeting must be held by the end of June each year in Oslo, Trondheim or Kverva in the municipality of Frøya.

The 2023 AGM will be held on 8 June 2023 at the company's head office in Frøya.

An invitation to attend the AGM or an EGM will be issued no later than 21 days prior to the date of the meeting.

In accordance with the company's articles of association, documents relating to matters to be addressed at a general meeting of shareholders may be made available on SalMar ASA's website. The same applies to documents which by law must be included in or attached to the invitation to attend the general meeting. If the documents are made available in this way, the statutory requirement with respect to distribution to shareholders is not applicable. A shareholder may nevertheless ask to be sent documents relating to matters to be discussed at a general meeting by post. Case documents must contain all the documentation necessary to enable shareholders to take a standpoint on all matters to be addressed. Pursuant to section 5-11 of the Public Limited Companies Act, shareholders are also entitled to table their own items for consideration by the general meeting.

The deadline for notification of shareholders' intention to attend a general meeting is stipulated by the Board of Directors in the invitation thereto, no less than five days prior to the date of the meeting. Shareholders may send notification of their attendance, using the form provided, by post or email to the company's account manager Nordea Bank Norge AS, or via the company's website www.salmar.no.

Shareholders are entitled to make proposals and cast their votes either in person or through a proxy, including a proxy appointed by the company. The proxy form also enables shareholders to grant a proxy vote for each individual agenda item and in connection with the election of each board member.

Shareholders are entitled to cast their votes on each individual item on the agenda, including each individual Director nominated to the Board or members for the Nomination Committee.

The Board determines the agenda for the meeting, and the main issues to be dealt with by the AGM are regulated by Article 9 of the company's articles of association and section 5-6 of the Public Limited Companies Act.

The Board Chair and the company's auditor will be represented at general meetings, which will normally be chaired by the Board Chair. Other members of the Board of Directors and members of the Nomination Committee may in addition be represented at general meetings. The present Board Chair, Gustav Witzøe, is a member of the board of Kverva AS, SalMar's majority shareholder through its ownership in Kverva Industrier AS. Nevertheless, SalMar considers its Board Chair to be best suited to chair general meetings. In the event of any disagreement on individual agenda items where the Board Chair belongs to one of the factions, or for some other reason is not deemed to be impartial, a different person will be selected to chair the meeting in order to ensure independence with respect to the matters concerned.

The company will publish the minutes of general meetings of shareholders in accordance with stock exchange regulations.

Deviations from the code of practice: It is considered from time to time whether the entire Board of Directors and the Chair of the Nomination Committee will be present at the general meetings.

7. Nomination Committee

Article 8 of the company's articles of association stipulates that the Nomination Committee shall comprise a total of three people, who shall be shareholders or shareholders' representatives. The Nomination Committee's composition shall be such that the interests of shareholders as a community are upheld, and the majority of committee members shall be independent of management and the Board. The members of the Nomination Committee, including its chair, are elected by the AGM for a term of two years. Members may be re-elected. To ensure continuity, members' terms of office shall not coincide. The remuneration payable to members of the Nomination Committee is determined by the AGM. A set of regulations governing the work of the Nomination Committee was adopted at the board meeting of 21 March 2007 and updated at the AGM in 2014.

As at 31 December 2022, the Nomination Committee comprise of the following:

- Bjørn Wiggen, Chair (up for election in 2023)
- Endre Kolbjørnsen
- Karianne O. Tung (up for election in 2023)

The Nomination Committee shall make a recommendation to the AGM with respect to candidates for election to the Board of Directors and Nomination Committee, as well as propose the remuneration payable to the members of the Board and the Nomination Committee. In its work, the Nomination Committee shall take into consideration relevant statutory requirements with respect to the composition of the company's governing bodies, as well as principles for corporate governance laid down in the Norwegian Code of Practice for Corporate Governance drawn up by NUES. Proposals for members of the Board and Nomination Committee should safeguard the shareholder community's interests and the company's need for competence, capacity and diversity. The Nomination Committee has a dialogue with each of the board members yearly.

The Nomination Committee draws up criteria for the selection of candidates for the Board and Nomination Committee, in which both genders should be represented. The Nomination Committee should, over time, balance the requirements for continuity and renewal in the individual governing body. Relevant candidates must be asked whether they are willing to undertake the office of director or deputy director.

The committee should base its recommendations with respect to the remuneration payable on (a) information about the size of the remuneration paid to elected officers in other comparable companies, and (b) on the scope of work and the amount of effort the elected officers are expected to devote to the task on behalf of the company.

The Nomination Committee's recommendation to the AGM must be published in good time, so that it can be communicated to the shareholders before the meeting takes place. The recommendation shall accompany the invitation to attend the AGM, no later than 21 days before the meeting takes place. The committee's recommendation shall contain information about the candidates' independence and competence, including age, education and work experience. If relevant, notice shall also be given about how long the candidate has been an elected officer of the company, any assignments for the company, as well as material assignments for other group companies that may be of significance.

Proposals to the Nomination Committee

All shareholders are entitled to propose candidates for the Board or other elected offices to the Nomination Committee. Such proposals must be submitted to the Nomination Committee no less than six weeks prior to the company's AGM. All proposals shall be sent by email to the Nomination Committee's chair. Contact details are available from the company's website www.salmar.no.

Deviations from the code of practice: None

8. Board of Directors, Composition and Independence

Pursuant to Article 5 of SalMar's articles of association, the Board of Directors shall comprise of five to nine members, to be elected by the AGM. The Board Chair is elected by the AGM. The company's current board is made up of seven members, including two employee representatives. Three out of seven of the company's directors are women, including one female employee representative.

The regulations governing the work of the Nomination Committee state that emphasis shall be placed on ensuring that board members have the necessary competence to carry out an independent assessment of the matters presented to it by management and of the company's business activities. Emphasis shall also be placed on ensuring that there is a reasonable gender balance and that directors are independent with respect to the company. The Nomination Committee's recommendation shall meet the requirements relating to board composition stipulated by applicable legislation and the regulations of the Oslo Stock Exchange. Board members are elected for a term of two years and may be re-elected. An overview of the individual directors' competence and background is available from the company's website www.salmar.no.

Through decades of expertise from the aquaculture industry three of the Board members (Gustav Witzøe, Leif Inge Nordhammer and Margrethe Hauge) has expertise within sustainability and food safety for the industry. In addition both Margrethe Hauge and Morten Loktu both have expertise within product development and innovation.

As at 31 December 2022, two shareholder elected board member, Gustav Witzøe and Leif Inge Nordhammer, owned shares in SalMar. And both of the employee-elected board members owned shares in SalMar. See company's website www.salmar.no and Note 4.2 to the 2022 consolidated financial statements for further details.

Independence of the Board

SalMar's Board of Directors is composed such that it is able to act independently of any special interests. Board Chair Gustav Witzøe is also a member of the board of Kverva AS, the company's majority shareholder through its owner share in Kverva Industrier. Further, Leif Inge Nordhammer is also a member of the board of Kverva AS. These two are therefore not deemed to be independent. The remaining directors are deemed to be independent of senior executives, material business associates and the company's largest shareholders. In matters of material importance in which the Board Chair is, or has been, actively engaged, another director is appointed to chair the Board's deliberations. No such matters have been addressed in 2022.

Deviations from the code of practice: None

9. The Board of Directors

The Board of Directors has overall responsibility for the management of the Group and the supervision of its day-to-day management and business activities. Furthermore, the Board determines the Group's overall objectives and strategy, including the overall composition of the Group's portfolio and the business strategies of the individual business unit. The board is formally mandated to oversee all Sustainability/ESG issues. The work of the Board is governed by a set of regulations which describe the Board's responsibilities, tasks and administrative procedures. The Board has also prepared a set of instructions for the group management team that clarifies its duties, lines of authority and responsibilities.

The regulations governing the Board's working practices provide guidelines for how individual directors and the CEO should conduct themselves with respect to matters in which they may have a personal interest. Among them is the stipulation that each director must make a conscious assessment of his/her own impartiality, and inform the Board of any possible conflict of interest.

The Board shall approve the Group's plans and budgets. Proposals relating to targets, strategies and budgets are drawn up and presented by management. Strategy is normally discussed during the autumn, ahead of the Group's budget process. Within the area of strategy, the Board shall play an active role in setting management's course, particularly with regard to organisational restructuring and/or operational changes.

The Board meets as often as necessary to perform its duties. In 2022, the Board held 27 meetings, of which 13 were held digitally. The overall attendance rate at board meetings was 100 per cent.

The Board makes an annual assessment of its own work and competence.

Audit and Risk Committee

Pursuant to the Public Limited Companies Act, SalMar has a board-appointed Audit and Risk Committee. The committee's main tasks are to prepare the Board's follow-up of the financial reporting process, monitor the Group's internal control and risk management systems; monitor its routines and follow-up of transactions with related parties; and maintain an ongoing dialogue with the auditor. The committee held 5 meetings in 2022, with an overall attendance rate of 100 per cent.

With effect from 1 January 2021, the committee has been given broader responsibilities. This has been prompted by changes in the Norwegian Auditing Act and implementation of EU directives. The Board has updated the committee's instructions accordingly.

The Audit and Risk Committee also monitors the routines and follow-up procedures of transactions towards related parties.

At least one committee member must be independent of the business. If the committee has more than two members, a majority must be independent of the business.

As at 31 December 2022, the Audit and Risk Committee comprised the following:

- Margrethe Hauge (independent), chair
- Morten Loktu (independent)

Deviations from the code of practice: None

10. Risk Management and Internal Control

The Board is responsible for ensuring that the company's risk management and internal control systems are adequate in relation to the regulations governing the business. The company's systems and procedures for risk management and internal control are intended to ensure efficient operations, timely and correct financial reporting, as well as compliance with the legislation and regulations to which the company is subject. The Board performs an annual review of the company's risk management/corporate governance.

The most important risk factors for the company are biological risk associated with the biological situation in its hatcheries and sea farms, as well as the risk of fish escaping therefrom, and financial risk (fluctuations in salmon prices, foreign exchange, credit and interest rate risk). In addition, greater emphasis has been placed on IT security and the development of technologies and solutions to secure continued sustainable growth in the field of sustainable food production. These risk factors are monitored and addressed by managers at all levels in the organisation. For further information, please see the Annual Report for 2022. It is the CEO's responsibility to ensure that the company operates in accordance with all relevant statutes and guidelines.

Internal control of financial reporting is achieved through day-to-day follow-up by management and process owners, and supervision by the Audit and Risk Committee. Non-conformances and improvement opportunities are followed up and corrective measures implemented. Financial risk is managed by a central unit at head office, and, where appropriate, consideration is given to the use of financial hedging instruments.

Follow-up and control of compliance with the company's values and code of conduct takes place in the line as part of day-to-day operations.

The largest risk facing SalMar relates to the biological development of its smolt and marine-phase fish stocks. The company has internal controls which encompass systematic planning, organisation, performance and evaluation of the Group's activities in accordance with both public regulations and its own ambitions for continuous improvement. The Group has, for example, drawn up shared objectives for its internal control activities relating to the working environment and personal safety, escape prevention, fish welfare, pollution, food safety and water resources. Please see the annual report for further details.

Deviations from the code of practice: None

11. Directors' Fees

The Nomination Committee's proposal for the remuneration payable to the Board of Directors is approved or rejected by the company's AGM. Directors' fees shall reflect the Board's responsibilities, competence, time spent and the complexity of the business.

Directors' fees are not performance-related and contain no share option element. Additional information relating to directors' fees can be found in the notes to the financial statements included in the Annual Report for 2022.

In accordance with Section 6-16b of the Public Limited Companies Act, a separate report describing remuneration to management and directors in 2022 will be presented to the AGM for approval.

Deviations from the code of practice: None

12. Remuneration to Senior Executives

Pursuant to Section 6-16a of the Public Limited Companies Act, the Board of Directors has prepared a statement relating to the determination of salaries and other benefits payable to senior executives. This statement will, in line with the said statutory provision, be laid before the company's AGM in accordance with the existing regulations.

The company's senior executive remuneration policy is based primarily on the principle that executive pay should be competitive and motivating, in order to attract and retain key personnel with the necessary competence.

The statement refers to the fact that the Board of Directors shall determine the salary and other benefits payable to the CEO. The salary and benefits payable to other senior executives are determined by the CEO in accordance with the guidelines laid down in the statement. The existing compensation scheme is divided into three and comprises a fixed salary, a performance-related bonus and a share-based incentive scheme in line with the Board's authorisation.

At the 2022 AGM, the statement on executive remuneration was set forth as a separate case document, which is available from the company's website www.salmar.no. The AGM voted to approve the establishment of a new share-based incentive scheme for senior executives. In addition, the AGM held an advisory vote on the Board's proposed guidelines for the determination of salary and other benefits to senior executives for the 2022 financial year. The AGM approved separately the item relating to the remuneration of senior executives linked to shares or developments in the price of shares in SalMar or other group companies.

In accordance with Section 6-16b of the Public Limited Companies Act, a separate report describing remuneration to management and directors in 2022 will be issued and presented to the AGM for approval.

Deviations from the code of practice: None

13. Information and Communication

Investor relations

Communication with shareholders, investors and analysts is a high priority for SalMar. The objective is to ensure that the financial markets and shareholders receive correct and timely information, thus providing the soundest possible foundation for a valuation of the company. All market players shall have access to the same information, and all information is published in both Norwegian and English. All notices sent to the stock exchange are made available on the company's website and at www.newsweb.no.

SalMar seeks to comply with the Oslo Stock Exchange's investor relations recommendations, which includes a recommendation to publish information to investors on companies' websites. The company has, in line with the Norwegian Code of Practice for Corporate Governance, also adopted an 'IR Policy', which is available from the company's website. The CEO, CFO and Investor Relations Manager are responsible for communications with shareholders in the period between general meetings.

Financial information

The company holds open investor presentations in association with the publication of its year-end and interim results. These presentations are open to all, and provide an overview of the Group's operational and financial performance in the previous quarter, as well as an overview of the general market outlook and company's own future prospects. These presentations are also made available on the company's website.

The company will continue to publish interim reports in line with the Oslo Stock Exchange's recommendation. Such interim results will be published no more than 60 days after the close of each quarter.

Quiet period

SalMar will minimise its contacts with analysts, investors and journalists in the final three weeks before publication of its results. During this period, the company will hold no meetings with investors or analysts, and will give no comments to the media or other parties about the Group's results and future outlook. This is to ensure that all interested parties in the market are treated equally.

Financial calendar

Each year SalMar publishes a financial calendar indicating the dates of publication of the Group's interim reports and annual report, as well as the date of its AGM. The calendar is available from the Group's website www.salmar.no. It is also distributed as a stock market notice and updated on the Oslo Stock Exchange's website www.newsweb.no. The calendar is published before 31 December each year.

Icelandic Salmon AS and Frøy ASA

The subsidiaries Icelandic Salmon AS (previously named Arnarlax AS) is listed on Euronext Growth and Frøy ASA is listed on Oslo Stock Exchange. Guidelines have been drawn up with respect to the disclosure of information to ensure that all shareholders in SalMar receive the same information (materiality) as shareholders in Icelandic Salmon and Frøy.

Deviations from the code of practice: None

14. Acquisition

The Board of Directors has drawn up guidelines with respect to takeover bids, in line with the Norwegian Code of Practice for Corporate Governance. The guidelines were adopted by the Board at a meeting on 29 March 2011, and the Board undertakes to act in a professional manner and in accordance with applicable legislation and regulations.

The guidelines shall ensure that the interests of shareholders are safeguarded, and that all shareholders are treated equally. Furthermore, the guidelines shall help ensure that company operations are not unnecessarily disturbed. The Board will strive to provide shareholders with sufficient information to enable them to make up their minds with respect to the specific bid.

If a takeover bid has been made, the Board will make a statement and at the same time assess whether to obtain a valuation from an independent expert. The Board will obtain an independent valuation if a major shareholder, board member, member of the management team, related party or any collaborator of such a related party, or anyone who has recently held one or more of the above-mentioned positions, is either the bidder or has a particular interest in the takeover bid.

The Board will not seek to prevent any takeover bid, unless the Board is of the opinion that such action is justified out of consideration for the company and the company's shareholders. The Board will not exercise any authorisations or adopt other measures for the purpose of preventing the takeover bid. This stipulation may be waived only with the approval of a general meeting of shareholders after a bid has been announced.

Transactions which, in reality, involve the sale of the company's business shall be laid before a general meeting of shareholders for approval.

Deviations from the code of practice: None

15. Auditor

The company's auditor is appointed by the AGM. Each year, the Board of Directors shall receive written confirmation from the auditor that the requirements with respect to independence and objectivity have been met.

Each year, the auditor shall draw up a plan for the execution of their auditing activities, and the plan shall be laid before and discussed by the Audit and Risk Committee. The auditor shall meet with the Audit and Risk Committee annually to review and evaluate the company's internal control activities.

The auditor shall hold at least one meeting each year with the Board of Directors at which no representatives of the company's management are present. The auditor attends the board meeting at which the year-end financial statements are considered. The auditor attends the company's AGM.

The Board shall inform the AGM of the remuneration payable to the auditor, broken down into an auditing and other services component. The AGM shall approve the auditor's fees.

The company has drawn up guidelines to regulate the extent to which it is permitted to use the auditor to perform services other than audit-related services.

Deviations from the code of practice: None

Executive Management

Frode Arntsen

CEO

Frode Arntsen has been CEO since October 2022. He started in SalMar in 2017 as COO, Industry and Sales. He has a background from the Norwegian Military, and is educated as a lecturer within management. He has worked in the seafood industry since 2000, and has previously held senior/director positions at Lerøy Midnor, HitraMat and Lerøy Midt.

Born: 1970

Shares: 5,900

RSU-rights: 8,454

Ulrik Steinvik

CFO

Steinvik started in the position as CFO in October 2021, prior to this he has held several leading positions in the executive management. Mr. Steinvik holds the title as Norwegian state authorized public accountant. Berfore Steinvik joined SalMar in 2006 he served with Arthur Andersen Norway and Ernst & Young AS from 1998 to 2006. He graduated from the Norwegian School of Economics and Business Administration in 2002.

Born: 1974

Shares: 119 674. Owns 19,317 shares directly and indirectly through personal related parties. Also owns 100 per cent of the shares in Nordpilan AS. Nordpilan AS owns 0.17 per cent of the shares in Kverva AS, which in turn through Kverva Industrier AS owns 41.3 per cent of the shares in SalMar ASA.

RSU-rights: 5,300

Roger Bekken

COO Farming

Roger Bekken took over as COO Farming on 4 June 2018. Mr Bekken has worked in the seafood sector since 1991. He has held a variety of executive positions in the industry. Before joining SalMar is 2014, he was COO of Farming at Norway Royal Salmon (NRS). From 2014 until June 2018, Mr Bekken was managing director at SalMar Farming AS.

Born: 1967

Shares: 17,440

RSU-Rights: 6,427

Simon Søbstad

COO Sales & Industry

Simon Søbstad took over as COO Sales & Industry in October 2022. From January 2018 he held the position as second in command Sales & Industry and since he started in SalMar in 2007 he has held several roles. Søbstad has education within aquaculture and has worked in the seafood industry since 2002.

Born: 1982

Shares: 732

RSU-Rights: 4,074

Eva Johanne Haugen
Director Quality Management/HSE

Eva Haugen has held the position as Director Quality Management/HSE since 2013. She has worked in SalMar since 2001 where she has held several leading positions within quality management. She has several years of experience as a teacher in secondary school subjects such as aquaculture, science and biology. Haugen is a graduate from NTNU in the fields of chemistry, biology and education studies and holds a degree in ecotoxicology and physiology in salmonids.

Born: 1971

Shares: 7,380

RSU-Rights: 3,332

Arthur Wisniewski
Director Human Resource Management

Wisniewski has worked at SalMar since 2016 and took up the position as Director Human Resource Management in 2018. He previously worked as HR Manager in the company. Wisniewski came from a similar position at German Wacker Chemicals and has many years of experience working with change and development processes within the HR field as an advisor and consultant in both the private and public sector. He has a Master's degree from NTNU in Science-Technology-Society studies (STS), as well as a Bachelor's degree in sociology from the same university.

Born: 1978

Shares: 2,184

RSU-Rights: 3,857

Runar Sivertsen
Chief Strategy Officer

Sivertsen has worked at SalMar since 2010 and took up the position as Chief Strategy Officer in April 2020. He has previously worked as the Investor Relations Officer and before that as an analyst for the company. Sivertsen has a Master of Science in Business degree from NTNU Business School and has also completed The Solstrand programme Accelerate.

Born: 1985

Shares: 3,900. 3,813 directly and 87 shares indirectly through related parties.

RSU-Rights: 3,606

Board of Directors

Gustav Witzøe

Chairman of the Board

Gustav Witzøe joined the board of directors as board chair in SalMar June 2022. Mr. Witzøe is the co-founder of SalMar ASA. He holds a degree in engineering. After several years as an engineer he co-founded BEWI AS, a company producing styrofoam boxes for the fish farming industry. Mr. Witzøe held the position as managing director of BEWI AS until 1990. Since Mr. Witzøe founded SalMar ASA in 1991 he has gained extensive experience in fish farming and processing.

Mr Witzøe indirectly owns 93,02% of Kverva AS, which in turn through Kverva Industrier AS owns 41.3% of the shares in SalMar ASA. Mr Witzøe is also a director of Kverva AS.

Citizenship: Norwegian citizen, and resident in Norway

Independent: No

Margrethe Hauge

Member of the Board and Leader of the Audit and Risk Committee

Margrethe Hauge is CEO of Goodtech ASA and has held management positions within production, supply chain, service and sales in aqua, agriculture, maritime and oil & gas industries. She has held positions as CEO at Teknisk Bureau AS, Regional Managing Director – Nordic & Germany at MRC Global Inc. and Executive Vice President Services at TTS Group ASA. She has also held several management positions at Kverneland Group. Ms Hauge started her career as trainee at Norsk Hydro ASA. She is member of the board of Borregaard ASA and Mesta AS. She holds a Master's degree in Economics & Business Administration, University of Mannheim, Germany.

Nationality: Norwegian citizen, and resident in Norway

Independent: Yes

Leif Inge Nordhammer

Member of the Board

Nordhammer was previously CEO in SalMar from 1996 to 2016, with a hiatus from 2011 to 2014. Today he works in his investment company LIN AS and is board member of Kverva AS. He has extensive experience from leadership positions from several companies within aquaculture and has been a part of the industry since 1985. Former companies include Sparebank 1 Midt-Norge, E. Boneng & Sønn, Frøya Holding AS/ and Hydro Seafood AS. Nordhammer has educational background for Norwegian Armed Forces, Trondheim Business School and University in Trondheim. Nordhammer joined the board of SalMar in June 2020.

Nordhammer owns indirectly 1,33% of the shares in SalMar ASA. He owns 99,1% of LIN AS which directly owns 0,92% of the shares in SalMar ASA and indirectly LIN AS owns 0,41% of the shares in SalMar ASA through its 1% ownershare in Kverva AS, which through through Kverva Industrier AS owns 41,3% of the shares in SalMar ASA.

Nationality: Norwegian citizen, and resident in Norway

Independent: No

Arnhild Holstad

Member of the Board

Arnhild Holstad joined the board of directors in SalMar June 2022. She is the Regional Manager at Statskog, and non-executive board member in Helse Midt-Norge RHF. She has previously been the mayor of Namsos for 6 years, and has board experience from Sparebank1 SMN and NTE. She has extensive experience from political and executive positions within communication. She is a graduate of the Norwegian School of Journalism, Norwegian School of Sport Sciences and Norwegian University of Science and Technology (NTNU).

Shares: Owns indirectly through related parties 2,000 shares in SalMar ASA.

Citizenship: Norwegian citizen, and resident in Norway

Independent: Yes

Morten Loktu

Member of the Board and member of the Audit and Risk Committee

Morten Loktu joined the board of directors in SalMar June 2022. He has held several senior positions at Equinor as Vice President of Corporate Strategy, Senior Vice President (LEAN and Operational Improvement), Senior Vice President (Operations North) and Senior Vice President (Research & Innovation). He was the CEO of SINTEF for 3 years and Executive Vice President of Statoil. He is a graduate of Norwegian University of Science and Technology. He is a board member in SalMar Aker Ocean and Frøy.

Citizenship: Norwegian citizen, and resident in Norway

Independent: Yes

Tone Ingebrigtsen

Employee representative

Tone Ingebrigtsen works as a fish health manager for the nothern region of SalMar Farming. She has a master degree in aquamedicine, and an MBA from Nord University Business School. Tone started working within the aquaculture industry in 2006, and has been part of the SalMar-team since 2014.

Nationality: Norwegian citizen, and resident in Norway

Shares: 762

RSU-Rights: 2,048

Simon Søbstad

Employee representative

Simon Søbstad started his career in SalMar in February 2007. Since then, he has held a number of different roles within sales and industry.

Nationality: Norwegian citizen, and resident in Norway

Shares: 732

RSU-Rights: 2,048

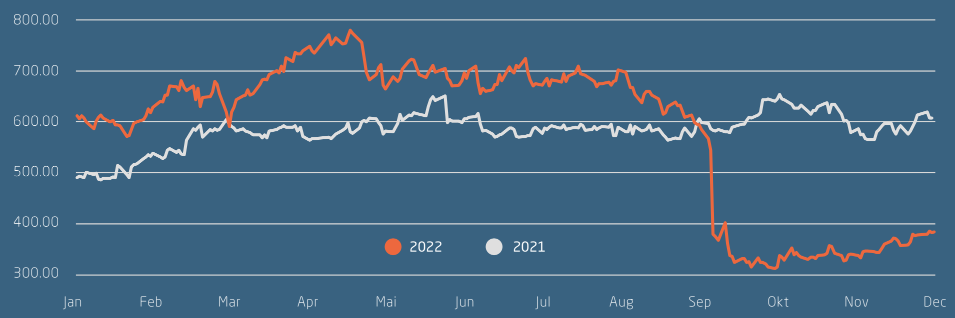
Shareholder Information

SalMar's 20 largest shareholders

Name	Shareholding 31.12.2022	Shareholding (%)
KVERVA INDUSTRIER AS	59,904,476	41.27%
NTS ASA	13,691,960	9.43%
FOLKETRYGDFONDET	5,674,496	3.91%
State Street Bank and Trust Comp	2,433,406	1.68%
NILS WILLIKSEN AS	1,744,647	1.20%
CACEIS Bank	1,728,387	1.19%
HASPRO AS	1,705,830	1.18%
TERBOLI INVEST AS	1,425,394	0.98%
JPMorgan Chase Bank, N.A., London	1,399,473	0.96%
LIN AS	1,337,685	0.92%
State Street Bank and Trust Comp	1,115,890	0.77%
CLEARSTREAM BANKING S.A.	1,070,182	0.74%
JPMorgan Chase Bank, N.A., London	1,006,058	0.69%
State Street Bank and Trust Comp	983,887	0.68%
CACEIS Bank	946,056	0.65%
RODO INVEST AS	855,413	0.59%
CACEIS Bank	834,124	0.57%
ANDVARI AS	810,468	0.56%
SIX SIS AG	804,465	0.55%
VERDIPAPIRFONDET ALFRED BERG GAMBA	750,226	0.52%
Sum top 20	100,222,523	69.05%
Others	44,916,397	30.95%
Total	145,138,920	100.00%

Shareholders	24,539

Share price 2022



Share price development

Share price at the start of 2022 was NOK 608.00 per share, valuing SalMar at NOK 71,622 million. At year-end the share price was NOK 384.80 valuing SalMar at NOK 55,849 million.

Technical information

As at 31 December 2022 SalMar ASA had 145.138.920 shares, with each share having a face value of NOK 0.25.

As at 31 December 2022 the company had 24,539 shareholders.

The company's VPS number is ISIN NO 001-0310956.

Account operator is Nordea Bank.

The company's ticker on the Oslo Stock Exchange is SALM.

IR contact in SalMar

Communication with shareholders, investors and analysts is a high priority for SalMar. The objective is to ensure that the financial market and shareholders receive correct and timely information, thus providing the soundest possible foundation for a valuation of the company. All notices sent to the stock exchange are made available on both the company's website, the Oslo Stock Exchange's www.newsweb.no site and through news agencies.

If you would like to subscribe to news from SalMar, please send an e-mail to ir@salmar.no so that we can include your e-mail in our news distribution list.

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Financial calendar 2023

Results 4th quarter 2022: 22 February 2023
Annual report 2022: 28 April 2023
Results 1st quarter 2023: 11 May 2023
Annual general meeting: 8 June 2023
Results 2nd quarter 2023: 24 August 2023
Capital Markets Day: 06-07 September 2023
Results 3rd quarter 2023: 09 November 2024

SalMar holds quarterly presentations open to the public. The presentations will take place at 08:00 am CET at Hotel Continental in Stortingsgaten 24/26 in Oslo, Norway. The annual general meeting will be held at Frøya.

Annual report will be published through the company's homepage, www.salmar.no, Oslo Børs news site, newsweb.no and other newswires.

Please note that the dates and location can be changed. Any changes will be communicated.

Report of the Board of Directors

2022 was an eventful year for SalMar establishing a great foundation for the future. In 2022 SalMar completed the transactions with NTS, NRS and SalmoNor and thereby positioning SalMar firmly as a leading company in the industry as the second largest salmon producer in the world.

Once again, the company posted strong annual results driven by the strong demand for salmon in markets around the world and solid operational performance.

The end of 2022 was impacted negatively by the proposed introduction of resource rent tax on aquaculture in Norway from 2023. This represents a dramatic increase in the tax on seafood production – a taxlevel no other country has on its food production. Given the increasing competition from a growing number of salmon-producing countries, it is even more important that the Norwegian government ensures Norway's aquaculture sector has stable and predictable framework conditions.

In 2022, SalMar harvested a total of 177,500 tonnes of salmon in Norway, 16,100 tonnes in Iceland and 35,900 in Scotland . The group generated gross operating revenues of NOK 20,158 million. Operational EBIT totalled NOK 4,465 million in 2022.

The Group expects to harvest 243,000 tonnes in Norway, 16,000 tonnes in Iceland and 37,000 tonnes in Scotland[1] in 2023.

1 Joint venture Scottish Sea Farms LTD through 50% ownership in Norskott Havbruk

Business and Strategy

SalMar ASA is a Norwegian public limited company, whose shares are listed on the Oslo Stock Exchange under the ticker SALM.

The Group is one of the world's largest and most cost efficient producers of Atlantic salmon. It is vertically integrated along the entire value chain from broodstock, roe and smolt to harvesting, processing and sales. Through wholly owned businesses, subsidiaries and associates/joint ventures, SalMar has operations in Norway, Iceland and Scotland. The company sells its products to customers worldwide, with particular focus on markets in Europe, North America and Asia.

At the close of 2022, SalMar had licences to hold a maximum allowable biomass (MAB) of 166,169 tonnes of MAB in Norway, this includes 6 time-limited demonstration licenses, and a MAB of 23,700 tonnes in Iceland. In addition, SalMar operates several R&D licences in collaboration with other companies in Norway.

SalMar has a substantial harvesting and processing capacity at InnovaMar in Frøya and Vikenco in Aukra in Central Norway. During 2022 volume was ramped up at SalMar's new harvesting and processing plant in Northern Norway, InnovaNor. The facility is Northern Norway's largest and most modern salmon processing facility. Through the acquisition of SalmoNor, SalMar gained ownership in the harvesting facility SalmoSea in Rørvik in Central Norway.

Icelandic Salmon, was listed on the Euronext Growth in 2020 and is partially owned by SalMar with 51.02 percent of the company's shares. In addition, SalMar owns 50 percent of Scottish Sea Farms Ltd (through Norskott Havbruk AS), which is UK's second largest producer of salmon.

SalMar has for many years explored and developed opportunities to expand its fish farming activities in exposed areas and far out at the open ocean. In 2021, SalMar took one important step further by entering into a strategic partnership with the industrial investment company Aker ASA, and together the two companies aim to create the world's leading offshore aquaculture company. The efforts are being channelled through the company SalMar Aker Ocean, in which SalMar will retain a majority interest. Through the merger with NRS, SalMar also gained ownership in the development project Arctic Offshore Farming.

SalMar is headquartered on Frøya, in Trøndelag County. The Group's registered address is 7266 Kverva.

Ambition and strategic position

It is SalMar's clearly expressed ambition to be the world's best aquaculture company, driven by our vision: "Passion for Salmon".

SalMar aims to be a driving force for sustainable growth in the global aquaculture industry and is convinced that the establishment of salmon farming in the open ocean is an important step for further sustainable growth. For SalMar, offshore fish farming represents an important part of the solution to the industry's challenges in regard to production area limitations and biological performance. Especially since offshore conditions largely reflect the natural habitat of the Atlantic salmon. In this way, salmon can be farmed on the fish's own terms, rather than the limitations of the equipment.

SalMar will therefore pursue two separate growth strategies going forward: one for coastal fish farming and one for offshore fish farming.

Coastal fish farming: The core of SalMar's strategic position in coastal fish farming will continue to be cost leadership and operational efficiency. This will be achieved by operating a focused value chain, with significant emphasis on upstream activities. Furthermore, activities reported in the Sales and Industry segment will secure optimal utilisation of the harvested salmon in order to maximize value creation.

In addition to cost leadership, the company focuses on performance with the aim of achieving excellence at all levels and in all aspects of production.

SalMar's coastal fish farming will represent the core of the Group's production and earnings capacity for many years to come. The company seeks to maintain a leading role in growing and further developing the industry and the completion of the transaction with NTS, NRS and SalmoNor clearly expresses this. Salmar will continue to actively pursue attractive M&A opportunities, provided they are on commercially acceptable terms.

Offshore fish farming: With SalMar as the majority owner, SalMar Aker Ocean is a pioneer and leading the development of offshore salmon farming.

SalMar Aker Ocean engages in offshore farming, both in coastal waters exposed to severe weather conditions and far out in the open ocean. By combining Aker and SalMar's knowledge and leading expertise in salmon farming, focus on fish welfare and optimal conditions for the salmon, as well as industrial software and environmental technologies, Salmar Aker Ocean 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.

SalMar will own 66.6 percent of SalMar Aker Ocean, while Aker will own 33.4 percent. In three tranches, Aker will make NOK 1.65 billion in cash contributions, whereof the first tranche was paid in Q4 2021.

Through the development project Artic Offshore Farming, SalMar has positioned itself as leading the development of offshore farming.

Important events in 2022

Completion of transactions with NTS, NRS and SalmoNor: Through a series of transactions, NTS, NRS and SalmoNor became a part of SalMar from November 2022. The combination will allow for synergies in these important regions with good farming conditions. The leading position has been won through creativity, effort and passion over decades, from employees, management and shareholders. SalMar, NTS, NRS and SalmoNor are great companies, and will continue to be in front by working together. Despite of the proposed resource tax creating uncertainty for the Norwegian industry, Salmar will continue to strive for continued sustainability, operational excellence, and efficient use of resources to protect jobs and ensure value creation in the regions we operate.

In December 2022, the shares in Arctic Fish was divested, and Mowi acquired the shares in Arctic Fish at a price of NOK 115 per share.

SalMar has also announced a strategic review of its indirect holding in Frøy ASA with the aim of maximizing value for its shareholders. Through its subsidiary NTS AS, SalMar holds 72.11 per cent of the shares in Frøy. The strategic review is expected to be completed within 2023. A sale of the shareholding is a possible outcome based on incoming interest from relevant investors. Frøy is therefore classified as held for sale and discontinued operations in the financial statements of SalMar at the end of 2022.

Increase of smolt capacity: Expansion of the smolt facility on Senja was completed in 2022, with first transfer of fish to sea in 2023. The new smolt facility under construction in Tjuin in Trøndelag, is expected to transfer the first batch of fish to sea in 2024.

SalMar has started the construction of a new closed net pen which shall be put into operation this summer. This is the second closed net pen for SalMar, and both are located in southern parts of Central Norway.

Expansion of harvesting and processing capacity: Harvesting and VAP activities at InnovaNor, SalMar's new harvesting and processing plant in Northern Norway, has been gradually ramped up during 2022. Currently a project is underway to expand harvesting capacity at our facility Vikenco in Rindarøy outside Molde in Central Norway.

Organization: In February 2021 SalMar announced that CFO & COO Trine Sæther Romuld moved to a new role as CFO of SalMar Aker Ocean. Gunnar Nielsen became CFO in SalMar ASA, effective 1 April 2022.

In March 2022, Linda Litlekalsøy Aase was appointed new CEO in SalMar, from May 2022. She followed Gustav Witzøe, who was appointed Board Chair in the annual general meeting in June 2022.

At the end of September 2022, Gunnar Nielsen handed in his resignation as Salmar's CFO and in October 2022, SalMar announced that Linda Litlekalsøy would step down as the CEO of SalMar.

The Board of Directors appointed Frode Arntsen as the new CEO. Arntsen has been with SalMar since 2017 and prior to his role as CEO he was the COO for Sales and Industry.

On 27 October, SalMar announced that Ulrik Steinvik was appointed as the company's new CFO. Ulrik Steinvik has been in SalMar since 2006 and has held several leading positions in the executive management where he has been Director of Business Improvement the latest years.

Events after the reporting date

Compulsory acquisition of all remaining shares in NTS: Following the completion of the mandatory offer for to acquire all shares in NTS, SalMar owns 92,93 per cent of the shares in the company. On 3 January 2023 SalMar publicly announced that they resolved to carry out a compulsory acquisition of all remaining shares in the company not owned by SalMar and with effect from 3 January 2023, SalMar became 100 per cent owner of all shares in NTS.

Divestment of NRS Sales office: On 28 February 2023 the sales office to NRS in Kristiansund was sold to Visscher Seafood.

Discontinued operations at SalmoSea AS: 10 March 2023 the Board of Directors in SalmoSea AS, a subsidiary of Salmonor AS, announced that they will discontinue operations. SalmoSea is a harvesting facility in Flerengstrand near Rørvik in northern parts of Central Norway. Over time, SalmoSea has not been able to cover its obligations, and the board of directors does not believe that the company's harvesting business will be competitive in the future.

Market Conditions

Supply, exports and price of Atlantic salmon

After several years of growth the global supply of Atlantic salmon decreased in 2022 with 1.1 per cent, according to Kontali Analyse.

Supply of Atlantic salmon in 1,000 tonnes whole fish equivalents (WFE)	2021	2022	Change
Norway	1,533	1,517	-1.1 %
Chile	718	752	4.6 %
UK	199	165	-17.2 %
North America	161	151	-6.2 %
Faeroes	106	100	-5.7 %
Other countries	179	181	1.4 %
Total global supply	**2,896**	**2,866**	**-1.1 %**

2022 was the best year on record for Norwegian exports of seafood measured in value. Total export of Atlantic Salmon was around 1,441 tonnes round weight, down 2 percent on 2021. The value of Norway's salmon exports rose by 29 percent, reflecting that the average price of Atlantic salmon was higher in 2022 than the year before.

Norway exported 69 percent of its volume to the EU in 2022. Overall, the EU decreased its imports of salmon from Norway by 2 percent, with the largest market, Poland, decreasing their imports by 5 percent and second largest market, France, increasing with 1 per cent.

SalMar sold directly to 56 different countries in 2022. Europe was the most important destination, with Poland, Sweden and France as the largest single markets. The second most important destination was Asia, with South Korea, Japan and Taiwan as the most prominent. Since sales to Russia were discontinued in 2014, North America has been the third largest export destination.

The price of Atlantic Salmon (NASDAQ) was significantly higher in 2022 than in 2021. The year's lowest price was recorded in week 35 at NOK 57.06 per kg, while the highest price came in week 17 at NOK 124.14 per kg. The average price of salmon (NASDAQ Salmon Index) for 2022 was NOK 82.59 per kg, compared to NOK 57.92 per kg the year before.

From the close of 2021 until the close of 2022, the Norwegian currency (NOK) weakened by five percent against the EUR and 12 percent against USD, while it was at the same level against the GBP. A weakening of the NOK against the respective trading currencies could lead to an increase in salmon prices measured in NOK and vice versa.

Framework conditions

Norway

After several years of more stable framework conditions in Norway. The surprising tax proposal from the Norwegian government 28 September 2022 marked a change in this. In September 2022, the Norwegian government proposed the introduction of a resource rent tax on aquaculture production in Norway. The proposal that has been circulated for consultation would result in a threefold increase in the corporation tax on seafood production – up from 22 per cent to 62 per cent. This will have a major impact on the capacity for innovation and investments in the Norwegian aquaculture industry.

In light of the proposal, SalMar considers it would be imprudent to make any new investment decisions and has put all new major industrial projects on hold. The uncertainty surrounding the framework conditions for Norwegian aquaculture indicates the need for heightened caution with respect to investments and the signing of new contracts. The market for fixed-price contracts has ceased to work properly since the government has introduced uncertainty around how the tax will be calculated. This is having a particularly severe impact on Norwegian secondary processing, which has the highest employment rate in the supply chain.

As a leading and responsible industry player, SalMar submitted 3rd of January 2023 a detailed response as part of the public consultations. The response, which is available on the government's website, clearly and strongly opposes the proposed tax. The basis for the tax proposal is based on the assumption that the salmon production industry generates excessive returns compared to the risk involved, but this is not accurate. And SalMar strongly emphasized that the proposal should be permanently set aside.

The public consultation process ended 4th of January 2023 and there was over 400 responses in the process. The vast majority of the responses where negative.

28 March 2023, the Norwegian government held a press conference to present its revised proposal for a resource rent tax. The updated proposal specifies a tax rate of 35% compared to 40% in the original proposal. This proposal will be debated in the Norwegian parliament before a final verdict is expected before the summer of 2023.

For Norwegian fish farmers, it is highly desirable that a cross-party majority in the Norwegian parliament (Storting) can contribute to a moderate, competitive and sustainable tax regime for Norwegian aquaculture, which can remain predictable irrespective of changing governments. In SalMars assessment the governments proposed model with structure and level will not meet the industry need for a sustainable tax regime that can fulfill the ambitions for the development of aquaculture and adjacent industry in Norway.

Given the greater competition from a growing number of salmon-producing countries, it is even more important that the Norwegian government ensures Norway's aquaculture sector has stable and predictable framework conditions.

Iceland

Framework conditions for salmon farming in Iceland have improved, after being rather unpredictable for many years, and Icelandic Salmon continues its active and constructive dialogue with the authorities with respect to these issues. The company believes there is a tailwind with respect to giving sustainable salmon production on Iceland room to grow. Growth in production and market share is expected to increase going forward. Increased market share of Icelandic salmon the next few years should help infrastructure with much needed scale and therefore improved competitiveness of the Icelandic salmon industry. Increased awareness in the market also creates opportunities related to sales and marketing as Icelandic salmon has not been available in all main markets on a weekly basis up until recently.

Icelandic Salmon today holds licenses of 23,700 tonnes maximum allowed biomass in the southern part of the Icelandic Westfjords. The company is in the process of applying for additional licenses in Ísafjarðardjúp and Arnarfjörður respectively.

Scotland

Framework conditions for salmon farming in Scotland have remained relatively constant over several years. The growing influence of special interests (NGOs, organised anglers, etc) has led to more challenging regulations than in Norway, which has in turn contributed to a higher level of costs (lower efficiency, less economies of scale). The Scottish authorities have expressed an ambition to grow the aquaculture industry from its present output level of around 170,000 tonnes.

Access to markets

China still accounts for only a small portion of the market for Norwegian salmon. This is largely due to the introduction of restrictions in 2015 on Norwegian salmon from selected regions. Efforts have been made to improve access to the Chinese market. In May 2019, China lifted its restrictions on the Norwegian counties to which they had applied. This move also included SalMar's harvesting plant InnovaMar on Frøya.

Russia was previously an important market for SalMar and Norwegian salmon in general. However, trade restrictions introduced in the wake of the Crimean conflict in 2014, and more recently the Russian invasion of Ukraine in 2022, mean that the Russian market will remain closed to Norwegian fish farmers in the foreseeable future.

Financial Performance

Going concern

The annual financial statements for 2022 have been prepared on the assumption that SalMar is a going concern pursuant to section 3-3a of the Norwegian Accounting Act. With reference to the Group's results and financial position, as well as forecasts for the years ahead, the conditions required for continuation as a going concern are hereby confirmed to exist. In the opinion of the Board of Directors, the Group's financial position is good.

Consolidated Income Statement

The Group generated consolidated operating revenues of NOK 20,158 million in 2022, compared with NOK 15,044 million in 2021. This represents an increase of 34 percent.

In 2022, consolidated harvest volume was 193,700 tonnes overall: 177,500 tonnes in Norway and 16,100 tonnes in Iceland. In addition, Norskott Havbruk harvested 35,900 tonnes, of which SalMar's share was 18,000 tonnes (50 percent).

The average price of salmon (NASDAQ) in 2022 came to NOK 82.59 per kg, up 24.7 percent from the average in 2021, which came to NOK 57.92 per kg. The price of salmon was higher in 2022 mainly due strong demand of products in all core markets after easing of restrictions due to Covid-19 pandemic and price inflation on proteins in general. This year's highest price was NOK 124.14 per kg in week 17, while the lowest recorded price, NOK 57.06 per kg, was recorded in week 35. The price closed the year at NOK 87.27 per kg.

Around 34 percent of SalMar's total volume harvested in Norway in 2022 was sold under fixed-price contracts. The terms of these contracts vary, but do not normally last for more than 12 months. Overall, the price achieved under these fixed-price contracts was lower than the spot price (NASDAQ) for the year as a whole.

The fish farming segments in Norway performed well throughout the year, especially the results in Northern Norway was strong in 2022.

The SalMar Group had payroll costs of NOK 1,894 million in 2022, compared with NOK 1,540 million in 2021. The number of full-time equivalents (FTEs) in the Group rose by 15.6 percent in 2022, from 1,960 FTEs at the close of 2021 to 2,266 FTEs at the close of 2022. The main reason for the increase is the completion of the transactions with NTS, NRS and SalmoNor.

Operational EBIT is SalMar's most important measure of performance, this is an alternative performance measure used by the Group, since it shows the results of underlying operations during the period. Specific items not associated with underlying operations are presented on separate lines in the consolidated financial statements. See note 4.14 for further details.

The SalMar Group made an operational EBIT of NOK 4,465 million in 2022, compared with NOK 2,927 million in 2021.

Production tax reduced profits with NOK 85 million, onerous contracts increased profits with NOK 126 million, fair value adjustments increased profits by NOK 516 million and fair value adjustments included in the cost of goods sold due to business combinations reduced profits with NOK 283 million in 2022. The corresponding elements in 2021 increased profits by NOK 524 million for production tax, onerous contracts and fair value adjustments. Fair value adjustments comprise changes in the fair value of the biological assets, unrealised effects of forward currency contracts and unrealised value of Fish Pool contracts. See note 2.8, 3.6 and 3.13 for further details.

SalMar made an operating profit of NOK 4,738 million in 2022, up from NOK 3,451 million in 2021.

Income from investments in associates and joint ventures contributed less to the 2022 results than the year before. This is largely attributable to reduced results by Norskott Havbruk. SalMar's share of the profit from these investments totalled NOK 66 million in 2022, compared with NOK 95 million in 2021.

Net financial items in 2022 totalled NOK -243 million, compared with NOK -159 million in 2021. The change is largely due to increased interest rates and thereby interest expenses. SalMar's net interest income and expenses for 2022 totalled NOK 336 million, an increase from NOK 169 million in 2021. Financial income totalled NOK 95 million in 2022, an increase from NOK 21 million in 2020. Financial expenses totalled NOK 2 million, a decrease from NOK 11 million in 2021. See Note 2.9 for further details.

SalMar's profit before tax from continuing operations in 2022 totalled NOK 4,562 million, up from NOK 3,387 million in 2021. A tax expense of NOK 954 million has been calculated for 2022, up from NOK 719 million in 2021.

SalMar's profit for the year from continuing operations totalled NOK 3,608 million in 2022, compared with NOK 2,668 million in 2021.

Frøy is recognized as discontinued operations, see note 4.7 for further details, and profit after tax from discontinued operations amounted to NOK 107 million in 2022, compared with NOK 0 million in 2021.

Profit for the year totalled NOK 3,715 million in 2022 up from NOK 2,668 million in 2021.

Consolidated Statement of Cash Flows

SalMar achieved a positive cash flow from operating activities of NOK 4,222 million in 2022, compared with NOK 2,908 million in 2021. Through 2022, SalMar's working capital[1] increased by NOK 806 million, compared with an increase of NOK 259 million in 2021. In addition, SalMar paid NOK 552 million in corporate tax in 2022, compared with NOK 549 million the year before.

Net cash flow from investing activities totalled NOK 2,633 million in 2022, compared with net NOK 2,827 million in 2021. See Notes 3.1, 3.3, 4.5 for further details.

Net cash flow from financing activities totalled NOK 164 million in 2022, compared with NOK 602 million in 2021. Cash flow from interest-bearing debt and overdraft came to NOK 7,019 million in 2022, while repayments relating to leasing liabilities totalled NOK 229 million. Net interest paid came to NOK 280 million. A dividend payment of NOK 2,405 million was made in 2022. Net proceeds from issuance of shares in group companies totalled NOK 11 million, acquisition of non-controlling interests totalled NOK 3,873 million while cash-flow from financing activities related to discontinued operations totalled NOK 77 million.

In total, this gave SalMar a cash flow for 2022 of NOK 1,760 million, including currency translation of cash and cash equivalents this increased the Group's cash and cash equivalents to NOK 3,031 million at the close of the year of which discontinued operations accounted for NOK 319 million.

Consolidated Statement of Financial Position

As of 31 December 2022, SalMar had a total balance of NOK 62,501 million, an increase of NOK 34,416 million since the end of 2021. The changes are attributable to the transactions with NTS, NRS and SalmoNor that took place during the fourth quarter 2022. See note 4.5 for further details of the transactions.

The book value of the Group's intangible assets increased with NOK 9,761 million in 2022. At the end of the year, the value of the Group capitalised intangible assets stood at NOK 18,291 million.

The book value of property, plant and equipment totalled NOK 12,518 million at the end of 2022, an increase of NOK 4,508 million during the year. This includes right-to-use assets of NOK 1,387 million, compared with NOK 876 million in 2021.

The Group's non-current financial assets totalled NOK 2,746 million at the end of 2022, up from NOK 1,300 million at the end of 2021.

The Group's biological assets were valued at 11,755 million at the end of the year. This is NOK 4,474 million higher than at the end of 2021. Measured in tonnes, the biomass is 29.4 percent larger at the

1 Change in inventory / biological assets at cost, trade receivables, trade payables and other accruals.

close of 2022 than at the start of the year. See Note 3.6 for further details. The value of the Group's other inventory at the end of 2022 stood at NOK 930 million.

Trade receivables totalled NOK 1,414 million in 2022, up from NOK 935 million at the end of 2021. Other receivables increased by NOK 183 million during the period to NOK 663 million. At the end of the year, SalMar had cash and cash equivalents totalling NOK 2,712 million.

Frøy is classified as assets held for sale, see note 4.7 for further details, and assets totalled NOK 11,472 million in 2022.

At the end of 2022, the Group's equity totalled NOK 24,155 million, up from NOK 15,483 million at the end of 2021. The equity ratio has decreased from 55.1 percent the end of 2021 to 38.6 percent at the end of 2022.

Net interest-bearing debt (interest-bearing debt less cash and cash equivalents) totalled NOK 19,079 million at the end of the year, up from NOK 4,576 million at the end of 2020. See Note 3.11 for further details.

The NOK 34,416 million increase in the Group's total capital in 2022 can be attributed to an increase in interest-bearing debt of NOK 16,314 million, an increase in leasing liabilities of NOK 458 million, an increase of liabilities directly associated with the assets held for sale of NOK 5,612 million, an increase in other liabilities of NOK 3,359 million, as well as an increase in equity of NOK 8,672 million. The Group's solvency and financial position remains good at the end of 2022 with a strong liquidity reserve.

Reporting Segments

Fish Farming Central Norway

NOK million	2022	2021
Operating revenue	8,872	6,542
Operational EBIT	3,599	2,118
Volume harvested (tonnes gutted weight)	114,139	110,671
Operational EBIT/kg (NOK/kg gw)	31.53	19.14

Fish Farming Central Norway, the Group's largest fish farming segment, posted good financial results in 2022 on the back of a continued strong operational performance. The segment's operating revenues increased by NOK 2,330 million from 2021, to NOK 8,872 million in 2022. Operational EBIT increased with NOK 1,480 million to NOK 3,599 million in the same period.

Operational EBIT per kg gutted weight increased with NOK 12.39 compared to 2021. The increase is attributable to higher salmon prices, despite an increase in cost level due to cost inflation on input factors. On average, the segment experienced an increase in the price achieved for its harvested salmon of NOK 18.62 per kg. The production cost of the harvested biomass has, on average, increased with NOK 6.23 per kg compared with 2021.

Fish Farming Central Norway harvested a total of 114,100 tonnes in 2022, compared with 100,700 tonnes in 2021. This represents an increase of 3.1 percent. SalMar expects harvesting in this segment will amount to 148,000 tonnes in 2023, up 29.7 percent on the volume harvested in 2022. The increase is due to combination with SalmoNor in Central Norway and the segment has unexploited potential within existing licenses for further growth.

Fish Farming Northern Norway

NOK million	2022	2021
Operating revenue	4,883	3,343
Operational EBIT	2,526	1,243
Volume harvested (tonnes gutted weight)	63,392	59,847
Operational EBIT/kg (NOK/kg gw)	39.84	20.76

Fish Farming Northern Norway had another solid year, where strong biological and operational performance, has resulted in increased volume and solid cost level on harvested volume. Combine with higher salmon prices in 2022 this has contributed to the strong results.

The segment's operating revenues increased by NOK 1,540 million from 2021, to NOK 4,883 million in 2022. Operational EBIT rose by NOK 1,283 million to NOK 2,526 million.

Operational EBIT per kg gutted weight came to NOK 39.84 in 2022, compared with NOK 20.76 in 2021. The increase of NOK 19.08 per kg was caused by a NOK 21.18 per kg increase in average price achievement and a slightly higher production cost at NOK 2.10 per kg.

Harvest volume in Fish Farming Northern Norway was 63,400 tonnes in 2022, compared with 59,800 tonnes in 2021. This represents an increase of 5.9 percent. SalMar expects a harvest volume of 95,000 tonnes in 2023. The increase is due to combination with Norway Royal Salmon in Northern Norway and the segment has unexploited potential within existing licenses for further growth.

Icelandic Salmon

NOK million	2022	2021
Operating revenue	1,595	919
Operational EBIT	366	74
Volume harvested (tonnes gutted weight)	16,139	11,537
Operational EBIT/kg (NOK/kg gw)	22.67	6.41

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. SalMar controlled 51 percent of the company's shares at the end of 2022.

The segment's operating revenues increased by NOK 676 million from 2021, to NOK 1,595 million in 2022. Operational EBIT rose by NOK 292 million to NOK 366 million in the same period. Operational EBIT per kg gutted weight came to NOK 22.67 in 2022, compared with NOK 6.41 in 2021.

2022 has been a positive year which has showcased the potential in Iceland, with 40% increase in harvest volume, stable biological performance of the fish in sea and improved financial results compared to 2021. This is the result of better biological control combined with good marketing of Icelandic salmon and increased salmon prices. We have, moreover, strengthened our foundation for further growth on Iceland through the acquisition of smolt production capacity.

The company harvested a total of 16,100 tonnes in 2022 and Icelandic Salmon expects to harvest 16,000 tonnes also in 2023. The increase in smolt capacity in 2021 and 2022 will not come to effect before 2024, when the company expect a significant increase in harvest volume on Iceland.

Sales and Industry

NOK million	2022	2021
Operating revenues	19,141	14,406
Operational EBIT	-1,286	-152

This segment places and sells the entire harvested volume of the Group in Norway. The fish is bought from SalMar's farming segments at market prices.

The segment's revenues increased to NOK 19,141 million in 2022 up from NOK 14,406 million in 2021. Operational EBIT came to NOK -1,286 million in 2022, down from NOK -152 million in 2021.

The margins for the Sales and Industry segment were lower in 2022 than the year before, due to lower price achievement. This is attributable primarily to the timing and price point of our fixed-price contracts. In 2022, around 34 percent of the volume harvested was sold under fixed-price contracts and in addition 6% was sold on financial contracts with fixed price. These contracts have resulted in a lower price achievement than the spot price for the year as a whole and especially in the first half of 2022. Going into 2022 the contract portfolio had never been stronger, but the salmon prices in 2022 became stronger than anticipated thereby giving negative effects on the fixed-price contracts.

Around 180,800 tonnes of fish were harvested at InnovaMar, InnovaNor and SalmoSea in 2022, compared with 136 800 tonnes in 2021. During 2022 volume at InnovaNor has been gradually ramped up and has shown itself as a important strategic and industrial investment for SalMar. Our harvesting and processing facilities is an important element for further improvement of biological and operational performance in the whole value chain. The flexibility of the plants creates added value for SalMar, since the production in sea can be be optimised.

Strategically, SalMar process a relatively large portion of the raw material in Norway. This not only increases the quality of the product sold to the customer, but it also enables by-products to be dealt with efficiently, reducing freight cost, as well as reduces CO2 emissions and boosts local value creation.

SalMar Aker Ocean

NOK million	2022	2021
Operating revenues	32	0
Operational EBIT	-155	-152
Volume harvested (tonnes gutted weight)	-	-
Operational EBIT/kg (NOK/kg gw)	-	-

Salmar Aker Ocean reports as a separate segment effective from 1 January 2022. In 2021 results from SalMar Aker Ocean was included in the segment Eliminations. The figures from 2021 have been restated accordingly for comparison.

To strengthen and concentrate its efforts in offshore aquaculture, SalMar created the subsidiary SalMar Ocean AS, later changed to SalMar Aker Ocean AS. Late 2021, SalMar and Aker through Aker Capital entered into a partnership whereas Aker Capital has 15% ownership of SalMar Aker Ocean and SalMar ASA control the remaining 85%, with the purpose of creating the world leading offshore farming company.

The company aims to create the world's most reliable and intelligent offshore farming operations with the highest requirements for fish welfare and with a zero-emissions value chain ambition. With an ambition of producing 150 000 tonnes of salmon per year.

During 2022 the Ocean Farm 1 unit was upgraded at Aker Solutions yard at Verdal, before it was transported back to its location on Frohavet in March 2023, ready to start the third production cycle in April 2023.

The design of new offshore units also progressed in 2022. Both for the new semi-offshore unit, Ocean Farm 2, based on the design from Ocean Farm 1, and an open ocean unit, Smart Fish Farm. Simultaneously, work continued to establish a regulatory framework including tax regulation for offshore farming in close collaboration with the respective authorities. This is necessary to have in place before investment decisions for new offshore units can be made.

Joint Ventures

Norskott Havbruk

NOK million	2022	2021
Operating revenue	3,188	2,307
Operational EBIT	214	244
Volume harvested (tonnes gutted weight)	35,900	32,400
Operational EBIT/kg (NOK/kg gw)	5.96	7.55

Through its wholly owned subsidiary Scottish Sea Farms, Norskott Havbruk engages in the farming of salmon in mainland Scotland, Orkney and Shetland. SalMar controls 50 percent of the business.

The company generated revenues of NOK 3,118 million in 2022, compared with NOK 2,307 million in 2021. The increase in revenues derives from both higher volume harvested and higher salmon prices.

Operational EBIT for the year ended at NOK 214 million, down from NOK 244 million in 2021. Operational EBIT per kg gutted weight came to NOK 5.96 in 2022, compared with NOK 7.55 in 2021. Biological challenges, particularly those linked to gill health, have had a negative impact on the period's result in the second half of 2022. It has led to harvesting of fish with a lower average weight, which has affected both cost and price achieved.

The company harvested a total of 35,900 tonnes in 2022, up from 32,400 tonnes in 2021.

Due to the biological challenges in the second half of 2022, volume guidance for 2023 is expected at 37,000 tonnes.

Norskott Havbruk is recognised as a joint venture, with SalMar's share of profit/loss after tax and fair value adjustment of the biomass (50 percent) recognised as financial income. SalMar's share of the company's net profit in 2022 came to NOK 41 million, compared with NOK 94 million in 2021.

The parent company's financial statements and allocation of the profit for the year

The parent company, SalMar ASA, is a shareholding and administrative entity. Group management and administrative resources are employed by this company. In 2022, it employed a total of 47 full-time equivalents. Through the merger with NRS ASA on 7 November 2022 the sales business in former NRS ASA was included in SalMar ASA.

SalMar ASA made a net profit for the year of NOK 2,785 million in 2022, compared with NOK 1,792 million in 2021. Total operating revenues totalled NOK 1,488 million and total operating expenses amounted to NOK -1,794 million, thereby giving a total operating loss of NOK -306 million.

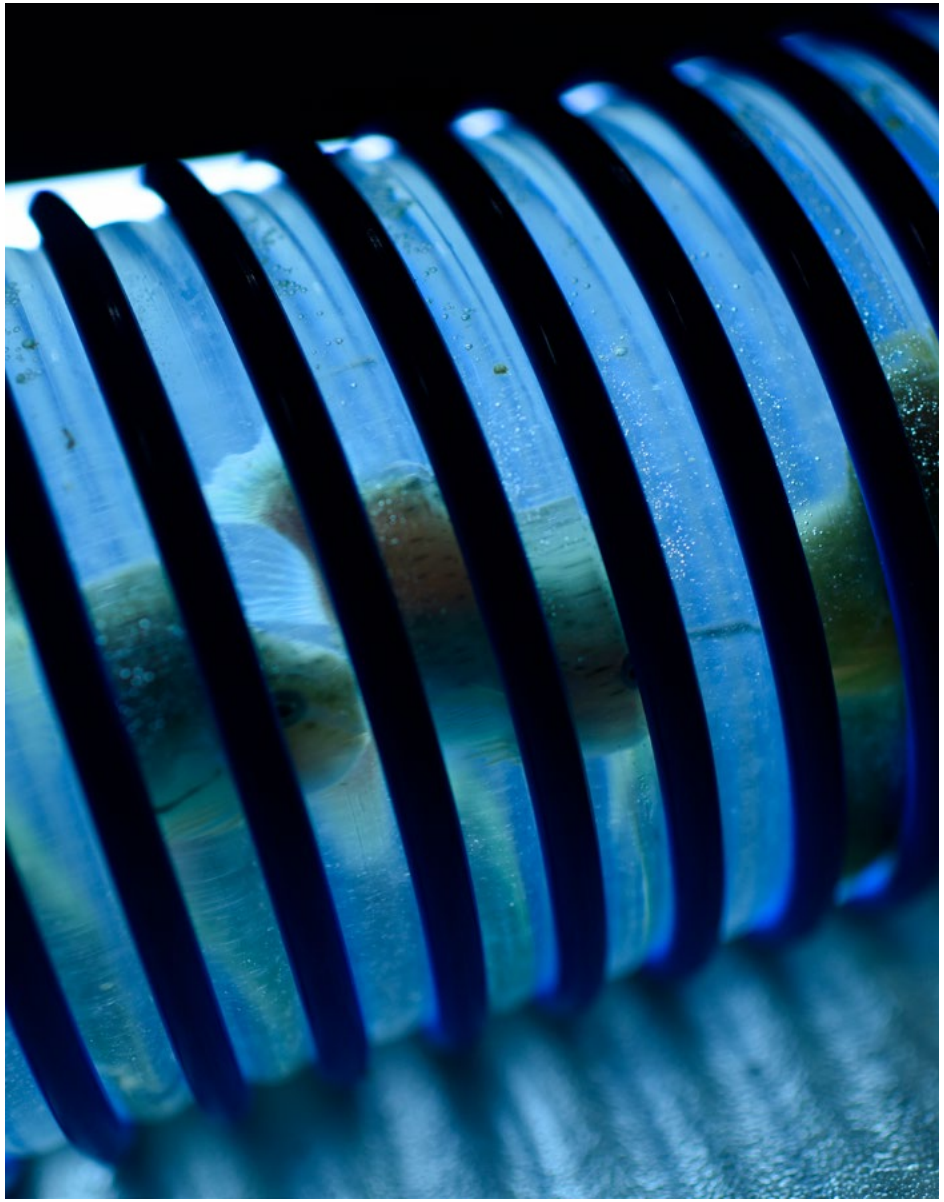
Income from investments in group companies amounted to NOK 3,032 million. In addition, SalMar ASA manages the Group's primary financing arrangements and recognised NOK 358 million in interest income on loans to group companies and other interest income. Interest expenses amounting to NOK -303 million were incurred mostly in association with the Group's financing arrangements.

SalMar ASA had recognised total assets of NOK 37,404 million at the close of 2022. Of this amount, non-current assets accounted for NOK 29,315 million, of which NOK 13,806 million comprised of intercompany non-current receivables and NOK 13,773 million comprised of investment in subsidiaries. Current asset accounted for NOK 8,803 million where intercompany current receivables totalled NOK 6,261 million cash and cash equivalents was NOK 1,411 million at the close of 2022. Equity as of 31 December 2022 totalled NOK 14,899 million, which corresponds to an equity ratio of 39.8 percent. Non-current liabilities totalled NOK 17,334 million and mainly comprised interest-bearing debt. Current liabilities totalled NOK 5,171 million, of which current interest bearing debt accounted for NOK 423 million and dividend provisions came to NOK 2,629 million.

The Board of Directors is proposing a dividend of NOK 20.00 per share for the 2022 financial year. The Board proposes the following allocation of the year's profit:

Dividend provision	NOK 2,629 million
Transferred from other equity	NOK 156 million
Total	NOK 2,785 million

At the close of the year, the company had a distributable reserve of NOK 14,863 million.



Risks and Risk Management

Risk management is a key function of the management team. The Group has systems and routines in place to monitor important risk factors in all business areas, and places particular emphasis on the control and follow up of production facilities in accordance with quality and certification standards.

It is the CEO's responsibility to ensure that the Group operates in compliance with all relevant legislation and operating guidelines for group entities. Follow-up and control of risk factors, as well as compliance with the Group's values and code of conduct, is carried out in the line organisation as part of day-to-day operations.

See the section "Outlook" for comments on the implications of the war in Ukraine and Note 4.9 for details with respect to allegations of price fixing.

SalMar has board liability insurance which covers both the Board of Directors, the CEO and executive management.

Operational risk

SalMar's most important operational risk relates to the biological development of its fish stocks, at both its hatcheries and sea farms. Even though SalMar develops and implements risk-reducing measures, the nature of the industry is such that the inherent biological risk will always be present. In recent years, the aquaculture industry has faced challenges associated with the increasingly widespread presence of sea lice and greater prevalence of medicinally resistant lice. This has forced SalMar, along with the rest of the industry, to change the methods used and intensify its efforts to deal with the lice situation.

SalMar takes a holistic, strategic approach to biological risk, including sea lice, which encompasses preventive measures and activities designed to limit damage to its stocks and further increase the fish welfare. SalMar continuously makes operational assessments to protect the welfare of its fish.

Access to suitable production areas is a crucial preventive measure. For SalMar, it is important that production take place in areas that have the capacity needed to sustainably produce the volumes involved. SalMar Aker Ocean could lead to new and better locations being used. Selective breeding and the genetic development of a more robust salmon is another important preventive measure to reduce biological risk.

SalMar's operating procedures are designed to reduce biological risk. Vaccination against various fish diseases is a key element in the company's operating procedures. It will always be necessary to use medication in connection with any form of biological production. However, such medication must be applied prudently to prevent the development of resistance. The company takes a risk-based approach to the sea lice situation, which involves both preventive and corrective measures. SalMar has teams of employees working specifically in this area. In the past couple of years, a substantial delousing capacity has been built up in the form of mechanical delousing equipment that also collects the lice to prevent reproduction, and SalMar are continuously evaluating and expanding its toolbox to handle sea lice. For further details of SalMar's lice management and procedures related to fish welfare, please see the Sustainability Report.

Over time, SalMar has built up an effective response capability to deal with biological challenges. Our harvesting capacity at InnovaMar and InnovaNor enables us to respond effectively. Furthermore, SalMar has good access to wellboat capacity.

Financial risk

The follow-up of internal controls associated with financial reporting, is carried out through management's day-to-day supervision, the process owners' follow-up and monitoring by the Board's Audit and Risk Committee. Non-conformances and improvement areas are followed up and remedial measures implemented. Financial risk is managed by a central unit at the head office, and financial hedging instruments are employed where they are considered appropriate.

Through its activities, the Group is exposed to various kinds of financial risk: market risk, credit risk and liquidity risk. The Group management oversees the management of these risks and draws up guidelines for dealing with them. The Group makes use of financial derivatives to hedge against certain risks. The Board of Directors has defined a financial risk appetite that sets overarching limits.

The Group has credit facilities with a syndicate of banks, which ensures sufficient flexibility both operationally and with respect to the financing of investments in SalMar's operations. In 2022 the group expanded its financing agreements with the inclusion of NTS, NRS and SalmoNor and SalMar increased its facilities with a bridge facility and extension of sustainability linked credit facility. Back in 2021 the Group issued a green bond to secure further sustainable growth. In addition, the company has financial instruments, such as trade receivables, trade payables, etc, which are directly related to day-to-day business operations.

It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

Foreign exchange risk

The bulk of the Group's output is sold internationally, with accounts settled largely in EUR, USD, GBP and JPY. Changes in exchange rates therefore represent both a direct and indirect financial risk for the

Group. Foreign exchange exposure linked to the Group's costs is, however, more limited, since input factors and salaries are paid largely in NOK. The Group enters into forward currency contracts to reduce the risk associated with sales revenues denominated in foreign currencies that derive from contracts with customers. NOK 1,000 million of the green bond has been swapped to EUR with a fixed interest rate, this is a hedging of the currency exposure in Icelandic Salmon. For further details and description of use of forward currency contracts see Note 3.9 and 4.10.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The risk is partly reduced by the opposite effect on cash equivalents which earn floating interest.

With effect from 4 February 2022, SalMar ASA entered into fixed rate interest swap contracts with a total principal of NOK 2,250 million. 750 million has a duration of 7 years starting 22 April 2022, 750 million has a duration of 7 years starting 22 January 2025, and 750 million has a duration of 10 years starting 22 January 2024. The interest swap contracts are established with the purpose to reduce the interest rate risk related to long-term loan. In 2021 the Group has entered into a to cross-currency interest swap and an interest swap to manage the interest rate. For more details regarding the swaps see note 3.9.

Price risk

SalMar's entire business is related to salmon. The Group's profitability and cash flows are strongly correlated with movements in the price of salmon. Historically, salmon prices have been highly volatile seen in an annual, quarterly and monthly perspective. In 2022, the spot price of Atlantic salmon fluctuated between NOK 57.06 and NOK 124.14 per kg, measured weekly.

The global salmon market is largely a fresh-fish market, where most of the fish harvested is sold immediately to processing companies or directly to the consumer. For several years, growth in demand has been relatively stable, while growth in supply has varied more substantially from year to year. In addition to planned output volumes defined by the number of smolt transferred to sea farms, supply is also affected by a number of external factors. Fluctuations in sea temperatures, the spread of sea lice and outbreaks of disease are all factors which, directly or indirectly, affect fish growth and thus supply. As a consequence, relatively substantial variations in supply may occur within short periods of time. With relatively stable demand, this can result in considerable price volatility.

SalMar sells a portion of its output through fixed-price contracts. The Group has drawn up guidelines for such contracts to limit exposure to salmon price volatility. It is the Sales and Industry segment which sells the entire Group's harvested volume in Norway, the impact of the fixed-price contracts is therefore recognised in this segment's financial statements. Approximately 34 percent of the Group's volume was sold under fixed-price contracts in 2022.

Credit risk

The risk of a counterparty not having the financial resources to meet its obligations has, historically, been considered low, and SalMar's losses resulting from bad debts have been small. The Group has guidelines to ensure that sales are made only to customers who have not previously had material payment issues, and that outstanding totals do not exceed defined credit limits. Credit insurance is taken out as a general rule.

The Group does not have any material credit risk associated with an individual counterparty or coun¬terparties which may be considered a group due to similarities in the credit risk they represent, see Note 4.1 for further details.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they are due.

SalMar's objective is to have suf¬ficient cash, cash equivalents or short and medium-term credit facilities to meet its day-to-day funding requirement. The Group prepares regular cash-flow forecasts to ensure that it has sufficient liquidity at all times. Furthermore, a flexible financing structure is maintained through established credit facilities. Unused credit facilities are described in the notes to the financial statements.

The Group's equity ratio, its prospects for future profits and current credit facilities mean that the Group's liquidity risk is considered to be low.

SalMar has a BBB+ credit rating from Nordic Credit Rating, please visit their website for their latest assessment of the credit rating.

R&D

For many years, SalMar has engaged with various R&D institutes, including partnership relating to the operation of R&D licences. The scale and professionalism of important development activities has increased and continues to do so. For SalMar it is important to be a professional, but demanding partner, such that the outcomes of ongoing trials are as relevant as possible. SalMar has allocated personnel specifically to organising and assisting R&D environments involved in such collaborative efforts, while production staff are becoming increasingly experienced with regards to the best way to safeguard research results in a busy working day. Proximity to the research, and the opportunity to influence both its planning and its area of focus are important sources of motivation for SalMar.

The scale of SalMar's R&D activities in a wide range of fields was substantial in 2022. During the year, SalMar continued to focus on fish welfare and sea lice control. Development projects were conducted at the secondary processing plant and great emphasis has been placed on feed optimisation. In addition, SalMar continuously assesses its own work processes and aims to establish more long-term projects and a closer cooperation with the supply industry and research institutions.

SalMar's efforts in the field of breeding and genetics include a collaboration with Benchmark Holding PLC's subsidiary SalmoBreed, through the joint venture, SalMar Genetics. This model has created a solid foundation for the further development of the Rauma strain in the years ahead, and that this work may also offer synergies in other areas that SalMar is focusing on.

In 2022, SalMar continued its R&D activities in feed and collaborates with its main feed providers. SalMar sees a substantial need for greater focus on basic knowledge of how the fish are fed and how we can ensure that the entire population enjoys optimal conditions throughout the production cycle. It is SalMar's clearly expressed goal to initiate better and more comprehensive research into these issues under large-scale conditions. To contribute to this, SalMar provides funds for a professorship in the field of aquaculture at the Norwegian University of Science and Technology (NTNU).

For many years, fish farming in the open ocean has been an important part of SalMar's strategy to ensure sustainable growth. In 2016, the company's Ocean Farm project was the first to be awarded special development licences. Since then, the company has completed two successful production cycles at this pioneering facility, located in a weather-beaten and exposed area of sea off the Trøndelag coast. Experience gained is being incorporated into a new version, Ocean Farm 2 for which concept and engineering phase work is well underway. A third development project is also underway, this time for the world's first fully offshore fish farm suitable for the open ocean, the Smart Fish Farm. SalMar has been granted eight development licences for this novel deep-water project.

The company has further strengthened its efforts in this field by transferring its activities and channelling all further R&D efforts and investments in offshore fish farming into SalMar Aker Ocean, jointly owned with Aker. The owners aim to make SalMar Aker Ocean the world's largest salmon producer.

Through the acquisition of NRS, SalMar gained the ownership in in the development project Arctic Offshore Farming. The investment in Arctic Offshore Farming is a strategically important investment, developing and building offshore technology of the future for the aquaculture industry. The technology differs from both Ocean Farm 1 and Smart Fish Farm where there are 2 cages which can be submerged and a barge connected between the cages.

Organisation, Sustainability, and Social Responsibility

It is SalMar's goal to secure long-term profitability and growth through sustainable aquaculture and processing activities, and by acting as a responsible corporate citizen. For SalMar, the important thing is what sustainability is actually about: the future. It concerns not only the future of our children and grandchildren, but the protection of our fellow citizens today. In this, lies an acknowledgement that we have only one planet, with limited resources, which it is vital to preserve and protect.

Today, the world's population uses more resources than the planet manages to generate, and food production accounts for a substantial portion of humanity's environmental and climate footprint. New ways of producing food are needed for an ever-growing global population, at the same time as we must minimise the impact we have on the environment.

Salmon farming is one of the most environment-friendly ways of producing food, affording considerable benefits in the form of space, freshwater consumption and greenhouse gas emissions. Aquaculture and salmon farming will therefore make a significant contribution to providing a growing global population with healthy, protein-rich food in the years ahead.

Sustainability in everything we do is one of SalMar's key tenets. For us, sustainability is about the way we operate as a company and how we behave in the areas surrounding our operations. This includes taking care of our employees, the salmon and the environment while developing the industry and moving society in a more sustainable direction.

SalMar aims to safeguard the seas, while maximising our production at the terms of the salmon. This includes contributing to the development of new technology, so that we can continue to reduce the biological footprint of our production.

The Group recognises the diversity of its corporate social responsibility, as an employer, producer, supplier of healthy food, user of the natural environment and administrator of financial and intellectual capital. Social responsibility is important for us, and we want everything we do to stand the light of day. At the same time, we aim to minimise the impact our operations have on the natural environment.

Our holistic approach rests on awareness of the link between caring for people, economy, and the environment, which determines whether something is sustainable. This is the core reason for why we think sustainability in everything we do.

As an employer, SalMar aims to provide a safe and developing workplace. The Group works continuously to enhance measures and processes associated with health, safety, and the environment (HSE), as well as provide professional development opportunities for managers and employees. Good employees, irrespective of gender, age, or background, are crucial if we are to succeed in reaching our strategic goals. At the same time, it is important that we provide an attractive and safe working environment which makes it possible to attract and retain the most talented people. See sustainability report for further details.

In 2022, SalMar employed a total of 2,266 full-time equivalents from 51 different countries. This is 306 full-time equivalents more than in 2021. The workforce was made up of 624 women and 1,624 men. The female ratio of the Executive Management Team is 14%. SalMar works actively towards recruitment of women in what has traditionally been a male dominated industry. Our goal is to exhibit the vast opportunities for women in all parts of the industry. This is done by actively targeting potential future employees (in school, universities etc.) and having female representatives speak about SalMar as a workplace.

The female ratio of employees increased in 2022 for the fourth year in a row and is currently at 28%. This shows that SalMar's continuous efforts to increase the female ratio of its workforce is effective. The percentage of women is considerably higher at the Group's harvesting and processing facilities than at its hatcheries and fish farms. One of SalMar's focus areas have been the Fish Farming segment, as this has the lowest female ratio. We are happy to see that this is where the female ratio has increased the most in 2022.

In its Code of Conduct, the Group makes its policy clear with respect to the promotion of diversity and equality. SalMar accepts no discrimination, abuse or harassment of our workers or partners, and we treat everyone with courtesy and respect no matter what their ethnicity, gender, national or social background, age, functional capacity, sexual orientation, religious faith, political convictions or other status. Respect for the individual is the cornerstone of the company's policy. Everyone shall be treated with dignity and respect and shall not be unfairly prevented from carrying out their duties and responsibilities. This perspective arises from the recognition that diversity plays a crucial role in creating an improved work environment, increased adaptability, and ultimately, better long-term outcomes.

SalMar complies with national regulations also with regards to working hours and sufficient rest. This is paramount to maintain SalMar's strict demands for safe operations.

Pursuant to section 3-3c of the Norwegian Accounting Act, the Board of Directors has drawn up guidelines covering business ethics and corporate social responsibility. These are available from the Group's website www.salmar.no. SalMar's activities in sustainability and corporate social responsibility, including human rights, labour rights, the working environment, equality, discrimination, anti-corruption, activity duty and the external environment, are described in further detail in the sustainability report.

In 2022, SalMar published 18 sustainability policies on its webpage. These are public statements from SalMar that give insight into how SalMar conducts its endeavours while always considering sustainability in everything we do.

Shares and Shareholders

In 2022 the share price decreased 36.7 percent from the closing price of NOK 608.00 at the end of 2021. The price on 30 December, the last day of trading in 2022, was NOK 384.80 per share.

SalMar held its AGM on 8 June 2022. 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 2022.

Following completion of the transactions with NTS, NRS and SalmoNor the number of outstanding shares in SalMar increased from 117,799,999 to 145,138,920 as of 31 December 2022, divided between 24,539 shareholders. The company's major shareholder, Kverva Industrier AS, owns 41.3 percent of the shares. The 20 largest shareholders own a total of 69.1 percent of the shares.

As at 31 December 2022 SalMar ASA owned 13,706,246 treasury shares, of which 13,691,960 were owned indirectly through the 92.93% owned subsidiary NTS AS. This corresponds to 9.4 per cent of the total number of shares outstanding as of 31 December 2022.

The company's Articles of Association contain no stipulations limiting the transferability of the company's shares. Furthermore, the company is not aware of any agreements between shareholders that limit the possibility of trading in or exercising voting rights with respect to shares.

Corporate Governance

SalMar complies with the legislation, regulations, and recommendations to which a public limited company is subject, including Section 3-3b of the Norwegian Accounting Act on corporate governance, day-to-day obligations of a company listed on the Oslo Stock Exchange and the current version of the Norwegian Code of Prac¬tice for Corporate Governance. These principles are discussed in detail in a separate chapter of the annual report and are available from the company's website.

The Group's Board of Directors comprises five members elected by the shareholders and two employee representatives. Three of the board members are women, including one employee representative.

Changes in the Board's Composition

As recommended by the nomination committee, the annual general meeting (AGM) on 8 June 2022 voted to elect Gustav Witzøe as Board Chair for a term of two years. Leif Inge Nordhammer, former Board Chair, was elected as member of the Board for a term of one year. And Arnhild Holstad and Morten Loktu was elected as new members of the Board for a term of two years. Holstad and Loktu replaced former board member Linda L. Aase and Tonje Foss while Leif Inge Nordhammer replaced former board member Magnus Dybvad.

Information relating to the competence and background of the various board members is available from SalMar's website www.salmar.no.

Outlook

Market outlook

In 2023 figures from Kontali Analyse, a leading provider of aquaculture data and research, estimate a low supply growth of global harvest volume. The global volume of salmon harvested is expected to Increase with around by 65,000 tonnes or 2% percent.

The harvested volume is expected increase with 2 per cent in Norway, 1 per cent in Chile, 9 per cent in UK, 5 per cent in Faroe Island and 2 per cent in other markets. In North America it is expected to decrease with 3 per cent.

The limited growth in supply while combined with continued strong demand gives an optimistic market outlook for 2023.

Supply of Atlantic salmon in 1,000 tonnes whole fish equivalents (WFE)	2023E	Change
Norway	1,555	+2 %
Chile	760	+1 %
UK	180	+9 %
North America	147	-3 %
Faroes	104	+5 %
Other countries	185	+2 %
Total, global supply	2,931	+2 %

Outlook for SalMar and associates

Following completion of the transactions with NTS, NRS and SalmoNor, SalMar expects a significant increase in harvest volume in 2023. SalMar expects to harvest 243,000 tonnes in Norway and 16,000 tonnes in Iceland in 2023. In addition, SalMar expects its share of the volume harvested by Norskott Havbruk (50 percent) to come to 18,500 tonnes in 2023. This totals a harvest volume of 277,500 tonnes or an increase of 31% from 2022.

It is expected that around 40 percent of the volume will be harvested in the first half of the year, with the remaining 60 percent in the second half. In 2023, SalMar expects a contract share in Norway of around 10 percent for the full year of the expected volume harvested and is working to secure more volume. The contracts portfolio average price and volume is relatively stable through the whole of 2023, where the prices on contracts are higher than the contract prices in 2022. In addition to the fixed price contracts SalMar also has several volume contracts where the price of the contract is linked to the current spot market prices. The proposed resource rent tax in Norway has created uncertainty for the contract market due to the introduction of a Normative Price Council which will set the price of salmon on which the tax is calculated.

Over time, SalMar has invested heavily to increase its competence and capacity to handle biological challenges in the best possible way. The biological situation for both Norway and Iceland is good. SalMar has a high level of preparedness at its harvesting facility, to ensure that extraordinary events can be handled in compliance with the regulations and optimally for the fish welfare. In addition, efforts are continuously being made to develop the most sustainable and best production sites. In this context, SalMar's offshore farming strategy is important.

Following the completion of the transactions with NTS, NRS and SalmoNor, SalMar has reinforced its position as a leader in the aquaculture industry, and thereby wants to utilize this position to make an important contribution to the sustainable development of salmon farming, both coastal and offshore.

SalMar expects slightly higher cost in the value chain in 2023. Driven by the higher cost of biomass from the acquired companies, but also the cost inflation one has experienced during 2022. Feed is the most important cost factor in salmon farming. SalMar expects feed prices to be more stable in 2023 compared to the increase experienced in 2022, due to inflationary pressure on raw materials.

Investments

Due to the proposed resource rent tax, all new major industrial projects has been put on hold in SalMar in Norway. Therefore SalMar is only finalizing already sanctioned projects in 2023. SalMar expects to invest around NOK 1.6 billion in its Norwegian operations where the construction of the smolt facility Tjuin and upgrade of harvest capacity at Vikenco make up the largest individual investments.

NOK 0.3 billion is expected to be invested in Iceland, where investments in increased farming capacity constitutes the largest proportion.

SalMar Aker Ocean expects to invest NOK 0.2 billion for the upgrade of Ocean Farm 1 and design of new offshore units.

Impact from war in Ukraine

The attack on Ukraine early in 2022 shocked the global community. For SalMar it is important to show our solidarity with the people of Ukraine. Together with its employees, SalMar has provided humanitarian assistance through aid organisations. SalMar is also grateful that good partners made it possible to send a truck containing 20 tonnes of salmon – 160,000 portions – to be donated and distributed to the suffering people of Ukraine.

SalMar have no assets in neither Russia, Belarus nor Ukraine and SalMar has not sold volume to Russia nor Belarus for the last years, Ukraine as market however has accounted for a marginal proportion of the volume sold. Nevertheless, with the sanctions imposed following the war in Ukraine some volume will need to be reallocated from other salmon farmers which may impact supply into certain markets. 2022 has shown us how that the market has been able to absorb these volumes in an efficient manner.

Ukraine is also a large supplier in certain agriculture markets, as a consequence the war has created increased uncertainty and inflationary pressure on raw material for certain ingredients in the fish feed. SalMar is well equipped to handle this situation as the company has a strong partnership with its feed suppliers and is one of the most efficient salmon producers with a low feed conversion ratio and best results on key fish welfare indicators. In addition salmon as a protein source is of the most resource efficient animal protein sources and an increase in feed cost has a lower impact on salmon producers, compared to other producers of animal protein.

The past few years have been challenging and characterised by great uncertainty not only for the aquaculture sector but for the global community. With the war in Ukraine, uncertainty is likely to remain a constant for a long time. Through the collective efforts and hard work of the entire organisation, SalMar has proved its resilience and ability to navigate in uncertain times and adapt to changing market conditions. The company has strong financial flexibility, good local secondary processing capacity and, not least, a corporate culture of working even harder when the going gets tough.

The Board's assessment

Through hard work and dedication over many years, SalMar has built a strong position in a growing aquaculture industry. And through the transactions with NTS, NRS and SalmoNor SalMar has firmly positioned itself as a leading company in the industry and the worlds second largest salmon producer. Both Norway and Iceland benefit from excellent conditions for the farming of salmon and in 2023 SalMar has increased its presence in its core regions in Norway. SalMar will continue to manage these resources in the best possible way for its share¬holders, employees, customers and affected local communities.

The SalMar Group is determined to maintain its position as one of the world's top aquaculture companies with sustained profitability in the future, given its strong market standing. The Board of Directors believes that SalMar is well-equipped to achieve this goal. SalMar is committed to producing healthy food sustainably, and the increasing global population requires more food. Salmon farming is one of the most sustainable methods of food production, as it provides significant advantages in terms of space utilization, freshwater consumption, and greenhouse gas emissions. As a result, aquaculture and salmon farming will make a significant contribution to supplying the world's expanding population with nutritious and protein-rich food in the future, and SalMar will continue to focus on achieving sustainable growth on the salmon's terms.

However, the proposed new tax regime in Norway from 2023 will have a major impact on the capacity for innovation and investments in the Norwegian aquaculture industry. This strengthens the need to seek efficiency and economies of scale. Given the greater competition from a growing number of salmon-producing countries, it is even more important that the Norwegian government ensures Norway's aquaculture sector has stable and predictable framework conditions. For Norwegian fish farmers, it is highly desirable that a cross-party majority in the Norwegian parliament (Storting) can contribute to a moderate, competitive and sustainable tax regime for Norwegian aquaculture, which can remain predictable irrespective of changing governments.

In 2022, SalMar has demonstrated its capacity to adapt to changing market and regulatory conditions, delivering strong results and successfully completing large transactions, while maintaining a sound financial position with a strong liquidity reserve.It is important for SalMar to provide its more than 24,000 shareholders a competitive return on invested capital. On this basis, SalMar's board of directors is recommending that a dividend at the same level as in 2021 of NOK 20.00 per share is paid for the 2022 financial year.

The SalMar culture, expressed through our cultural tenets, is fundamental to the entire business, and our vision, "Passion for Salmon", is the vision that guides us on our way towards realising our ambition of being the world's best aquaculture company. SalMar's employees are our most important resource in our quest for further success. Continuous development of the organisation and culture is therefore a key focus area for the Group. The Board of Directors would like to thank all the company's employees for the dedicated efforts they put in every single day. It is these efforts which have created the SalMar Group's excellent results year after year, and which will underpin our continued success in the years ahead.

Frøya, 17 April 2023
The Board of Directors of SalMar ASA

Gustav Witzøe
Chair of the Board

Margrethe Hauge
Vice-Chair of the Board

Morten Loktu
Board Member

Arnhild Holstad
Board Member

Leif Inge Nordhammer
Board Member

Simon Andre Søbstad
Employees representative

Frode Arntsen
CEO

Tone Ingebrigtsen
Employees representative

Financial Statement and Results

Consolidated Financial Statements

2022

SalMar Group

Consolidated Statement of Profit or Loss

NOK 1,000	Note	2022	2021
Revenues from contracts with customers	2.2	20,070,115	14,971,988
Other operating revenues	2.2	88,164	71,957
Total operating revenues		**20,158,279**	**15,043,945**
Cost of goods sold		9,599,414	7,327,973
Fair value adjustment included in cost of goods sold due to business combination	2.8	-283,398	0
Salary and personnel expenses	2.3, 2.4, 2.5	1,893,764	1,539,686
Other operating expenses	2.6, 3.4	3,446,233	2,442,610
Depreciation and amortisation	3.1, 3.3, 3.4	1,001,053	803,136
Write-downs	3.1, 3.3	36,642	3,544
Total operating expenses		**15,693,708**	**12,116,948**
Operational EBIT		**4,464,571**	**2,926,996**
Production tax	2.6	-85,232	-71,601
Onerous contracts	3.13	126,330	-180,970
Fair value adjustments	2.8	515,887	776,543
Fair value adjustment included in cost of goods sold due to business combination	2.8	-283,398	0
Operating profit		**4,738,158**	**3,450,968**
Income from investments in associates and joint venture	**3.5**	**66,432**	**94,879**
Financial items			
Interest income	2.9	28,408	15,192
Financial income	2.9	95,052	21,453
Interest expenses	2.9	364,247	184,646
Financial expenses	2.9	1,771	10,904
Net financial items		**-242,558**	**-158,905**
Profit before tax from continuing operations		**4,562,032**	**3,386,942**
Income tax expense	2.10	953,996	718,822
Profit for the year from continuing operations		**3,608,036**	**2,668,120**
Profit after tax from discontinued operations	4.7	107,372	0
Profit for the year		**3,715,408**	**2,668,120**
Profit for the year attributable to:			
Non-controlling interests	4.6	403,453	51,404
Shareholders in SalMar ASA		3,311,955	2,616,716
Earnings per share	4.3	27.64	22.61
Earnings per share - diluted	4.3	27.60	22.57

Consolidated Statement of Other Comprehensive Income

NOK 1,000	Note	2022	2021
Profit for the year		3,715,408	2,668,120
Other comprehensive income:			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Translation differences in associated companies and joint venture	3.5	21,444	13,824
Translation differences in group companies		124,028	-97,485
Gain/loss on hedge of net investment	3.8	-51,997	17,776
Gain/loss on cash flow hedges	3.9	200,931	-100,618
Net change in costs of hedging	3.9	69,290	-12,747
Tax related to other comprehensive income	2.10	-49,085	21,030
Net other comprehensive income that may be reclassified to profit or loss		*314,611*	*-158,221*
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on defined benefit plans	2.5	3,422	0
Tax related to gain on defined benefit plans	2.5	-753	0
Net other comprehensive income that will not be reclassified to profit or loss		2,669	0
Other comprehensive income		317,280	-158,221
Total comprehensive income		4,032,688	2,509,899
Comprehensive income for the year attributable to			
Non-controlling interests	4.6	477,406	5,535
Shareholders in SalMar ASA		3,555,282	2,504,364

Consolidated Balance Sheet

NOK 1,000

Assets	Note	31.12.2022	31.12.2021
Non-current assets			
Intangible assets			
Licenses	3.1, 3.12	14,875,519	7,487,421
Goodwill	3.1	2,999,859	752,063
Other intangible assets	3.1	415,674	290,986
Total intangible assets		**18,291,052**	**8,530,470**
Property, plant and equipment			
Property, plant and equipment	3.3, 3.12	11,131,221	7,133,246
Right-to-use assets	3.4, 3.12	1,386,604	876,803
Total property, plant and equipment		**12,517,825**	**8,010,049**
Non-current financial assets			
Investments in associates and joint venture	3.5	2,371,747	1,174,428
Investments in shares and other securities		42,434	7,512
Pension fund assets	2.5	2,802	8,655
Other receivables	3.7, 3.9	328,876	109,898
Total non-current financial assets		**2,745,859**	**1,300,493**
Total non-current assets		**33,554,736**	**17,841,013**
Current assets			
Biological assets	3.6, 3.12	11,754,721	7,280,824
Other inventory	3.6, 3.12	929,877	647,220
Total inventory		**12,684,598**	**7,928,044**
Receivables			
Trade receivables	3.7, 3.12	1,414,135	934,934
Other current receivables	3.7, 3.9	662,978	479,617
Total receivables		**2,077,113**	**1,414,551**
Cash and cash equivalents	3.10, 3.11	2,712,707	901,644
Total current assets		**17,474,418**	**10,244,238**
Assets held for sale	4.7	11,471,809	0
Total assets		**62,500,963**	**28,085,251**

Consolidated Balance Sheet, continued

Equity and Liabilities	Note	31.12.2022	31.12.2021
Equity			
Paid-in equity			
Share capital	4.2	36,285	29,450
Treasury shares	4.2	-3,185	-26
Share premium		12,182,189	3,101,961
Other paid-in equity		343,902	295,105
Total paid-in equity		**12,559,191**	**3,426,490**
Retained earnings			
Retained earnings		6,796,778	9,803,859
Total equity attributable to shareholders of the parent		**19,355,969**	**13,230,349**
Non-controlling interests	4.6	4,798,794	2,252,827
Total equity		**24,154,763**	**15,483,176**
Liabilities			
Non-current liabilities			
Pension liabilities	2.5	17,877	0
Deferred tax liability	2.10	1,927,804	2,258,689
Non-current interest-bearing debts	3.11, 3.12	18,349,972	4,906,560
Long-term lease liabilities	3.4, 3.11, 3.12	1,152,216	750,747
Total non-current liabilities		**21,447,869**	**7,915,996**
Current liabilities			
Current interest-bearing debts	3.11, 3.12	3,442,121	571,274
Short-term lease liabilities	3.4, 3.11, 3.12	273,081	216,419
Trade payables	3.11	3,337,649	2,317,308
Tax payable	2.10	2,612,569	543,307
Public duties payable		350,512	263,887
Other current liabilities	3.9, 3.13	1,269,954	773,884
Total current liabilities		**11,285,886**	**4,686,079**
Liabilities directly associated with the assets held for sale	4.7	5,612,445	0
Total liabilities		**38,346,200**	**12,602,075**
Total Equity and Liabilities		**62,500,963**	**28,085,251**

Frøya, 17 April 2023

Gustav Witzøe
Chair of the Board

Margrethe Hauge
Vice-Chair of the Board

Morten Loktu
Board Member

Arnhild Holstad
Board Member

Leif Inge Nordhammer
Board Member

Simon Andre Søbstad
Employees representative

Frode Arntsen
CEO

Tone Ingebrigtsen
Employees representative

Consolidated statement of changes in equity

NOK 1,000

NOK 1,000	Note	Share capital	Treasury shares	Share premium	Other paid-in equity	Other equity	Foreign currency translation differences	Cash flow hedges	Hedge of net invest-ments	Cost of hedging reserve	Attributable to share-holders of the parent	Non-controlling interests	Total equity
As at 1 January 2021		28,325	-58	415,286	248,394	8,900,681	130,445	136,075	-8,131	0	**9,851,016**	1,135,886	**10,986,902**
Profit for the year		0	0	0	0	2,616,716	0	0	0	0	**2,616,716**	51,404	**2,668,120**
Other comprehensive income													
Translation differences in associates and joint venture	3.5	0	0	0	0	0	13,824	0	0	0	**13,824**	0	**13,824**
Translation differences in subsidiaries		0	0	0	0	0	-51,616	0	0	0	**-51,616**	-45,869	**-97,485**
Gain/loss on hedge of net investment*)	3.9	0	0	0	0	0	0	0	17,776	0	**17,776**	0	**17,776**
Gain/loss on cash flow hedges*)	3.9	0	0	0	0	0	0	-100,618	0	0	**-100,618**	0	**-100,618**
Net change in costs of hedging*)	3.9	0	0	0	0	0	0	0	0	-12,747	**-12,747**	0	**-12,747**
Tax related to other comprehensive income*)	3.9	0	0	0	0	0	0	22,136	-3,911	2,804	**21,030**	0	**21,030**
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		0	0	0	0	0	-37,792	-78,482	13,865	-9,943	**-112,352**	-45,869	**-158,221**
Other comprehensive income		0	0	0	0	0	-37,792	-78,482	13,865	-9,943	**-112,352**	-45,869	**-158,221**
Total comprehensive income		0	0	0	0	2,616,716	-37,792	-78,482	13,865	-9,943	**2,504,364**	5,535	**2,509,899**
Transactions with shareholders													
Share-based payment, expensed	2.4	0	0	0	54,185	0	0	0	0	0	**54,185**	1,349	**55,534**
Share-based payment, tax effect	2.10	0	0	0	0	1,137	0	0	0	0	**1,137**	-1	**1,136**
Share-based payment, release	2.4	0	32	0	-7,474	-32	0	0	0	0	**-7,474**	-8,567	**-16,041**
Dividend	4.2	0	0	0	0	-2,261,359	0	0	0	0	**-2,261,359**	-9,800	**-2,271,159**
Contribution of equity	4.6	1,125	0	2,707,875	0	0	0	0	0	0	**2,709,000**	639,093	**3,348,093**
Transaction costs related to capital contribution, net of tax		0	0	-21,201	0	0	0	0	0	0	**-21,201**	0	**-21,201**
Change in non-controlling interests	4.6	0	0	0	0	400,167	0	0	0	0	**400,167**	-400,167	**0**
Acquisition of non-controlling interests	4.6	0	0	0	0	0	0	0	0	0	**0**	889,640	**889,640**
Other changes		0	0	0	0	512	0	0	0	0	**512**	-141	**372**
Total transactions with shareholders		1,125	32	2,686,674	46,711	-1,859,574	0	0	0	0	**874,969**	1,111,405	**1,986,374**
At 31 December 2021		29,450	-26	3,101,961	295,105	9,657,823	92,653	57,593	5,734	-9,943	**13,230,349**	2,252,827	**15,483,176**

*) Income reported as 'Other comprehensive income, net after tax' in 2021 is split. Total sum is equal to previously reported.

Consolidated statement of changes in Equity, continued

NOK 1,000	Note	Share capital	Treasury shares	Share premium	Other paid-in equity	Other equity	Foreign currency translation differences	Cashflow hedges	Hedge of net investments	Cost of hedging reserve	Attributable to shareholders of the parent	Non-controlling interests	Total equity
As at 1 January 2022		29,450	-26	3,101,961	295,105	9,657,823	92,653	57,593	5,734	-9,943	13,230,349	2,252,827	15,483,176
Profit for the year		0	0	0	0	3,311,955	0	0	0	0	3,311,955	403,453	3,715,408
Other comprehensive income													
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:													
Translation differences in associates and joint venture	3.5	0	0	0	0	0	21,444	0	0	0	21,444	0	21,444
Translation differences in subsidiaries		0	0	0	0	0	62,813	0	0	0	62,813	61,215	124,028
Gain/loss on hedge of net investment	3.9	0	0	0	0	0	0	0	-51,997	0	-51,997	0	-51,997
Gain/loss on cash flow hedges	3.9	0	0	0	0	0	0	184,145	0	0	184,145	16,786	200,931
Net change in costs of hedging	3.9	0	0	0	0	0	0	0	0	69,290	69,290	0	69,290
Tax related to other comprehensive income	3.9	0	0	0	0	0	0	-41,232	11,439	-15,244	-45,037	-4,048	-49,085
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		*0*	*0*	*0*	*0*	*0*	*84,257*	*142,913*	*-40,558*	*54,046*	*240,658*	*73,953*	*314,611*
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:													
Remeasurement gain on defined benefit plans	2.5	0	0	0	0	3,422	0	0	0	0	3,422	0	3,422
Tax related to gain on defined benefit plans	2.5	0	0	0	0	-753	0	0	0	0	-753	0	-753
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		*0*	*0*	*0*	*0*	*2,669*	*0*	*0*	*0*	*0*	*2,669*	*0*	*2,669*
Other comprehensive income		0	0	0	0	2,669	84,257	142,913	-40,558	54,046	243,327	73,953	317,280
Total comprehensive income		0	0	0	0	3,314,624	84,257	142,913	-40,558	54,046	3,555,282	477,406	4,032,688
Transactions with shareholders													
Share-based payment, expensed	2.4	0	0	0	51,818	1,522	0	0	0	0	53,340	926	54,266
Share-based payment, tax effect	2.10	0	0	0	-2,838	0	0	0	0	0	-2,838	0	-2,838
Share-based payment, release	2.4	0	30	0	0	-30	0	0	0	0	0	0	0
Dividend	4.2	0	0	0	0	-2,353,953	0	0	0	0	-2,353,953	-51,400	-2,405,353
Borrowed treasury shares	4.3	0	-8	-11,536	0	0	0	0	0	0	-11,544	0	-11,544
Issue of share capital	4.2	6,835	0	9,091,995	0	0	0	0	0	0	9,098,830	0	9,098,830
Contribution of equity in group companies	4.6	0	0	0	0	7,154	0	0	0	0	7,154	3,753	10,907
Transaction costs related to capital contribution, net of tax		0	0	-238	0	-67	0	0	0	0	-305	0	-305
Acquisition of non-controlling interests	4.6	0	0	0	0	0	0	0	0	0	0	6,268,346	6,268,346
Treasury shares in subsidiaries	4.2	0	-3,181	0	0	-4,190,629	0	0	0	0	-4,193,810	-319,060	-4,512,870
Change in non-controlling interests	4.6	0	0	0	0	-40,155	0	0	0	0	-40,155	-3,832,936	-3,873,091
Reclassifications and Other changes		0	0	7	-183	3,702	0	10,093	0	0	13,619	-1,068	12,551
Total transactions with shareholders		6,835	-3,159	9,080,228	48,797	-6,572,456	0	10,093	0	0	2,570,338	2,068,561	4,638,899
At 31 December 2022		36,285	-3,185	12,182,189	343,902	6,399,991	176,910	210,599	-34,824	44,102	19,355,969	4,798,794	24,154,763

Consolidated Statement of Cash Flows

NOK 1,000	Note	2022	2021
Cash flow from operating activities			
Profit before tax		4,562,032	3,386,942
Profit before tax from discontinued operations		91,098	0
Tax paid in the period	2.10	-551,630	-548,952
Depreciation, amortisation and write-downs	3.1, 3.3, 3.4	1,037,695	806,680
Employee share schemes charged to expenses	2.4	54,266	55,534
Income from associated companies and joint venture	3.5	-66,432	-94,879
Gain related to remeasured shares in associated companies	3.5	-90,776	0
Gains on disposal of shares in group companies		0	-12,913
Gains/losses on sale of non-current assets	3.3	0	1,118
Net interest expenses	2.9	335,839	169,455
Onerous contracts		-126,330	180,970
Fair value adjustments	2.8	-232,489	-776,543
Change in inventory / biological assets at cost		-1,103,935	-225,517
Change in trade receivables		-158,776	-334,089
Change in trade payables		44,178	203,901
Change in other accruals		412,092	96,646
Cash-flow from operating activities related to discontinued operations	4.7	15,612	0
Net cash flow from operating activities		**4,222,444**	**2,908,352**
Cash flow from investing activities			
Receipts from disposal of property, plant and equipment	3.3	104,473	7,082
Purchase of property, plant and equipment	3.1, 3.3	-2,265,008	-2,126,190
Purchase of intangible assets	3.1	-189,884	-98,028
Receipts from disposal of group companies and other investments	4.5	1,859,913	47,575
Payments on business combinations, net of cash	4.5	-2,091,790	-326,802
Payments related to capital contribution associated company	3.5	0	-307,750
Purchase of shares and other securities		0	-5,000
Dividends from associated companies	3.5	2,865	2,177
Loan to third parties		22,020	-21,268
Interest received	2.9	4,112	1,364
Cash-flow from investing activates related to discontinued operations	4.7	-79,927	0
Net cash flow from investing activities		**-2,633,226**	**-2,826,840**

Consolidated Statement of Cash Flows, continued

NOK 1,000	Note	2022	2021
Cash flow from financing activities			
Proceeds from interest-bearing debts	3.11	11,604,620	3,760,202
Repayment of interest-bearing debts	3.11	-4,458,033	-3,138,284
Net change in overdraft	3.11	-127,923	-703,959
Payment of instalments on lease liabilities	3.4, 3.11	-229,333	-198,437
Payment of interest on lease liabilities	3.4, 3.11	-64,654	-57,311
Interest received	2.9	0	10,873
Interest paid	2.9	-215,410	-104,481
Dividend	4.2	-2,405,353	-2,271,159
Net proceeds from issuance of shares in group companies	4.6	10,907	639,093
Net proceeds from issuance of shares		0	2,681,822
Share-based payment, release	2.4	0	-16,041
Acquisition of non-controlling interests	4.6	-3,873,091	0
Cash-flow from financing activities related to discontinued operations	4.7	-77,494	0
Net cash flow from financing activities		**164,236**	**602,320**
Net change in cash and cash equivalents		1,753,454	683,832
Currency translation of cash and cash equivalents		6,898	-5,634
Cash and cash equivalents as at 01.01		901,644	223,447
Cash and cash equivalents discontinued operations at acquisition		369,416	0
Cash and cash equivalents as at 31.12	**3.10**	**3,031,412**	**901,644**
Of which cash and cash equivalents in discontinued operations as at 31.12	4.7	318,705	0
Cash and cash equivalents excluding discontinued operations as at 31.12		**2,712,707**	**901,644**
Unused drawing rights		8,133,813	4,680,361

Notes to the Financial Statements for 2022

Part 1 General information and significant accounting policies

NOTE 1.1 General information

SalMar ASA is a listed public limited liability company, registered and domiciled in Norway. The company's shares are listed on the Oslo Stock Exchange. The company's head office is located at Industriveien 51, 7266 Kverva, in the municipality of Frøya.

SalMar's consolidated financial statements of 31 December 2022 and for the year as a whole is comprised of SalMar ASA and its subsidiaries, as well as the Group's share of associates and joint venture accounted for using the equity method. The Group operates in Norway, Iceland and Asia, and has operations in Scotland through an associate.

The annual financial statements were formally approved by the Board of Directors on 17 April 2023.

NOTE 1.2 Basis of preparation

SalMar's consolidated financial statements is comprised of the statement of profit or loss, statement of other comprehensive income, balance sheet, statement of changes in equity and statement of cash flows. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS as adopted by EU. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) at 31 December 2022, as well as disclosure requirements pursuant to the Norwegian Acccounting Act as at 31 December 2022.

Significant accounting principles relating to specific accounting lines and accounting items are described in the introduction to the relevant notes.

The consolidated financial statements are presented in Norwegian kroner (NOK). The financial statements have been prepared on a historical cost basis, except for the following:

- Biological assets – measured at fair value (Note 3.6)
- Financial derivatives – measured at fair value (Note 3.8)
- Other shares and securities – measured at fair value (Note 3.8)

New and amended standards adopted by the group

No new or amended standards with mandatory effect from 1 January 2022 have had a material impact on the Group's financial reporting for 2022.

New standards and interpretations not yet adopted

At the end of 2022, there are some amendments to existing standards that are not yet effective, but will be relevant for the Group at implementation. The Group intends to adopt these standards, if applicable, when they become effective. There are no amendments that is expected to have a significant impact on the Group's financial statements.

NOTE 1.3 Principles of consolidation

SalMar's consolidated financial statements encompass SalMar ASA and its subsidiaries as at 31 December 2022.

Subsidiaries are all entities over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. If the Group has a majority of the voting rights in an entity, the entity is presumed to be a subsidiary of the Group. To substantiate this presumption, and where the Group does not hold a majority of the voting rights, the Group considers all relevant facts and circumstances to determine whether the Group has control over the entity in which it has invested. This includes assessing the size of its shareholding, its voting share, the shareholder structure and its relative strength therein, as well as options controlled by the Group, shareholder agreements or other agreements. This assessment is performed for each investment. A reassessment is performed when facts and circumstances indicate that changes have taken place in one or more of the factors determining control.

The acquisition method of accounting is used to account for business combinations by the group. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The entity perspective is applied in connection with acquisitions where control is established. The exception is goodwill, where for each acquisition it is optional whether to recognise the controlling owners' share or 100 %. In the cases where the fair value of the acquired assets exceeds the amount paid, the difference is treated as income in profit and loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of SalMar ASA.

When the Group no longer has control, any remaining shareholding is measured at fair value, with changes in value recognised through profit and loss. In connection with its future recognition as an investment, associate, jointly controlled entity or financial asset, fair value is deemed to equal acquisition cost. Amounts which were previously recognised in OCI with respect to this company are treated as if the Group had divested the underlying assets and liabilities. This may mean that amounts which have previously been recognised in OCI are reclassified to profit and loss.

NOTE 1.4 Principles of classification

Other assets which is part of the ordinary production cycle, assets held primarily for sale or are due within 12 months are classified as current assets. Other assets are classified as non-current assets. Correspondingly, liabilities which form part of the ordinary production cycle or are due within 12 months are classified as current liabilities. Other liabilities are classified as non-current.

The next year's instalment on long-term debt is classified as a current liability.

Changes in the fair value of biological assets are presented as fair value adjustments and are included in the Group's operating profit/loss. Fair value adjustments also includes changes in provisions for losses on physical sales contracts, changes in the unrealised value of Fish Pool contracts and changes in the unrealised value of foward currency contracts that have been entered into to hedge future deliveries. The unrealised value of forward currency contracts classified on this line are forward contracts which do not qualify for hedge accounting. Operating profit/loss is reported before fair value adjustment of the biomass in order to show the Group's underlying sales performance during the period.

Dividends from investments are recognised when SalMar has an unqualified right to receive the dividend. Proposed dividends are recognised as a liability from the date on which the General Meeting of Shareholders approves payment thereof.

NOTE 1.5 Functional currency and translation of foreign currencies

The consolidated financial statements are presented in Norwegian kroner (NOK), which is both the parent company's functional currency and the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
b. income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates
c. all resulting exchange differences are recognised in other comprehensive income.

NOTE 1.6 Statement of cash flows

The Group's Statement of Cash Flows shows a breakdown of the Group's overall cash flow into operating, investing and financing activities. The statement shows the individual activity's impact on liquid assets. Cash flow deriving from the acquisition and sale of businesses is presented under investing activities.

NOTE 1.7 Use of estimates

Preparation of the financial statements in accordance with IFRS requires management to make evaluations, estimates and assumptions which affect the application of accounting principles and the value of assets and liabilities recognised in the Consolidated balance sheet as well as income and expenses in the Statement of profit or loss for the financial year. Estimates and their underlying assumptions are based on past experience and other factors deemed relevant and probable at the time the evaluations are made. These evaluations affect the book value of the assets and liabilities whose valuation is not based on other sources. Estimates are reviewed continuously and final values and results may differ from these estimates. Changes in accounting estimates are included in the period in which the changes occur.

The following evaluations and estimates are considered to be significant for the Group:

Fair value of the biomass

Biological assets held at the Group's sea farms are measured in accordance with IAS 41. The principles for calculating fair value are described in Note 3.6 "Biological assets and other inventory".

The valuation is based on a number of assumptions that require considerable discretionary judgement. The key assumptions relate to volume, costs, price and the discount rate.

The estimated volume at harvest is based on the number of fish held at sea farms, adjusted for estimated growth and mortality from the time the fish were transferred to the sea until they have actually been harvested. The actual volume harvested may deviate from the estimated volume as a result of biological developments. Uncertainty with regard to biological developments may affect the date of harvest and therefore the discounting period in the model.

Expected market prices underpin the measurement of fish at fair value. The industry considers the Fish Pool forward price to be the best estimate of market prices. Historically, the market price for fish has proved susceptible to relatively large fluctuations from period to period and between seasons. The price achieved will moreover, differ depending on the size and quality of the fish at harvest. At the same time, the date of harvest will depend on the fish's biological development.

There is considerable uncertainty to the estimated remaining production costs to harvest. Biological challenges, such as disease and sea lice infestations, will affect fish-related costs. In addition, there is uncertainty related to the price of other important input factors, such as fish feed.

Expected future cash flows for the individual sites are discounted by a monthly discount factor. The discount factor is comprised of several elements (see Note 3.6 "Inventory and biological assets" for further details). As described in Note 3.6, a synthetic licence fee and site leasing cost is added to the discount factor in the model, instead of these elements being treated as a cost in the calculation. In order to engage in the farming of salmon and trout, it is necessary to have access to infrastructure in the form of production licences and sites. The market price for a production licence in today's market is high, and it is reasonable to assume that in a hypothetical market there would be a considerable cost attached to use of the infrastructure and licences necessary to operate an aquaculture business. This cost is reflected as an element of the discount rate and will be subject to considerable discretionary judgement.

Fair value at acquisition

In connection with an acquisition, the cost price of the acquired entity must be allocated such that the opening balance in the Group's accounts reflects the estimated fair value of the acquired assets and liabilities. To determine the fair value at acquisition, alternative methods are used to determine the fair value of assets for which there is no active market. Value excess identifiable assets and liabilities is recognised in the Consolidated balance sheet as goodwill. If the fair value of equity in the acquired entity exceeds the consideration paid, the excess amount is immediately recognised as income. The allocation of cost price in connection with business combinations is updated if, no later than 12 months after the acquisition took place, new information is obtained with respect to fair value on the date of takeover and assumption of control.

Part 2 Financial results

NOTE 2.1 Business segments

Accounting policies

Operating segments are reported in a manner consistent with internal reporting to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group management.

The Group's business areas comprise of Fish Farming, Sales & Industry and the Group's operations in Iceland which are reported as a separate unit and are defined as a separate segment. In additon, SalMar Aker Ocean, the Group's offshore farminOefined as a separate segment.

Fish farming in Norway is divided into two regions, Fish Farming Central Norway and Fish Farming Northern Norway, which are defined as separate segments, and are reported and administered as such internally. The Group's hatchery operations are also included in these segments. The operating unit Icelandic Salmon, located in Iceland, is a fully integrated aquaculture company, with its own hatchery, sea farms, harvesting plant and sales force. This segment's combined results are reported through the business segment Icelandic Salmon. SalMar Aker Ocean, which was formally established in 2021 is presented as a separate reporting segment effective from 1 January 2022. The figures from 2021 have been restated accordingly for comparison.

Group management evaluates the segments' performance on the basis of Operational EBIT.

The column Other/Eliminations includes costs relating to share-based employee cost, R&D costs relating to jointly operated licences and other overheads not allocated to segments. In addition, it includes transaction costs from business combinations and costs incurred in the settlement of allegations of price collusion.

Sales between segments are carried out in accordance with the arm's length principle. When revenues from external parties are reported to group management, they are measured at the same amount recognised in profit and loss. Assets and liabilities are not reported to group management at segment level.

2022 (NOK 1,000)	Fish Farming Central Norway	Fish Farming Northern Norway	Sales & Industry	Icelandic Salmon	SalMar Aker Ocean	Other/Eliminations	SalMar Group
External operating revenue - sale of goods and services	3,317	50,825	18,429,251	1,586,722	0	0	20,070,115
Internal operating revenue - sale of goods and services	8,831,134	4,830,067	675,897	7,402	0	-14,344,500	0
TOTAL revenues from contracts with customers	**8,834,451**	**4,880,892**	**19,105,148**	**1,594,124**	**0**	**-14,344,500**	**20,070,115**
Compensation	3,901	0	0	0	32,460	10	36,371
Other operating revenues	33,971	2,231	36,267	1,052	0	-21,728	51,793
Total operating revenues	**8,872,323**	**4,883,123**	**19,141,415**	**1,595,176**	**32,460**	**-14,366,219**	**20,158,279**
Depreciation and amortisation	480,084	186,472	176,278	75,472	72,420	10,328	1,001,053
Write-downs	2,788	0	213	0	33,641	0	36,642
Other operating expenses	4,790,235	2,170,897	20,251,179	1,153,761	81,167	-13,791,227	14,656,013
Operational EBIT	**3,599,217**	**2,525,754**	**-1,286,255**	**365,943**	**-154,769**	**-585,319**	**4,464,571**
Production tax							-85,232
Onerous contracts							126,330
Fair value adjustments							515,887
Fair value adjustment included in cost of goods sold due to business combination							-283,398
Operating profit/loss							**4,738,158**
Income from investments in associates and joint venture							66,432
Net financial items							-242,558
Profit before tax							**4,562,032**
Tax							953,996
Net profit for the year							**3,608,036**
Investments in PP&E	1,291,718	244,919	280,340	168,200	265,565	14,265	2,265,008
Investments in PP&E through business combinations	999,317	1,121,628	163,367	195,909	0	99,259	2,579,479
Investments in right-to-use assets	49,107	56,313	5,220	28,148	3,509	0	142,296
Investments in right-to-use assets through business combinations	163,499	270,558	40,094	0	0	72,753	546,905
Investments in licences	50,000	0	0	2,812	0	0	52,812
Investments in licenses through business combinations	2,968,852	4,293,183	0	3,857	0	0	7,265,892

2021 (NOK 1,000)	Fish Farming Central Norway	Fish Farming Northern Norway	Sales & Industry	Icelandic Salmon	SalMar Aker Ocean *)	Other/Eliminations *)	SalMar Group
External operating revenue - sale of goods and services	18,590	74,096	13,996,658	882,644	0	0	14,971,988
Internal operating revenue - sale of goods and services	6,489,897	3,265,327	377,178	34,665	0	-10,167,067	0
TOTAL revenues from contracts with customers	6,508,487	3,339,423	14,373,836	917,310	0	-10,167,067	14,971,988
Compensation	7,636	0	0	0	0	0	7,636
Other operating revenues	25,800	3,210	32,591	1,539	0	1,180	64,320
Total operating revenues	6,541,923	3,342,633	14,406,427	918,848	0	-10,165,887	15,043,945
Depreciation and amortisation	427,431	148,288	85,095	59,853	78,358	4,110	803,136
Write-downs	3,013	0	0	0	0	531	3,544
Other operating expenses	3,992,979	1,951,839	14,473,395	784,989	73,787	-9,966,720	11,310,268
Operational EBIT	2,118,499	1,242,506	-152,063	74,007	-152,145	-203,808	2,926,996
Production tax							-71,601
Onerous contracts							-180,970
Fair value adjustments							776,543
Operating profit/loss							3,450,968
Income from investments in associates and joint venture							94,879
Net financial items							-158,905
Profit before tax							3,386,942
Tax							718,822
Net profit for the year							2,668,120
Investments in PP&E	806,668	568,685	611,178	135,540	38	4,081	2,126,190
Investments in right-to-use assets	145,475	0	0	39,143	0	0	184,618
Investments in licences	0	0	0	4,392	0	0	4,392
Investments in licenses through business combinations	1,370,000	0	0	5,580	0	0	1,375,580

**) Restated to reflect new segment SalMar Aker Ocean*

NOTE 2.2 Revenues from contracts with customers and material customers

Accounting policies

Income from the sale of goods comes mainly from the sale of fresh whole Atlantic salmon and a wide selection of fresh and frozen salmon products, either on spot sales or from contracts. Income from the sale of services mainly relates to the sale of harvesting services. Revenue is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for these goods. This is typically when the goods are picked up by the carrier or on delivery to a terminal or the customer. This depends on the delivery conditions and varies from customer to customer. The normal credit period is 30 days net. Income from harvesting services is recognized as income as the services are provided.

For further details, see Note 2.1 for operating revenues relating to the Group's business segments.

Specification of revenues (NOK 1,000):	2022	2021
Sale of goods	19,800,190	14,775,608
Sale of services	269,925	196,380
Total revenues from contracts with customers	20,070,115	14,971,988

No individual customers have accounted for more than 10 per cent of the Group's revenue in the past two years.

Specification of the Group's revenues by geographic market (NOK 1,000):	2022	%	2021	%
Asia	4,729,240	23.6 %	3,633,758	24.3 %
USA/ Canada	4,155,643	20.7 %	3,043,322	20.3 %
Europe, ex. Norway	8,369,116	41.7 %	5,660,564	37.8 %
Norway	2,269,477	11.3 %	2,436,668	16.3 %
Other	546,638	2.7 %	197,676	1.3 %
Total Revenues from contracts with customers	20,070,115	100.0 %	14,971,988	100.0 %

Specification of the Group's revenues by currency (NOK 1,000):	2022	%	2021	%
NOK	4,318,522	21.5 %	3,886,962	26.0 %
JPY	1,046,147	5.2 %	835,185	5.6 %
GBP	253,989	1.3 %	122,535	0.8 %
USD	7,371,387	36.7 %	5,256,281	35.1 %
EUR	6,315,563	31.5 %	4,238,755	28.3 %
SEK	310,512	1.5 %	261,451	1.7 %
KRW	67,651	0.3 %	61,158	0.4 %
CAD	347,875	1.7 %	310,149	2.1 %
CHF	2,167	0.0 %	0	0.0 %
ISK	36,301	0.2 %	-488	0.0 %
Total Revenues from contracts with customers	20,070,115	100.0 %	14,971,988	100.0 %

NOTE 2.3 Salary and personnel expenses

Salary and personnel expenses:

NOK 1,000	2022	2021
Salaries and other short-term employee benefits	1,548,764	1,268,190
Social security expenses	117,907	92,055
Pension expenses	92,498	68,307
Employee share schemes charged to expenses	54,266	55,534
Other benefits	80,329	55,600
Total	1,893,764	1,539,686

Average number of full-time employee equivalent in the Group	2,266	1,960

Auditor:

Breakdown of total auditor's fee:

2022 - NOK 1,000	EY	Others[1]
Audit services	5,979	981
Other certification services	1,524	50
Tax advisory services	359	0
Other non-audit services	2,186	123
Total 2022	10,048	1,154

2021 - NOK 1,000	EY	Others[1]
Audit services	2,269	2,192
Other certification services	562	0
Tax advisory services	490	0
Other non-audit services	244	250
Total 2021	3,565	2,442

Loans and guarantees granted to employees:

NOK 1,000	Loans	Guarantees
Employees	795	0

1 Some of the fees disclosed are inclusive of VAT.

Remuneration paid to Executive Management and Board of Directors:

Reference is made to the Board's guidelines for remuneration and other benefits for SalMar ASA's senior executives adopted by the ordinary general meeting on 8 June 2021.

	Fixed remuneration				Variable remuneration				
Executive Management 2022 - NOK 1,000	Base salary	Pension	Benefits	Total fixed remuneration	Severance pay	Bonus	Shares	Total variable remuneration	Total remuneration
Frode Arntsen, CEO, former COO Industry & Sales[1]	2,710	84	9	2,804	0	750	765	1,515	4,319
Linda Litlekalsøy Aase, CEO[2]	2,576	55	117	2,749	6,643	1,800	0	8,443	11,191
Gustav Witzøe, CEO[3]	1,090	34	3	1,127	0	0	0	0	1,127
Ulrik Steinvik, CFO, former Director Business Improvement[4]	2,081	80	9	2,170	0	670	673	1,343	3,514
Gunnar Nielsen, CFO[5]	1,583	18	6	1,607	0	0	0	0	1,607
Trine Sæther Romuld, CFO & COO[6]	1,051	31	2	1,084	0	2,943	0	2,943	4,028
Roger Bekken, COO	2,454	91	9	2,555	0	700	782	1,482	4,037
Simon Andre Søbstad, COO Sales & Industry[7]	1,413	45	11	1,468	0	380	428	808	2,277
Eva Haugen, Director Quality Management/HSE[7]	1,384	79	9	1,473	0	360	460	820	2,292
Arthur Wisniewski, Director Human Resource Management[7]	1,660	75	9	1,745	0	600	451	1,051	2,796
Runar Sivertsen, Chief Strategy Officer[7]	1,432	75	9	1,516	0	535	358	893	2,409
Total earned 2022	**25,077**	**668**	**196**	**25,941**	**6,643**	**9,738**	**3,917**	**13,655**	**39,596**

1 From 24 October 2022.
2 From 9 May 2022 to 23 October 2022. Ms Aase had a severance agreement of one year fixed and variable remuneration. 2/3 of the severance pay has been settled as per 31.12.2022. The remaining amount of NOK 2.331 million related to severance pay will be settled during 2023.
3 Until 9 May 2022
4 From 27 October 2022
5 From 1 April 2022 to 26 October 2022
6 Until 31 March 2022
7 From 28 October 2022

	Fixed remuneration				Variable remuneration			
Executive Management 2021 - NOK 1,000	Base salary	Pension	Benefits	Total fixed remuneration	Bonus	Shares	Total variable remuneration	Total remuneration
Gustav Witzøe, CEO	2,011	70	10	2,090	0	0	0	2,090
Trine Sæther Romuld, CFO & COO	2,939	126	10	3,075	650	1,336	1,986	5,061
Frode Arntsen, COO Sales & Industry	2,194	78	10	2,282	650	1,562	2,212	4,494
Ulrik Steinvik, Director Business Improvement	1,931	74	10	2,014	650	1,374	2,024	4,039
Roger Bekken, COO Farming	2,247	85	47	2,379	650	1,601	2,251	4,629
Total earned 2021	**11,321**	**433**	**85**	**11,840**	**2,600**	**5,873**	**8,473**	**20,313**

Board of Directors 2022 - NOK 1,000	Annual base fee	Audit and Risk Committee	Nomination Committee	Salary and benefits	Total remuneration
Gustav Witzøe, Chair of the Board (from 8 June 2022)	260	0	0	0	260
Leif Inge Nordhammer, Board member (Chair of the Board until 8 June 2022)	395	0	0	0	395
Margrethe Hauge, Vice-Chair of the Board	283	123	0	0	405
Arnhild Holstad, Board member (from 8 June 2022)	145	0	0	0	145
Morten Loktu, Board member (from 8 June 2022)	145	43	0	0	188
Employee representatives					
Simon Andre Søbstad, Board Member	141	0	0	2,277	2,418
Tone Ingebrigtsen, Board Member	141	0	0	1,311	1,453
Nomination Committee					
Bjørn M. Wiggen, Chair of the Nomination Committee	0	0	41	0	41
Endre Kolbjørnsen	0	0	26	0	26
Karianne O. Tung	0	0	26	0	26
Former members of the Board of Directors and the Nomination Committee					
Magnus Dybvad, Board Member (until 8 June 2022)	138	40	0	0	178
Linda Litlekalsøy Aase, Board Member (former representative until 9 May 2022)	138	0	0	11,191	11,329
Total remuneration 2022	**1,785**	**205**	**92**	**14,779**	**16,861**

Board of Directors 2021 - NOK 1,000	Annual base fee	Audit and Risk Committee	Nomination Committee	Salary and benefits	Total remuneration
Leif Inge Nordhammer, Chair of the Board (Chair of the Board from 8 June 2021)	375	0	0	0	375
Margrethe Hauge, Vice-Chair of the Board	263	110	0	0	373
Linda Litlekalsøy Aase, Board Member	263	0	0	0	263
Magnus Dybvad, Board Member (from 8 June 2021)	138	0	0	0	138
Employee representatives					
Simon Andre Søbstad, Board Member	69	0	0	2,492	2,561
Tone Ingebrigtsen, Board Member	69	0	0	959	1,028
Nomination Committee					
Bjørn M. Wiggen, Chair of the Nomination Committee	0	0	40	0	40
Endre Kolbjørnsen	0	0	25	0	25
Karianne O. Tung (from 8 June 2021)	0	0	13	0	13
Former members of the Board of Directors and the Nomination Committee					
Tonje E. Foss, Board Member (former representative until 11 November 2021)	263	75	0	0	338
Atle Eide, Chair of the board (former representative until 8 June 2021)	225	0	0	0	225
Brit Elin Soleng, Employee representative (former representative until 8 June 2021)	63	0	0	766	828
Jon Erik Rosvoll, Employee representative (former representative until 8 June 2021)	63	0	0	786	849
Anne Kathrine Slungård, Nomination Committee (former representative until 8 June 2021)	13	0	0	0	13
Total remuneration 2021	**1,800**	**185**	**78**	**5,003**	**7,066**

NOTE 2.4 Share-based incentive scheme

Accounting policies

The Group has a share-based incentive scheme, whereby the companies receive services from the employees in return for Restricted Share Units (RSUs) in the Group. The fair value of the services received by the business units from the employees in return for the RSU entitlements awarded is recognised as an expense.

The fair value of RSU entitlements is established when they are granted. The fair value of RSU entitlements that are not at market terms are valued at the share price in effect when the RSUs are granted. The probability of the performance criteria being met is considerd when assessing how many RSU entitlements will be redeemed. The fair value of RSU entitlements that are not at market terms is calculated using a Monte-Carlo simulation. The most important input data when calculating the value of RSU entitlements are the share price on the date they are awarded, volatility, risk-free interest, expected yield and accrual period.

The value is established when they are granted and charged in profit and loss over the RSU's vesting period, with a corresponding increase in paid-in equity. Employers' national insurance contributions are recognised over the vesting period.

Restricted Share Unit Plan (RSU):

In accordance with the authorisation granted by the company's Annual General Meeting, SalMar ASA's Board of Directors has implemented a share-based incentive scheme (Restricted Share Unit Plan) for senior executives and key personnel employed by the company and its subsidiaries. As at 31 December 2022, the scheme encompassed up to 297,503 shares and has a term of three years. The company's board members do not receive RSUs, with the exception of those elected by the employees, who may take part in the programme in their capacity as employees. The company's obligations under the scheme will be covered by its existing holding of treasury shares.

Participants of the plan are granted Restricted Share Units (RSUs) free of charge. These will be released and transferred as shares to participants after an vesting period subject to predefined performance criteria. The shares are then transferred to the employee free of charge. The plan comprises three vesting periods of, respectively, one, two and three calendar years. Each vesting period covers 1/3 of the total annual RSUs in the plan. One RSU affords a contingent entitlement to one share. The award of RSUs in each of the three vesting periods rests on the following performance criteria:

- 1/3 of the RSUs will vest irrespective of the performance criteria.
- 1/3 of the RSUs will vest provided that SalMar achieves a better EBIT/kg ratio than other aquaculture enterprises listed on the Oslo Stock Exchange during the vesting period.
- 1/3 of the RSUs will vest provided that SalMar's shares deliver a higher total shareholder return (TSR) than a defined group of comparable companies during the vesting period.

The plan stipulates that RSUs will vest only if the participant is still an employee of the Group. The total gains from released RSUs during the course of one calendar year may not exceed 100% of the participant's basic salary.

The fair value of the RSU entitlements is calculated on the date they are granted. The total fair value of the entitlements as at 31 December 2022 is calculated to be NOK 114,5 millions (2021: NOK 142,9 millions). The cost is expesed over the vesting period, and a total of NOK 51,8 millions was recognised in connection with the scheme in 2022 (2021: NOK 53,0 millions). Provisions for employers' national insurance contributions in respect of the scheme have also been made. The expense is recognised to the extent that the performance criteria are met.

The fair value of RSU entitlements that are not at market condition is set as the share price on the date the award was made. The probability of the performance criteria being met is taken into account when assessing how many RSU entitlements will be redeemed. When the 2022 award was formally made on 21 December 2022, the share price was NOK 379.60. (2021: NOK 576.60).

The fair value of the RSU entitlements that are are at market terms is calculated using a Monte-Carlo simulation. The most important input data when calculating the value of these RSU entitlements is the share price on the date the award was made, volatility, risk-free interest rate, expected yield and the vesting period. Based on the Monte-Carlo simulation, each RSU entitlement is worth NOK 289,99 for those awareded on 21 December 2022, NOK 544.46 for those awarded on 21 December 2021 and NOK 456.03 for those awarded on 17 December 2020.

In 2022, 118,075 RSUs were exercised. The market price per share at the time the RSUs were exercised was NOK 338.73. Correspondingly, 129,710 RSUs were exercised in 2021. The market price per share on the date these RSUs were exercised was NOK 634.93. The value of the RSUs exercised is treated as a salary payment to the individual employee.

Movements in the number of outstanding RSUs:

	2022	2021
1 January	234,954	265,311
Granted during the year	184,859	107,845
Released during the year	-118,075	-129,710
Forfeited	-11,623	-17,106
Dividend adjustment	7,388	8,614
31 December	**297,503**	**234,954**

Calculation of the year's award was based on the following parameters:

	2022	2021
Grant date	21.12.2022	20.12.2021
Plan	2022	2021
Share price on date of issue	379.60	576.60
Weighted average fair values at the measuerment date	288.99	544.46
Dividend yield (%)	0%	0%
Expected volatility (%)	44.76%	29.61%
Risk-free interest rate (%)	3.07%	1.08%
Expected lifetime	1.92	1.92
Model used	Monte Carlo & Black-Scholes	Monte Carlo & Black-Scholes

Vesting period for the outstanding RSUs at year end:

Date granted	Vesting period	2022	2021
30.01.2020	2019-22	-	41,347
17.12.2020	2020-22	-	43,103
17.12.2020	2020-23	42,117	43,124
20.12.2021	2021-22	-	35,729
20.12.2021	2021-23	35,495	35,804
20.12.2021	2021-24	35,537	35,847
21.12.2022	2022-23	61,397	-
21.12.2022	2022-24	61,435	-
21.12.2022	2022-25	61,522	-
Outstanding RSUs as at 31 December		**297,503**	**234,954**

Outstanding RSUs – group management:

	Outstanding per 01.01	Granted	Released	Dividend adjustment	Outstanding per 31.12
Frode Arntsen, CEO	4,221	6,369	-2,262	126	8,454
Ulrik Steinvik, CFO	3,714	3,461	-1,992	117	5,300
Roger Bekken, COO Farming	4,322	4,292	-2,313	126	6,427
Simon A. Søbstad, COO Sales & Industry	2,367	2,907	-1,267	67	4,074
Eva J. Haugen, Director Quality Management/ HSE	2,534	2,077	-1,360	81	3,332
Arthur Wisniewski, Director Human Resource Management	2,618	2,492	-1,334	81	3,857
Runar Sivertsen, Chief Strategy Officer	2,111	2,492	-1,060	63	3,606

Share option agreements - Icelandic Salmon AS:

On 19 February 2021, Icelandic Salmon AS granted 205,850 share options with an exercise price of NOK 115.00, respectively, to CEO and key employees. The company's intention is that the options will be equity-settled. The option holders must stay in the employment of the group over a three year vesting period from the grant date 19 February 2021 until 19 February 2024. As at 31 December 2022 the fair value of the agreements was determined to be NOK 5,3 millions. Total amount of NOK 1,6 millions was expensed as other employee benefits, with a corresponding entry to other paid in equity.

Share option agreements - SalMar Aker Ocean AS:

On 21 December 2021, SalMar Aker Ocean AS entered into an option agreement with the company's CEO. The agreement have a six year vesting period from the grant date. The fair value of the agreements was determined to be NOK 7,3 millions at grant date. Total amount of NOK 1,2 millions was expensed as other employee benefits, with a corresponding entry to other paid in equity.

NOTE 2.5 Pensions plans

Accounting policies

The Group has a defined-contribution pension scheme for its employees. The company pays contributions to a privately held insurance plan and under this scheme, it has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Social security costs are charged based on the contribution paid.

SalMar has a defined contribution plan that is in accordance with the legal requirements in Norway.

After the business combination with Norway Royal Salmon, SalMar also has a defined benefit scheme which entitles the 30 members of the scheme to defined future benefits. These are mainly dependent on the number of years of entitlement, level of salary upon reaching retirement age and the size of the pension benefits paid by the National Insurance Scheme. The liability is funded through an insurance company.

The period's net interest expense is calculated by applying the discount rate for the liability at the beginning of the period to the net liabilities according to IAS 19R. Net interest expense therefore consists of interest on the obligation and return on assets, both calculated at the same discount rate. The difference between the actual return on plan assets and the return recognised in the profit and loss accounts are expensed as incurred against OCI.

Specification of the pension cost for the Group:

NOK 1,000	2022	2021
Defined-contribution scheme	67,920	48,001
Defined-benefits plan (Early Retirement Pension)	23,682	20,187
Defined-benefits plan	883	0
Employers' national insurance contributions	6,188	4,192
Total pension cost	**98,673**	**72,380**

NOK 1'000	2022	2021
Prepaid pension contributions	2,802	8,655
Pension liabilities foreign operations	10,161	0
Pension liabilities defined benefits plan	7,717	0
Total pension liabilities in balance sheet	**17,878**	**0**

Liabilities associated with the Early Retirement Pension are not included in the Group's pension calculations. For accounting purposes, the scheme is deemed to be a multi-employer occupational pension plan. The Group is unable to identify its share of the scheme's underlying financial position and results with sufficient reliability, and therefore recognises it as a defined-contribution scheme. This means that liabilities in respect of the Early Retirement Pension are not provided for. Contribution paid into the scheme are charged to expenses as they accrue.

Specification of the pension cost for the Group under the defined benefit scheme:

NOK 1,000	01.11.2022-31.12.2022
Current service cost	715
Interest cost	59
Payroll tax	109
Administration cost	0
Net pension costs service - defined benefit scheme	883

Assumptions defined benefit scheme:	Pr 31.12.22
Discount rate	3.0 %
Future salary increases	3.5 %
Inflation rate	3.0 %
Future pension increase	1.5 %

Demographic factors:	
Disability table	IR02
Mortality table	K2013 BE

Number of employees in the scheme	
Active	22
Pensioners	8
Total	30

Paid into the scheme during the period	0
Forecast payment to the scheme next year	5,619

Calculation of amount recognised in the balance sheet:	
Present value of funded obligations	65,783
Fair value of plan assets	-55,622
Net pension liabilities in balance sheet	10,161

Change in present value pension liabilities:	Pr 31.12.22
Pension liabilities as at 1 November	68,878
Current service cost	828
Interest expense	211
Payroll tax on this year's payment	0
Pension payments	-128
Actuarial gains/losses over other comprehensive income	-4,006
Pension liabilities as at 31 December	65,783

Change in estimated fair value of plan assets:	
Estimated fair value of plan assets as at 1 November	57,144
Return on plan assets	155
Contributions paid	0
Pension payments	-128
Payroll tax on this period's payment	0
Actuarial losses/ (gain) over other comprehensive income	-1,549
Plan assets as at 31 December	55,622

Pension funds are made up as follows:	
Equities	10.2 %
Bonds	14.6 %
Money market	4.2 %
Hold to maturity bonds	38.1 %
Loans and receivables	20.9 %
Real estate	11.0 %
Other	1.0 %
Total	100%

NOTE 2.6 Other operating expenses

Specification of other operating expenses (NOK 1,000):	2022	2021
Maintenance	304,810	236,811
Energy	329,902	204,235
Third-party services	142,978	141,163
Freight	1,668,036	1,275,835
Insurance	61,376	44,703
Travel cost	21,866	13,743
Other operating expenses	917,266	526,120
Total other operating expenses	3,446,233	2,442,610

Production tax

A production tax amounting to NOK 0.40 per kg gutted weight was introduced on the Norwegian business with effect from 1 January 2021 increased to NOK 0.405 from 2022. It will further increase to NOK 0.56 from 2023. Similarly, a resource tax was introduced in Iceland with effect from 1 January 2020. The latter of this amount will increase gradually over a seven-year period. Of the total cost of NOK 85.2 million, NOK 71.8 million is related to the activity in Norway and NOK 13.5 million is related to the activity in Iceland. The corresponding numbers in 2021 were a total production tax of NOK 71.6 million, whereof NOK 68.5 million was related to activity in Norway and NOK 3.1 million to activity in Iceland. To highlight the performance of underlying operations before deduction of the production tax, SalMar has chosen to report it on a separate line in the income statement below Operational EBIT. To ensure consistent treatment of the equivalent tax in Iceland, the resource tax in Iceland has been classified similarly in the financial statement.

NOTE 2.7 Government grants

Accounting policies

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of capitalised operating assets reduce the carrying amount of the assets. The grant is then recognised in profit or loss over the useful life of the depreciable asset by way of reduced depreciation charge.

In 2022, Group companies recognised NOK 6.3 million in tax incentives under the SkatteFUNN scheme and de-recognised NOK 11.9 million in SkatteFUNN-related amounts in respect of capitalised operating assets. (2021: NOK 8.3 million recognised in income, and de-recognised NOK 7.5 million in Skatte-FUNN-related amounts in respect of capitalised operating assets).

In 2022, NOK 3.7 million has been received in investment grants for energy optimization of farming locations. The grant is provided under the support program Energy and climate initiatives in industry

In 2022, the group company MNH Rederi AS recognised NOK 0.2 million relating to the net salary scheme and reimbursement scheme for seafarers.

In 2021, Group companies received NOK 1.3 million in government grants to cover extra costs related to Covid-19. The grants are recognised in other operating revenues.

NOTE 2.8 Fair value adjustments

Fair value adjustments are part of the Group's operating profit. Changes in fair value are presented on a separate line to provide a better understanding of the Group's profit and loss with respect to goods sold.

Due to business combinations, assets and liabilities are aqcuired and accounted for at fair value. Fair value adjustment on biological assets at the time of acquisition are included in the cost of biological assets. In order to give the users of the financial statement an better understanding of the Group's profit and loss related to goods sold in the period, the effect of fair value adjustment from the acquisition related to sold fish in the period have reduced the cost of goods sold. The effect is presented in a separate line in the statement of profit or loss, and the corresponding effect is presented on a separate line together with fair value adjustments. Change in fair value adjustment due to business combination is included in the group's operating profit.

NOK 1,000	2022	2021
Change in the fair value of the biological assets	446,150	835,155
Change in fair value adjustment due to business combination - included in cost of goods sold	-283,398	0
Change in unrealised value of Fish Pool contracts	69,737	-14,368
Change in the unrealised value of forward currency contracts	0	-44,245
Total fair value adjustments	232,489	776,543

See Note 3.6 for details regarding change in fair value of biological assets and Note 3.9 for details regarding change in fair value of Fish Pool contracts and change in unrealised value of forward currency contracts.

NOTE 2.9 Net financial items

Financial items (NOK 1,000):	2022	2021
Interest income	28,408	15,192
Other exchange differences	0	2,662
Change in fair value of derivatives	18,661	18,373
Remeasurement of previously held equity interest *)	90,776	0
Other financial income	4,251	418
Total financial income	**113,688**	**21,453**
Interest expenses	364,247	184,646
Other exchange differences	18,637	0
Change in fair value of derivatives	0	0
Other financial expenses	1,771	10,904
Total financial expenses	**20,408**	**10,904**
Net financial items	**-242,558**	**-158,905**

Included in interest expense is an amount of total NOK 20.5 million that relates to interest income from the cross-currency interest swap. Corresponding amount in 2021 was NOK 10.9 million included in interest income. The principle of recognition of the swap was changed from 01.01.2022 to better reflect the relationship between the swap and the Group's interest expenses. In the Consolidated statement of cash flow for 2021 the interest income related to the cross-currency interest swap was presented as interest received and included in net cash flow from financing activities.

Changes in fair value of derivatives through profit or loss relates to inefficiency in forward currency contracts which do qualify for hedge accounting. For more details see note 3.9.

*) With effect from 17 August 2022, the Group acquired 50% of the shares in the smolt facility Isthor in Iceland. Prior to the transaction SalMar Group owned 50% of the shares in Isthor through SalMar's 51,02% ownership in Icelandic Salmon AS. Icelandic Salmon AS owns 100% of the shares in Arnarlax Ehf, which owns the shares in Isthor. The Group's holdings prior to the acquisition date, are remeasured at fair value at time control is obtained, and a gain of NOK 90,8 millions is recognised as other financial items in the profit or loss in the period. See Note 4.5 for more information.

NOTE 2.10 Income tax expense

Accounting policies

Income taxes is comprised of taxes on the taxable profit for the year, changes in deferred taxes and any adjustments in prior years' taxes. Income tax relating to items recognised in other comprehensive income or in equity are recognised in other comprehensive income or directly in equity.

Tax payable is calculated using the nominal tax rate for the relevant tax jurisdiction at the end of the reporting period.

Deferred tax is calculated on the basis of temporary differences between accounting and taxation values at the close of the accounting year. Deferred tax assets arise from temporary differences that give rise to future tax deductions. Deferred tax assets are recognised to the extent that it is probable that a taxable profit will arise, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised.

Tax increasing and tax decreasing temporary differences are offset against each other to the extent that the taxes can be net settled within one tax regime.

NOK 1,000

Tax expense in the profit or loss:	2022	2021
Tax payable	2,589,042	531,569
Change in deferred tax	-1,670,885	167,023
Tax payable abroad	31,266	21,322
Adjustment for tax of prior periods	4,573	-1,092
Tax on ordinary profit	953,996	718,822

Tax payable in the balance sheet	2022	2021
Tax payable for the year - Norway	2,589,049	530,623
Tax payable for the year - abroad	23,520	12,685
Tax payable in the balance sheet	2,612,569	543,307

Breakdown of temporary differences	2022	2021
Non-current assets	7,877,218	4,673,632
Inventory	1,797,767	6,612,365
Receivables	-7,483	-9,024
Derivatives	319,960	38,453
Provision onerous contracts	-104,799	-203,040
Other	-202,197	-153,099
Tax losses carried forward	-796,803	-596,577
Total temporary differences	8,883,663	10,362,709
Total temporary differences in Norway	7,553,552	9,307,368
Total temporary differences abroad	1,330,111	1,055,341
Total temporary differences	8,883,663	10,362,709
Deferred tax liabilities (+) / tax assets (-)	1,927,804	2,258,689
Tax rate used to calculate deferred tax in Norway	22%	22%
Tax rate used to calculate deferred tax abroad	20%	20%

NOK 1,000

Change in carrying amount of net deferred tax:	2022	2021
Deferred tax liability at 1 January	2,258,689	1,828,109
Deferred tax liability associated with acquisitions	2,222,092	305,755
Deferred tax liability associated discontinued operations	-939,965	0
Change in deferred tax liability	-1,670,885	167,023
Deferred tax liability associated with equity transactions	2,771	-7,113
Deferred tax liability on items recognised in OCI	49,085	-21,030
Deferred tax related to disposal of group companies	0	-3,105
Translation differences	6,017	-10,950
Deferred tax liability at 31 December	1,927,804	2,258,689

Tax reconciliation:	2022	2021
Profit before tax	4,562,032	3,386,942
Tax calculated at nominal tax rate (22%)	1,003,647	745,127
Difference in overseas tax rates	-10,888	-6,014
Permanent differences (22%)	-74,602	-39,674
Tax paid abroad	31,266	21,322
Withholding tax	0	-847
Adjustment of income tax from previous years	4,573	-1,092
Calculated tax expense	953,995	718,822
Effective tax rate	20.9 %	21.2 %

Permanent differences apply to the following:	2022	2021
Share-based payment, expensed	12,019	12,156
Share-based payment, released	-8,688	-17,918
Government grants	3,984	-3,470
Share of profit/loss from associates	-14,615	-20,853
Gain from disposal of group companies and other investments	0	-4,423
Non-taxable income from branch office	-4,425	-6,163
Acquisition-related costs	-18,098	0
Other	-44,778	997
Total	-74,602	-39,674

Tax losses carried forward are mainly related to the companies in the subgroup SalMar Aker Ocean and other Norwegian group companies not included in tax groups. The loss carry forward are expected to be deducted from taxable income in the future. In assessing the recoverability of tax assets the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Part 3 Assets and liabilities

NOTE 3.1 Intangible assets

Accounting policies

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Intangible assets with a limited economic life are amortised over the economic useful life. Impairments of intangible assets are recognised in the extend of which the carrying amount of the asset exceeds its recoverable amount.

Costs relating to research are charged to expenses as they accrue. Development costs are capitalised when specific criteria relating to future benefits are met. Capitalised development costs are recognised at acquisition cost, less accumulated amortisation and write-downs. With respect to major development projects, a specific assessment is made to determine when the project has changed from being a development project to being a construction project. Capitalised development costs are amortised in a straight line over the asset's estimated useful life. Depreciation commences when the asset is put into operation.

Fish-farming licences

Licenses acquired by the Group are capitalised at cost. Fish-farming licences are deemed to have an indefinite useful life and are not amortised, but are tested annually for impairment or more frequently if there is indication of impairment, see Note 3.2 for further information.

Norway

Licences that the Group owns are capitalised at cost. Licences granted in Norway are deemed to have an indefinite usable life and are therefore not amortised, but tested annually for impairment. The exception is time-limited licenses, which are depreciated over their remaining life. Any value identified in connection with the acquisition of licences is capitalised as an intangible asset.

Iceland

The sea farming licenses in Iceland are issued, in accordance with the current regulations, with a nominal lifespan of 16 years. The licenses will be renewed if the applicant meets the requirements set pursuant to statute and regulation at the time the license comes up for renewal. A small fee must be paid for the license renewal. This means that sea farming licenses are operated in a 16-year rolling lifespan system, where the licenses are renewed every 16th year. The Groups judgment is that the fish-farming licences on Iceland, which are capitalized, will not be amortised, but tested annually for impairment.

Goodwill

When the company assumes control over a separate business entity for a consideration that exceeds the fair value of the individual assets and liabilities assumed, the difference is entered as goodwill in the statement of financial position. Goodwill deriving from purchases of subsidiaries is presented under intangible assets. Goodwill is not depreciated but is tested for impairment annually if there are indications that its value is lower than the carrying amount. When assessing the need to write-down goodwill, this is assigned to relevant cash flow generating units or groups, which are expected to benefit from the acquisition. See Note 3.2 for further information.

NOK 1,000	Licences	Goodwill	Other intangible assets	TOTAL
Acquisition cost at 1 January 2022	7,508,421	775,788	380,778	8,664,987
Additions through business combinations	7,265,892	2,241,170	1,791	9,508,853
Additions	52,812	0	137,072	189,884
Currency translation differences	76,532	6,627	319	83,477
Acquisition cost at 31 December 2022	**14,903,657**	**3,023,585**	**519,960**	**18,447,202**
Accumulated depreciation & write-downs at 1 January 2022	21,000	23,725	89,791	134,517
Depreciation	7,137	0	14,495	21,633
Accumulated depreciation & write-downs at 31 December 2022	**28,137**	**23,725**	**104,286**	**156,149**
Carrying amount at 31 December 2022	**14,875,519**	**2,999,859**	**415,674**	**18,291,052**
Estimated lifetime	Indefinite/ 3–7.5 years	Indefinite	5–50 years	
Depreciation method	Linear		Linear	

NOK 1,000	Licenses	Goodwill	Other intangible assets	TOTAL
Acquisition cost at 1 January 2021	6,193,183	464,855	287,142	6,945,180
Additions through business combinations	1,375,580	324,933	0	1,700,513
Additions	4,392	0	93,636	98,028
Disposal group companies	0	-14,000	0	-14,000
Currency translation differences	-64,734	0	0	-64,734
Acquisition cost at 31 December 2021	**7,508,421**	**775,788**	**380,778**	**8,664,987**
Accumulated depreciation & write-downs at 1 January 2021	21,000	23,725	74,223	118,948
Depreciation	0	0	15,568	15,568
Accumulated depreciation & write-downs at 31 December 2021	**21,000**	**23,725**	**89,791**	**134,517**
Carrying amount at 31 December 2021	**7,487,421**	**752,063**	**290,986**	**8,530,470**
Estimated lifetime	Indefinite	Indefinite	5–50 years	
Depreciation method			Linear	

The majority of other intangible assets totalling NOK 415.7 million are made up of capitalised development costs. NOK 8.5 million of this is comprised of capitalised development costs relating to the development of the Ocean Farm 1 installation. These costs are amortised over 5 years. A further total of NOK 356.4 million relates to the development of the Group's Smart Fish Farm concept and Ocean Farm 2. This projects is still in the development phase and amortisation has not yet commenced. In addition, other intangible assets includes excess value relating to the purchase of breeding nuclei. Breeding nuclei are depreciated over 50 years, and their residual value as of 31 December 2022 was NOK 22.6 million.

Of the total carrying amount related to licenses of NOK 14 876 million, NOK 255 million is related to time-limited demonstration licenses. The licenses is amortised over the remaining life which various from 3 years to 7.5 years.

Specification of fish farming licences 2022 (NOK 1,000)	MAB tonnes	Acquisition cost	Carrying amount 31.12.2022
Fish Farming Northern Norway	75,116	6,305,262	6,300,262
Fish Farming Central Norway	84,749	7,109,063	7,080,732
SalMar Aker Ocean	6,304	96,181	96,181
Norway	**166,169**	**13,510,506**	**13,477,175**
Icelandic Salmon	23,700	1,278,560	1,398,344
Group	**189,869**	**14,789,065**	**14,875,519**

Specification of fish farming licences 2021 (NOK 1,000)	MAB tonnes	Acquisition cost	Carrying amount 31.12.2021
Fish Farming Northern Norway	38,251	2,011,062	2,006,062
Fish Farming Central Norway	63,234	4,096,299	4,080,298
SalMar Aker Ocean	6,304	83,850	83,850
Norway	**107,789**	**6,191,211**	**6,170,210**
Icelandic Salmon	25,200	1,271,890	1,317,211
Group	**132,989**	**7,463,101**	**7,487,421**

In 2022, SalMar increased its production capacity through the acquisitions of NTS and the merger with NRS. The fair value of licenses related to the transactions was NOK 7 262 million. This led to a net increase in MAB of 19,635 tonnes in Central Norway and a net increase in MAB of 30,814 tonnes in Northern Norway. In addition the acquisition included 8 aquaculture development licences in Northern Norway with MAB of 6,051 tonnes. The total MAB includes one time-limited demonstration license in Central Norway and one time-limited demonstration license in Northern Norway. See Note 4.5 for further information.

In addition SalMar acquired 1,4 development licences corresponding to MAB 1,100 tonnes in 2022. Total consideration for the licenses was NOK 50 million.

In 2021, SalMar increased its production capacity through the acquisitions of Nekton Havbruk AS and Refsnes Laks AS for a consideration of NOK 1370 million. This led to a net increase in MAB of 5,500 tonnes in Central Norway. See Note 4.5 for further information.

In 2021, the groups operations on Iceland acquired two smolt facilities of which NOK 10.0 million of the consideration was recognized as licenses.

Icelandic Salmon holds license of MAB 23,700 tonnes in the Icelandic Westfjords. Of the total MAB, 10,000 tonnes must be renewed by the end of 2026, 12,200 tonnes by the end of 2029 and 1,500 tonnes by the end of 2038.

Included in the specification of fish farming licenses above there is 4 time-limited demonstration licenses in Central Norway, and 2 time-limited demonstration license in Northern Norway. In addition SalMar operates several R&D licences in collaboration with other companies.

SalMar Group also holds 8 development licences through Mariculture AS, total MAB 6,240 tonnes. The licenses was granted in 2019 by the Norwegian Directorate of Fisheries to develop the Smart Fish Farm, a specially designed deepwater installation for the farming of fish in the open ocean. licenses in Central Norway, and 1 time-limited demonstration license in Northern Norway. In addition SalMar operates several R&D licences in collaboration with other companies.

Specification of goodwill 2022 (NOK 1,000)	Acquisition year	Acquisition cost	Carrying amount 31.12.2022
Fish Farming Northern Norway	2022	1,482,363	1,482,363
Fish Farming Central Norway	2022	602,850	602,850
Goodwill arising from the acquisition and merger of NTS and NRS	2022	2,085,213	2,085,213
Fish Farming Northern Norway	2006	95,114	95,114
Fish Farming Central Norway	1999-2021	680,674	656,949
Icelandic Salmon	2022	155,956	162,583
Total goodwill		**3,016,957**	**2,999,859**

The goodwill of NOK 2 085 million arising from the acquisition and merger of NTS and NRS, comprises both the value of expected synergies arising from the acquisition which is not separately recognised and technical goodwill. Due to fish farming licenses having an indefinite useful life, SalMar has assessed that the present value of the deferred tax related to the excess value identified for licenses being close to 0. Deferred tax related to excess value identified for licenses amounts to a total of NOK 789 million, which is recognised as technical goodwill. The deferred tax is computed with the statutory tax in Norway of 22%.

The goodwill of NOK 156 million allocated to segment Icelandic Salmon in 2022 is arising from the acquisition of Eldisstødin Isthor Ehf (Isthor).

For further information related to goodwill acquired in business combinations, see Note 4.5.

Specification of goodwill 2021 (NOK 1,000)	Acquisition year	Acquisition cost	Carrying amount 31.12.2021
Fish Farming Northern Norway	2006	95,114	95,114
Fish Farming Central Norway	1999-2021	680,674	656,949
Total goodwill		**775,788**	**752,063**

NOTE 3.2 Impairment of non-financial assets

Accounting policies

Annually or upon indication, each cash generating unit, is tested for impairment. If the recoverable amount of a cash generating unit is estimated to be less than the carrying amount of the net assets of the cash generating unit, impairment to the recoverable amount is recognised. The Group has substantial assets with indefinite lives in the form of licenses and goodwill. The licenses are subject to impairment testing in combination with goodwill in the annual test. Assets that are subject to amortization are reviewed for impairment whenever there are indications that future earnings do not justify the carrying value.

SalMar has identified the Group's business segments as cash generating units. In connection with acquisitions, goodwill and intangible assets are allocated to each of the Group's cash generating units that are expected to benefit from the combination. The cash generating units are the lowest level in which independent cash flows can be identified, and no higher than the Group's business segments based on the geographic distribution of its sea farming operations in Norway, the segments Fish Farming Central Norway and Fish Farming Northern Norway, Sales & Industry, Icelandic Salmon and SalMar Aker Ocean.

Impairment testing is carried out by calculating the net present value of estimated future cash flows (value in use) for the cash-generating unit and comparing the net present value of the cash flow towards the carrying amount of net assets held by the cash-generating unit. The cash flow used in the calculations represents the management's best estimate at the time of reporting. If the carrying amount is higher than the calculated value in use, the assets are considered impaired. The estimated cash flow is based on the assumption of continued operation. Value in use is calculated by estimating future cash flows, based on approved budgets and forecasts. Cash flow growth after the last year in the calculation is assumed to equal the expected rate of inflation. Cash flows are discounted by a rate of interest before tax which takes account of relevant market risk. If the calculated value in use is less than the carrying amount of the cash flow-generating entity, goodwill is impaired first and then other assets as required.

The groups analyses of climate risk have so far not identified climate-related matters with substantially affect on the value of the groups assets or future cash-flow. For further information see Note 1.7.

Carrying amount of licences and goodwill allocated to cash generating units as at 31 December 2022:

NOK 1,000	Goodwill	Licenses	Total 31.12.2022
Fish Farming Northern Norway	1,577,477	6,300,262	7,877,739
Fish Farming Central Norway	1,259,799	7,176,913	8,436,712
Icelandic Salmon	162,583	1,398,344	1,560,927
	2,999,859	14,875,519	17,875,378

Carrying amount of licences and goodwill allocated to cash generating units as at 31 December 2021:

NOK 1,000	Goodwill	Licenses	Total 31.12.2021
Fish Farming Northern Norway	95,114	2,006,062	2,101,177
Fish Farming Central Norway	656,949	4,164,149	4,821,098
Icelandic Salmon	0	1,317,209	1,317,209
	752,063	7,487,420	8,239,484

At the end of the reporting periods, the market value of the Group's equity was significantly higher than the carrying amount of equity, which is an indication that the market considers the value of the Group's assets to exceed the carrying amount.

Key assumptions

The key assumptions used in the calculation of value in use are harvested volume, EBIT/ kg, capital expenditure, tax, discount rates and the terminal growth rates.

Discount rate

The discount rates are based on the Weighted Average Cost of Capital (WACC) methodology. In the model a ten-year risk-free rate has been used. Calculation of the final discount rates also takes into account market risk premium, debt risk premium, gearing and beta value. In the calculations, the Group has applied estimated cash flows after tax and the corresponding discount rates after tax. The discount rate after tax and before tax is calculated at 7.7% and 7.9% respectively for the Group's Norwegian entities. For the operations in Iceland, the discount rate after tax and before tax is 6.5% and 7.2% respectively. In the sensitivity analysis the discount rate after tax is tested as it will yield the same result as before tax.

Terminal growth rate

The growth rate is set at 2.5 % for Norway and 2.0 % for Iceland.

EBIT/ kg

EBIT margin per kg is highly volatile with respect to changes in salmon prices. Forward prices are based on the Fish Pool Index at the reporting day. Estimates for production cost are based on historic figures and expectations.

Harvested volume

Harvested volume is based on the current stocking plans for each unit, and forecasted figures for growth, assumed harvest weight and mortality, based on historical figures.

Tax

A 22% corporate tax has been used for Norwegian entities and 20% on Iceland. For Norwegian entities estimate of proposed resource rent tax has been added in the calculation. In addition current resource tax and license tax has been added for Iceland.

Climate Risk

As mentioned in note 4.12 SalMar has conducted a climate risk analysis of its assets. Based on current knowledge this is deemed to be less sensitive compared to the other factors used in the impairment evaluation.

Based on the above assessments, there were no impairment indicators identified related to the fish farming licences or goodwill as of 31 December 2022. All segments have a material positive difference between the calculated recoverable value and book value.

Sensitivity

In connection with the impairment testing of intangible assets, a sensitivity analysis has been carried out. Sensitivity analysis has been performed for each of the defined cash generating units.

Value in use is sensitive to changes in the assumptions made, the most important of which are the discount rate and EBIT/kg. The table below shows the extent of which the input factors must be changed for the value in use to be equal to the carrying amount of net assets held by the cash-generating unit.

Cash generating units	Discount rate after tax	EBIT/kg (NOK)
Fish Farming Northern Norway	+1.8 %	-2.9
Fish Farming Central Norway	+5.1 %	-5.5
Icelandic Salmon	+1.3 %	-4.0

NOTE 3.3 Property, plant and equipment

Accounting policies

Property, plant and equipment (PPE) is measured at acquisition cost, less a deduction for accumulated depreciation and write-downs. Borrowing cost that are directly attributable to the construction of a qualifying asset form part of the cost of the asset. Straight-line depreciation is applied over the useful life of property, plant and equipment, based on the asset's historical cost and estimated residual value at disposal. If a substantial part of an asset has an individual and different useful life, this part is depreciated separately. The asset's residual value and useful life are evaluated annually. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

PPE under construction is not depreciated. Depreciation is charged to expenses when the asset is ready for use.

Impairment tests for PPE are performed when there are indications of impairment. If the recoverable amount is estimated to be less than the carrying amount of the net asset, impairment to the recoverable amount is recognised. The recoverable amount is the higher of net sales value and value in use. Value in use is the present value of future cash flows which the asset will generate.

NOK 1,000	Land & buildings	Machinery & equipment	Boats & barges	Other operating assets	Assets under construction	Total
Acquisition cost at 1 January 2022	2,503,586	4,312,018	1,806,879	276,327	1,838,751	10,737,560
Additions through business combinations	1,482,389	421,005	546,186	23,801	106,099	2,579,479
Additions	139,765	624,599	100,593	9,453	1,390,598	2,265,008
Reclassification assets under construction	819,515	403,014	153,692	38,271	-1,414,492	0
Disposals	-139,611	-151,858	-30	-49,844	1,425	-339,919
Reclassification	-36,195	306,921	-299,077	16,529	11,822	0
Currency translation differences	276	8,668	24,488	4,052	7,684	45,167
Acquisition cost at 31 December 2022	**4,769,724**	**5,924,366**	**2,332,729**	**318,589**	**1,941,887**	**15,287,295**
Accumulated depreciation & write-downs at 1 January 2022	308,805	2,349,679	734,312	211,251	267	3,604,314
Depreciation	137,728	435,929	135,358	25,021	50	734,085
Write-downs	0	34,144	0	2,499	0	36,642
Disposal depreciation and write-downs	-45,802	-139,981	-30	-49,425	0	-235,238
Currency translation differences	1,677	4,083	10,409	102	0	16,272
Accumulated depreciation & write-downs at 31 December 2022	**448,210**	**2,823,835**	**880,079**	**238,873**	**317**	**4,156,074**
Carrying amount at 31 December 2022	**4,321,514**	**3,100,531**	**1,452,651**	**79,716**	**1,941,570**	**11,131,221**
Estimated lifetime	5-33 years	5-25 years	3-15 years	3-20 years	N/A	
Depreciation method	Linear	Linear	Linear	Linear	N/A	
Gains/losses on the sale of PP&E	0	426	0	0	0	426

As of 31 December 2022, the company had capitalised a total of NOK 1,942 million in connection with assets under construction, the costs relates primarily to the expansion of smolt capacity. The amount was divided into NOK 835.3 million on real estate, NOK 998.8 million on plant and equipment, NOK 63.4 million on vessels and other operating assets, and NOK 44,2 million on other operating assets. As of 31 December 2021, the company had capitalised a total of NOK 1,838.5 million in work on investment projects that had not been completed and put into operation and for which depreciation had not commenced. Of this was NOK 1,519.3 million related to real estate, NOK 216.4 million to plant and equipment, and NOK 102.8 million to vessels and other operating assets.

Write-downs in 2022 derive primarily from a NOK 36.6 million impairment in the value of the net relating to the Ocean Farm 1 installation. For 2021 there was a minor impairment related to equipment no longer in use.

NOK 1,000	Land & buildings	Machinery & equipment	Boats & barges	Other operating assets	Assets under construction	Total
Acquisition cost at 1 January 2021	1,363,991	3,639,375	1,637,602	254,501	1,792,059	8,687,527
Additions through business combinations	44,375	4,894	13,395	7,299	0	69,963
Disposal group companies	-14,682	-32,816	-48	-874	0	-48,421
Additions	1,095,941	697,503	63,691	20,877	248,177	2,126,190
Reclassification assets under construction	24,579	49,359	116,456	2,270	-192,665	0
Disposals	-3,416	-40,591,122	-7,907	-7,643	-4,284,530	-63,841
Translation differences	-7,202	-5,706	-16,312	-103	-4,536	-33,859
Acquisition cost at 31 December 2021	**2,503,586**	**4,312,018**	**1,806,879**	**276,327**	**1,838,751**	**10,737,560**
Accumulated depreciation & write-downs at 1 January 2021	240,193	2,050,246	639,354	203,241	466	3,133,499
Disposal group companies	-9,797	-26,757	-48	-667	0	-37,269
Depreciation	82,184	365,601	106,579	15,762	0	570,125
Write-downs	196	2,495	0	322	531	3,544
Disposal depreciation and write-downs	-3,174	-39,776	-4,881	-7,312	-500	-55,642
Currency translation differences	-796	-2,130	-6,692	-95	-230	-9,944
Accumulated depreciation & write-downs at 31 December 2021	**308,805**	**2,349,679**	**734,312**	**211,251**	**267**	**3,604,314**
Carrying amount at 31 December 2021	**2,194,781**	**1,962,338**	**1,072,567**	**65,075**	**1,838,484**	**7,133,246**
Estimated lifetime	5-33 years	5-25 years	3-15 years	3-20 years	N/A	
Depreciation method	Linear	Linear	Linear	Linear	N/A	
Gains/losses on the sale of PP&E	0	2,151	1,174	0	0	3,325

NOTE 3.4 Right-of-use assets and lease liabilities

Accounting policies

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the asset. When a purchase option has been included in the cost at recognition, the right-of-use asset is depreciated over the estimated useful life of the asset.

Short term leases (lease term less than 12 months) and leases of low-value assets are not recognised as right-of-use assets and lease liabilities, as the recognition exemptions for these leases is applied. Lease payments of such leases are recognized as expense over the lease term.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. This applies to some of the groups lease arrangements of wellboats and service boats, where crew and other service elements are included in the contract. The cost related to service elements not defined as lease, are expensed in the period they occur.

The lease liabilities at commencement date are measured at the present value of the lease payments. The lease payments are discounted using the Group's incremental borrowing rate as the interest rate implicit in the lease is not readily determinable.

For leasing contracts with optional renewal period, and where we are reasonably certain to exercise this option, the renewal periods are included in the calculation of the lease liability and asset.

Right-of-use assets and lease liabilities includes offices and production facilities, including the InnovaMar facility in Frøya. There are also significant leasing agreements in place for wellboats, service boats, plant and equipment.

Right-of-Use Assets

NOK 1,000	Land & buildings	Machinery & equipment	Boats & barges	Total
Acquisition cost at 1 January 2022	380,201	390,392	977,027	1,747,619
Additions through business combinations	22,410	85,479	439,016	546,905
Adjustments of existing agreements	-1,573	0	54,644	53,071
Additions	50,343	62,228	29,725	142,296
Disposal acquisition cost		-1,582	-5,719	-7,300
Currency translation differences	0	0	11,352	11,352
Acquisition cost at 31 December 2022	**451,380**	**536,518**	**1,506,046**	**2,493,943**
Accumulated depreciation & write-downs at 1 January 2022	132,846	213,584	524,385	870,816
Depreciation	27,210	45,016	173,109	245,335
Disposal accumulated depreciation		-1,582	-427	-2,009
Currency translation differences	-1,806	0	-4,997	-6,803
Accumulated depreciation & write-downs at 31 December 2022	**158,250**	**257,019**	**692,070**	**1,107,339**
Carrying amount at 31 December 2022	**293,130**	**279,499**	**813,975**	**1,386,604**
Estimated lifetime	2 - 30 years	1 - 5 years	1 - 9 years	
Depreciation method	Linear	Linear	Linear	

NOK 1,000	Land & buildings	Machinery & equipment	Boats & barges	Total
Acquisition cost at 1 January 2021	363,096	295,931	844,601	1,503,628
Additions through business combinations	9,064	42,019	10,398	61,482
Adjustments of existing agreements	-4,118	-10,939	12,949	-2,107
Additions	12,159	63,381	109,078	184,618
Acquisition cost at 31 December 2021	**380,201**	**390,392**	**977,027**	**1,747,619**
Accumulated depreciation & write-downs at 1 January 2021	109,916	177,917	367,027	654,860
Depreciation	23,288	35,667	158,487	217,442
Currency translation differences	-358	0	-1,129	-1,487
Accumulated depreciation & write-downs at 31 December 2021	**132,846**	**213,584**	**524,385**	**870,816**
Carrying amount at 31 December 2021	**247,355**	**176,808**	**452,641**	**876,803**
Estimated lifetime	2 - 30 years	1 - 5 years	1 - 9 years	
Depreciation method	Linear	Linear	Linear	

Other leasing costs recognised in profit and loss (NOK 1,000)	2022	2021
Costs relating to short-term leases (less than 12 months duration)	125,413	116,098
Costs relating to the lease of low-value assets	32,993	25,330
Total leasing costs included in other operating expenses	**158,405**	**141,428**

Leases of low value are recognised in other operating expenses. Costs relating to short-term leases mainly relates to ad hoc leasing of service boats.

Lease liabilities

NOK 1,000	2022	2021
Lease liability 1 January	967,166	933,695
Additions through business combinations	483,609	47,395
Adjustment of lease liabilities	54,429	-2,582
New contracts	145,708	186,689
Interest on lease liability (profit and loss)	64,654	57,311
Instalments on lease liabilities paid (cash flow)	-229,333	-198,437
Interest on lease liabilities paid (cash flow)	-64,654	-57,311
Currency translation differences	3,718	408
Total lease liabilities at 31 December	**1,425,297**	**967,166**
Short-term lease liabilities	273,081	216,419
Long-term lease liabilities	1,152,216	750,747
Total lease liabilities at 31 December	**1,425,297**	**967,166**

Cash flow relating to lease liabilities (NOK 1,000)

NOK 1,000	2022	2021
Instalments on lease liabilities paid (cash flow)	229,333	198,437
Interest on lease liabilities paid (cash flow)	64,654	57,311
Lease liabilities recognised in profit or loss	158,405	141,428
Total cash flow relating to lease liabilities	**452,392**	**397,176**

See Note 4.1 for further details of the leasing liabilities' maturity profile.

NOTE 3.5 Investments in associated companies and joint ventures

Accounting policies

Joint ventures are entities where the group has joint control and the parties in the joint arrangement have right to the net assets of the arrangement. Associates are all entities, except joint ventures, over which the group has significant influence but not control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates and joint ventures are accounted for using the equity method of accounting , after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with principles described in Note 3.2.

Investments in joint ventures and associated companies at 31 December 2022:

Company	Head office	Sector	Ownership 01.01	Ownership 31.12
Norskott Havbruk AS	Bergen	Fish farming	50.00%	50.00%
SalMar Genetics AS	Rauma	Genetics	50.00%	50.00%
Kirkenes Processing AS	Kirkenes	Harvesting	50.00%	50.00%
Romsdal Processing AS	Molde	Harvesting & processing	44.45%	44.45%
Yu Fish Ltd	Singapore	Sales	45.30%	45.30%
Wilsgård Fiskeoppdrett AS	Torsken	Fish farming	0.00%	37.50%
Hellesund Fiskeoppdrett AS	Høvåg	Fish farming	0.00%	33.47%
Nordnorsk Smolt AS	Hasvik	Fish farming	0.00%	50.00%
Sikkerhetssenteret Rørvik AS	Rørvik	Education	0.00%	21.26%
Flatanger Settefisk AS	Flatanger	Smolt production	0.00%	41.00%
Oppdretternes Miljøservice AS	Rørvik	Aquaculture services	0.00%	25.00%
Skamik AS	Ottersøy	Aquaculture services	0.00%	24.88%

All associates and joint ventures are accounted for using the equity method. Since none of the Group's associates or joint ventures are listed on a stock exchange, no observable market values are available.

Companies recognised in accordance with the equity method

NOK 1,000	Wilsgård Fiskeoppdrett AS	Hellesund Fiskeoppdrett AS	Norskott Havbruk AS	Others	TOTAL
Opening balance at 1 January 2022	0	0	1,094,686	79,745	1,174,428
- excess value not amortised	0	0	0	327	327
- goodwill	0	0	0	3,051	3,051
Addition recognised through business acquisition	559,000	420,000	0	145,161	1,124,161
- addition of excess value not amortised	302,898	220,471	0	0	0
Remeasurement of equity interest at fair value	0	0	0	90,776	90,776
Derecognition due to reclassification to subsidiary	0	0	0	-105,632	-105,632
Income from associated companies	13,330	7,551	41,492	4,058	66,432
Items recognised in other comprehensive income	0	0	16,811	4,632	21,444
Dividend received	0	0	0	-2,865	-2,865
Other changes	0	5,855	0	-2,853	3,002
Carrying amount at 31 December 2022	572,330	433,407	1,152,989	213,024	2,371,747

As described in Note 4.5, the Group acquired 50% of the shares in the smolt facility Isthor in Iceland with effect from 17 August 2022. From this date, the company is consolidated in the Group's financial statements, and recognition according to equity method ended, with a remeasurement of already held equity interest at fair value at acquisition. Furthermore, with effect from 01.11.2022, a number of associates were added to the Group in the acquisition and merger of NTS and NRS, of which Wilsgård Fiskeoppdrett AS and Hellesund Fiskeoppdrett AS are considered material associates. Excess value in the two material associates mainly relates to licences.

NOK 1,000	Norskott Havbruk AS	Others	Total
Opening balance at 1 January 2021	682,305	70,260	752,562
– excess value not amortised	0	1,114	1,114
– goodwill	0	3,051	3,051
Addition recognised through business acquisition	0	6,068	6,068
Capital contribution	305,500	2,250	307,750
Income from associated companies	93,577	1,302	94,879
Items recognised in other comprehensive income	13,304	520	13,824
Dividend received	0	-2,177	-2,177
Other changes	0	1,522	1,522
Carrying amount at 31 December 2021	1,094,686	79,745	1,174,428

With effect from 15 December 2021 a capital contribution was carried out in Norskott Havbruk AS. SalMar's contribution was NOK 305.5 million. For further details related to the transaction, see information below.

Material associates

Based on an overall assessment, in which size and complexity have been taken into account, Norskott Havbruk AS, Wilsgård Fiskeoppdrett AS and Hellesund Fiskeoppdrett AS are considered to be material associates and joint ventures. Further details relating to these material assets are presented below.

Wilsgård Fiskeoppdrett AS

Located in Senja, Wilsgård Fiskeoppdrett AS is a fishfarming company with 6 ordinary licences. From 01.11.2022 SalMar ASA owns 37.5% of the shares in the company following the merger with NRS ASA.

Hellesund Fiskeoppdrett AS

With effect from 01.11.2022 SalMar ASA also has a ownership share of 33.50% in Hellesund Fiskeoppdrett AS following the NRS merger. The company has one licence in Lillesand kommune in the southern part of Norway. In addition it owns 75% of the shares in Korshavn Havbruk AS, a fishfarming company with one licence in Lyngdal, and 100% of the shares of Sørvest Laks AS, with one licence in Lillesand.

Norskott Havbruk AS

Located in Bergen, Norskott Havbruk AS is a holding company that owns 100 % of Scottish Sea Farms Ltd, which has operations in mainland Scotland and Shetland.

The following table shows a summary of financial information relating to material associates, based on 100% figures:

	Wilsgård Fiskeoppdrett AS	Hellesund Fiskeoppdrett AS
NOK 1,000	01.11.2022-31.12.2022	01.11.2022-31.12.2022
Operating revenues	159,674	64,493
Operating expenses	88,207	29,068
Fair value adjustments	-29,594	-912
Net profit/loss	**36,831**	**83,430**
Non-current assets	391,583	77,872
Current assets	679,020	660,405
Non-current liabilities	224,556	50,770
Current liabilities	173,446	40,806
Equity	**672,601**	**615,305**
The Group's share of equity	252,225	205,942
Excess value	302,898	220,471
Carrying amount at 31 December 2022	**572,330**	**433,407**

The following table shows a summary of financial information relating to material joint ventures, based on 100% figures:

	Norskott Havbruk AS	
NOK 1,000	2022	2021
Operating revenues	3,187,853	2,306,955
Operating expenses	2,914,267	2,062,654
Fair value adjustments	-28,582	15,443
Net profit/loss	**82,984**	**187,154**
Non-current assets	3,403,086	3,275,822
Current assets	1,904,111	2,127,087
Non-current liabilities	2,080,868	2,414,833
Current liabilities	920,249	798,309
Equity	**2,306,080**	**2,189,767**
The Group's share of equity	1,153,040	1,094,884
Carrying amount at 31 December	**1,152,989**	**1,094,686**

NOTE 3.6 Biological assets and other inventories

Accounting policies

Inventory and biological assets
Live fish are recognised at fair value less sales costs.

Other inventory is comprised of feed, packaging materials, roe, fry, smolt, cleaner fish and finished goods. Inventories of goods are measured at the lowest of cost and net realisable value.

The cost of finished goods includes direct material costs, direct personnel expenses and indirect processing costs (full production cost). Interest costs are not included in the inventory value. The cost is based on the principle of first-in first-out.

Biological assets
Live fish are accounted for in accordance with IAS 41 Agriculture. The general rule is that such assets are measured at fair value less sales costs. Fair value is measured in accordance with IFRS 13 within level 3, based on factors not drawn from observable markets. Changes in value are recognised and classified under fair value adjustments in Consolidated statement of profit and loss.

Roe, fry, smolt and cleaner fish are valued at historic cost. Historic cost is deemed to be the best estimate of fair value for these assets, due to little biological conversion.

The fair value of biological assets held at the Group's sea farms is calculated using a model based on future cash flow. The present value is calculated on the basis of estimated revenues, less estimated remaining production costs until the fish is harvestable at the individual site. 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 reporting date. Present value is estimated for the biomass at each site.

Incoming cash flows are calculated as the estimated biomass at harvest multiplied by the price expected to be achieved at the same time. The estimated biomass (volume) at harvest is calculated on the basis of the number of individual fish held at sea farms on the reporting date, adjusted for expected mortality until harvest and multiplied by the estimated weight of the fish at harvest

The price is calculated using the Fish Pool forward price for the estimated harvesting date that was in effect on the reporting date. Forward prices are adjusted for an exporter supplement, as well as harvesting, sales and well-boat costs. In addition, an adjustment is made to take account of expected differences in fish quality. The price is also reduced by production tax. Se further information in note 2.6. The price adjustments are made at the site level.

Estimated remaining production costs are estimated costs that a rational person would presume necessary for the farming of fish up until they reach a harvestable weight. In the model, instead of being a separate cost element in the calculation, compensation for licence fees and site rent are included in the discount factor, and thereby reduces the fair value of the biomass.

The fair value of the biomass is calculated using a monthly discounting of the cash flow based on the harvest plan. The fair value of the biomass is calculated using a monthly discounting of the cash flow based on the second last harvesting month in the harvesting plan. The discount factor is intended to reflect three main components:

1. Risk of incidents that affect cash flow
2. Hypothetical licence fees and site rental cost
3. Time value of money

The discount factor is set on the basis of an average for all the Group's sites, which, in the Group's assessment, provides a sensible growth curve for the fish - from smolt to harvestable size.

The risk adjustment must take into account the biological risks of farming, including the average time in sea for the fish. The number of months left until harvesting will affect the risk. Biological risk, the risk of increased costs and price risk will be the most important elements to be recognised. The present value model includes a theoretical compensation for licence fees and site rent as an addition to the discount factor in the model, instead of being a cost-reducing factor in the calculation.

Fair Value due to business combinations
Due to business combinations, assets and liabilities are taken over at fair value. Fair value adjustment on biological assets at the time of acquisition are included in the cost of biological assets. In order to give the users of the financial statement an better understanding of the Group's profit and loss related to goods sold in the period, the effect of fair value adjustment from the acquisition related to sold fish in the period have reduced the cost of goods sold. The effect is

shown in a separate line in the statement of profit or loss, and the corresponding effect is presented on a separate line together with fair value adjustments. Change in fair value adjustment due to business combination is included in the group's operating profit.

Incident-based mortality

In the event of incidents exceeding 3% mortality in a period based on a single incident, or if the mortality exceeds 5% over several periods based on one and the same incident, an assessment is made as to whether there is a basis for write-down. The assessment relates to the number of fish and is carried out at site level. Incident-based mortality is recognised under cost of goods sold in the Consolidated Statement of Profit or Loss.

Carrying amount of inventory

NOK 1,000	31.12.2022	31.12.2021
Raw materials	426,741	223,244
Finished goods	503,136	423,976
Total other inventory	929,877	647,220
Biological assets	11,754,721	7,280,824
Total value of biological assets and other inventory	12,684,598	7,928,044

Carrying amount of biological assets

NOK 1,000	31.12.2022	31.12.2021
Biological assets held at sea farms at cost	7,295,443	4,350,201
Fair value adjustment of biological assets	3,908,118	2,645,574
Total cost price of biological assets before fair value adjustement	11,203,560	6,995,775
Roe, fry, smolt and cleaner fish at cost	551,160	285,049
Total biological assets	11,754,721	7,280,824

Raw materials mainly comprise feed for smolt and fish at sea farms. In addition, raw materials are used in connection with processing and packaging. Stocks of biological assets relate to SalMars fish farming operations both in freshwater and seawater, and comprise roe, fry, smolt, cleaner fish and fish at sea farms. Finished goods comprise whole fish (fresh and frozen), as well as processed salmon products

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	Tonnes		Carrying amount (NOK 1,000)	
Change in biological assets:	2022	2021	2022	2021
Biological assets at 1 January	124,884	117,278	7,280,917	5,988,790
Increase from business combination	42,423	4,852	3,254,063	187,027
Increase due to production	220,811	215,131	8,647,629	6,433,541
Decrease due to sale/ harvesting	-225,586	-211,807	-7,575,881	-6,161,041
Decrease due to incident-based mortality	-991	-570	-62,061	-21,059
Fair value adjustment at 01.01			-2,645,574	-1,766,852
Fair value adjustment from business combination due to fish not sold at 31 December			-813,222	0
Fair value adjustment from business combination included in cost of goods sold in the period			-283,398	0
Fair value adjustment at 31.12			3,908,118	2,645,574
Currency translation differences			44,131	-25,063
Biological assets at 31 December	161,542	124,884	11,754,721	7,280,917

Biological assets held at sea farms 31 December 2022

NOK 1,000	Biomass (tonnes)	Acquisition cost	Fair value adjustment	Carrying amount
< 1 kg (LW)	17,246	1,407,406	836,871	2,244,277
1-4 kg	98,411	3,937,005	1,879,651	5,816,657
> 4 kg (GW)	45,886	1,951,031	1,191,595	3,142,627
Biological assets held at sea farms	**161,542**	**7,295,443**	**3,908,117**	**11,203,560**
Other biological assets		551,160	0	551,160
Biological assets		**7,846,603**	**3,908,117**	**11,754,720**
Fair value adjustment due to business combinations		813,222	-813,222	0
Biological assets including fair value adjustment due to business combinations		**8,659,825**	**3,094,895**	**11,754,721**

Biological assets held at sea farms 31 December 2021

NOK 1,000	Biomass (tonnes)	Acquisition cost	Fair value adjustment	Carrying amount
< 1 kg (LW)	11,628	813,412	660,795	1,474,207
1-4 kg	62,822	2,166,105	870,258	3,036,363
> 4 kg (GW)	50,433	1,370,684	1,114,521	2,485,205
Biological assets held at sea farms	**124,883**	**4,350,201**	**2,645,574**	**6,995,774**
Other biological assets		285,049	0	285,049
Biological assets		**4,635,250**	**2,645,574**	**7,280,824**

Valuation of biological assets:

The accounting for live fish is regulated by IAS 41 Agriculture. Biological assets must be recognised at fair value measured in accordance with IFRS 13 within level 3, based on factors not drawn from observable markets.

Roe, fry, smolt and cleaner fish are recognised at historic cost, since this is considered the best estimate of fair value.

The company's stocks of live fish held at sea farms are, in accordance with IAS 41, recognised at fair value

Present value is calculated on the basis of estimated revenues less production costs remaining until the fish is harvestable at the individual site. 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 reporting date.

The expected biomass at harvest is calculated on the basis of the number of fish held at sea farms on the reporting date, adjusted for expected mortality up until the harvesting date and multiplied by the fish's estimated weight at harvest.

Fair value is calculated on the basis of Fish Pool forward prices for the estimated harvesting date that were in effect on the balance sheet date. The forward prices are adjusted for an exporter supplement, as well as harvesting, sales and carriage costs. In addition, an adjustment is made to take account of expected differences in fish quality.

A discount rate of 6% per month has been used to calculate the fair value of biological assets for the Group's Norwegian operations. Correspondingly, a discount rate of 5% per month was used in 2021. For the Group's operations in Iceland, a discount rate of 5% per month was used in 2022, while the corresponding rate in 2021 was 5% per month. The discount rate reflects the biomass's capital cost, risk and synthetic licence fees and site rental charges. The increase in the discount rate in 2022 for the Norwegian operation is based on higher forwardprices and therby an expectaion of higher margins.

The calculation is based on following forward prices:

Expected harvesting period:	Forward price 31.12.2022
Q1-2023	91.75
Q2-2023	95.55
Q3-2023	76.48
Q4-2023	78.22
1st half 2024	85.91
2nd half 2024	75.00

Expected harvesting period:	Forward price 31.12.2021
Q1-2022	68.66
Q2-2022	68.23
Q3-2022	56.43
Q4-2022	62.27
1st half 2023	65.25
2nd half 2023	55.75

Sensitivity:

The change in the estimated fair value of biological assets has been calculated by changing individual parameters in the calculation. The effect on the carrying amount of biological assets is summarised below.

2022 (NOK 1,000)	Increase	Effect on estimated fair value at 31.12.2022	Decrease	Effect on estimated fair value at 31.12.2022
Change in forward price	+ NOK 5.00 per kg	901,185	NOK 5.00 per kg	-901,185
Change in discount factor	1%	-695,372	-1%	772,027
Change in harvesting date	1 month earlier	855,123	1 month later	-679,186
Change in number of fish held at sea farms	1%	47,854	-1%	-47,854

2021 (NOK 1,000)	Increase	Effect on estimated fair value at 31.12.2021	Decrease	Effect on estimated fair value at 31.12.2021
Change in forward price	+ NOK 5.00 per kg	754,610	NOK 5.00 per kg	-754,610
Change in discount factor	1%	-431,796	-1%	499,865
Change in harvesting date	1 month earlier	66,879	1 month later	-399,744
Change in number of fish held at sea farms	1%	91,771	-1%	-91,771

NOTE 3.7 Trade and other receivables

Accounting principles

The Group's receivables are recognised at amortised cost. Receivables in foreign currencies are translated using the exchange rate a the time of the transaction. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The Group uses a simplified method for calculating loss allowance on trade receivables. In principle, the Group credit insures its trade receivables and makes an allowance for expected bad debts on that portion which is not insured. The Group measures its allowance for bad debts on the basis of for credit losses expected over the remaining life of the exposure, and not based on a 12-month expected loss.

NOK 1,000	2022	2021
Trade receivables	1,429,071	943,880
Allowance for credit losses	-14,936	-8,946
Total trade receivables at 31 December	**1,414,135**	**934,934**
Other current receivables	662,978	479,617
Other non-current receivables	328,876	109,898
Total receivables at 31 December	**2,405,989**	**1,524,449**
Prepaid expenses included in other current receivables	89,681	35,625
VAT refunds included in other current receivables	225,680	190,637
Derivatives included in other current receivables	99,082	62,426
Derivatives included in other non-current receivables	247,802	0

Other non-current receivables includes a loan to Gyda EHF with a carrying amount of NOK 34.1 million at 31 December 2022. The loan is a seller's credit arise from sale of a tranche of shares in Icelandic Salmon AS in 2019 with the total amount of NOK 35.7 million. The loan, including interest are repaid in 2023.

Credit losses are classified as other operating expenses in profit and loss. Changes in allowance for credit losses and credit losses charged to expenses during the period are presented below.

For further information related to credit risk and foreign exchange risk, see Note 4.1.

NOK 1,000	2022	2021
Provisions for bad debt 1 Jan	8,946	9,710
Provisions for bad debts 31 Dec	14,936	8,946
Change in provisions for bad debts during the period	**5,990**	**-763**
Actual bad debts	2,451	106
Change in provisions for bad debts	5,990	-763
Bad debts charged to expenses during the period	**8,440**	**-658**

Trade receivables had the following maturity profile

NOK 1,000	Not due	<30 d	30-45d	45-90d	>90d	Total
31.12.2022	1,016,521	330,067	18,167	8,493	55,822	1,429,071
31.12.2021	738,812	131,505	31,921	12,467	29,175	943,880

Transferred receivables

SalMar has entered into an agreement with a credit institution for the purchase of trade receivables that meet certain specified criteria. SalMar transfers trade receivables that meet these criteria as and when they arise and receives immediate settlement thereof. Normal maturity of trade receivables is 30-45 days. The material part of the credit risk is transferred when the trade receivables is transferred to the credit institution. The receivables are derecognised in the balance on the date the transfer takes place. As at 31 December 2022, a total of NOK 1 103,8 million in outstanding receivables has been transferred and derecognised (31 December 2021, a total of NOK 595,3 million). The change in trade receivables deriving from this derecognition is included under operating activities in the statement of cash flow.

NOTE 3.8 Financial assets and financial liabilities

Accounting policies

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group's financial assets is comprised of derivatives, unlisted equity investments, other receivables and cash & cash equivalents.

The classification of financial assets at initial recognition depends on the nature of the asset's contractually determined cash flows and which business model the Group applies to the management of its financial assets. At initial recognition, financial assets are recognised at fair value. Transaction costs may be added if financial assets are measured at amortised cost.

The Group classifies its financial assets in three categories:

- Financial assets measured at amortised cost
- Financial assets measured at fair value with changes in value through profit and loss
- Financial assets measured at fair value in other comprehensive income (OCI)

Financial assets measured at amortised cost

The Group measures financial assets at amortised cost if the following conditions are met: the financial asset is being kept in a business model whose purpose is to receive contractually determined cash flows and the contractual terms and conditions for the financial asset give rise to cash flows solely comprising payments of interest and principal on certain dates.

The Group's financial assets at amortised cost comprise trade receivables, other receivables, cash & cash equivalents. Trade receivables which do not have a substantial financing element are measured at the transaction price in accordance with IFRS 15 Revenue from Contracts with Customers.

Financial instruments measured at fair value with changes in value through profit and loss

The Group makes use of forward currency contracts to hedge against fluctuations in exchange rates that arise during its operational activities. The contracts are initially recognised at fair value. Changes in fair related to contracts which does not qualify for hedge accounting are recognised in profit and loss.

The Group enters into contracts on Fish Pool to manage the salmon price risk. Fish Pool contracts are also used to hedge margins in certain cases relating to salmon purchase agreements. The derivatives are recognised at fair value at the date of acquisition. Any subsequent changes in value are classified on the line for fair value adjustments in profit and loss.

This category also includes the Group's unlisted equity instrument and other receivables. These instruments are recognised at fair value on the date the contract is entered into and are also subsequently measured at fair value.

Financial instruments measured at fair value in other comprehensive income (OCI)

The Group uses derivatives to hedge against fluctuations in foreign exchange rates that arise during its operational activities. When forward currency contracts meet the requirements for hedge accounting, changes in fair value are recognised in OCI.

The Group has entered into a cross-currency interest swap and a interest rate swap to hedge risk exposed to interest-bearing debt and the operations on Iceland. Changes in fair value of those derivatives are recognised in OCI.

Derecognition of financial assets

A financial asset or, if relevant, a portion of a financial asset or portion of a group of identical financial assets, is derecognised if:

- the contractual entitlement to receive cash flows from the financial asset expires, or
- the Group has transferred the contractual entitlement to receive cash flows from the financial asset or retains the right to receive the cash flows from a financial asset but at the same time pledges to transfer these to a counterparty, and either:

  a. the Group has transferred the bulk of the risk and benefits associated with the asset, or
  a. the Group has neither transferred nor retained the bulk of the risk and benefits associated with the asset but has transferred control over the asset.

Provisions for losses on financial assets

The Group has made a provision for expected losses on all debt instruments that are not classified at fair value through profit and loss. The Group recognises expected credit losses on the basis of a specific assessment of each individual customer. The Group recognises its loss provision on the basis of for credit losses expected over the remaining life of the exposure, and not based on a 12-month expected loss.

Financial liabilities

Financial liabilities are, after initial recognition, classified as loans and liabilities, or derivatives designated as hedging instruments in an effective hedging arrangement. Derivatives are initially recognised at fair value. Loans and liabilities are recognised at fair value adjusted for directly attributable transaction costs. Derivatives are financial liabilities when theffective interest method fair value is negative and are treated for accounting purposes in the same way as derivatives that are assets.

Loans and liabilities

After initial recognition, interest-bearing loans will be measured at amortised cost. Gains and losses are recognised in profit and loss when the liability is derecognise

Financial instruments by category

Financial instruments at 31 December 2022

NOK 1,000	At amortised cost	At fair value through profit & loss	At fair value in OCI	Total
Assets				
Derivatives				
Forward currency contracts	0	-3,028	69,105	66,076
Interest and currency rate swaps	0	0	247,802	247,802
Financial contracts Fish Pool	0	33,006	0	33,006
Equity instruments				
Unlisted equity instruments	0	42,434	0	42,434
Debt instruments				
Other non-current receivables	81,074	0	0	81,074
Trade receivables	1,414,135	0	0	1,414,135
Other current receivables	544,728	10,561	0	555,289
Cash and cash equivalents	2,712,707	0	0	2,712,707
Total financial assets	4,752,644	82,973	316,907	5,152,524
Liabilities				
Interest-bearing debt				
Debts to credit institutions	18,324,946	0	0	18,324,946
Green bond	3,467,147	0	0	3,467,147
Derivatives				
Financial contracts Fish Pool	0	26,924	0	26,924
Other financial liabilities				
Trade payables	3,337,649	0	0	3,337,649
Total financial liabilities	25,129,742	26,924	0	25,156,666

Financial instruments at 31 December 2021

NOK 1,000	At amortised cost	At fair value through profit & loss	At fair value in OCI	Total
Assets				
Derivatives				
Forward currency contracts	0	-13,702	51,093	37,390
Interest and currency rate swaps	0	0	25,036	25,036
Equity instruments				
Unlisted equity instruments	0	7,512	0	7,512
Debt instruments				
Other non-current receivables	109,898	0	0	109,898
Trade receivables	934,934	0	0	934,934
Other current receivables	358,419	23,146	0	381,566
Cash and cash equivalents	901,644	0	0	901,644
Total financial assets	2,304,894	16,956	76,129	2,397,979
Liabilities				
Interest-bearing debt				
Debts to credit institutions	2,018,733	0	0	2,018,733
Green bond	3,459,102	0	0	3,459,102
Derivatives				
Forward currency contracts	0	3,285	-2,709	577
Financial contracts Fish Pool	0	23,398	0	23,398
Other financial liabilities				
Trade payables	2,317,308	0	0	2,317,308
Total financial liabilities	7,795,142	26,683	-2,709	7,819,117

Financial instruments – assessment of fair value

The table below shows financial instruments at fair value according to valuation method. The various levels are defined as follows:

- Level 1 - Price listed in an active market for identical assets or liabilities
- Level 2 - Valuation based on other observable inputs either directly (price) or indirectly (deduced from prices) than listed price (used in level 1) for the asset or liability
- Level 3 - Valuation based on inputs not derived from observable markets (non-observable assumptions)

The following table presents the Group's assets and liabilities measured at fair value. See Note 3.9 for details of derivatives measured at fair value under Level 2. See also Note 3.6 for details of biological assets measured at fair value under Level 3.

31 December 2022 (NOK 1,000)	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Forward currency contracts	0	66,076	0	66,076
Interest and currency derivatives	0	247,802	0	247,802
Financial contracts Fish Pool	0	33,006	0	33,006
Equity instruments				
Other shares and securities	0	0	42,434	42,434
Debt instruments				
Other receivables	0	0	10,561	10,561
Total assets	0	346,884	52,995	399,879
Liabilities				
Derivatives				
Financial contracts Fish Pool	0	26,924	0	26,924
Total liabilities	0	26,924	0	26,924

31 December 2021 (NOK 1,000)	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Forward currency contracts	0	37,390	0	37,390
Financial contracts Fish Pool	0	25,036	0	25,036
Equity instruments				
Other shares and securities	0	0	7,512	7,512
Debt instruments				
Other receivables	0	0	23,146	23,146
Total assets	0	62,426	30,658	93,085
Liabilities				
Derivatives				
Forward currency contracts	0	577	0	577
Financial contracts Fish Pool	0	23,398	0	23,398
Total liabilities	0	23,974	0	23,974

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The effective interest method amortisation is included as finance costs in the statement of profit or loss. See Note 3.11 for further details.

NOTE 3.9 Hedging activities and derivatives

Accounting policies

Forward currency contracts

The Group enters into forward currency contracts to reduce the foreign exchange risk relating to future sales revenues deriving from customer contracts denominated in foreign currencies for the physical delivery of salmon. The Group's forward currency contracts fall due for payment between January 2023 and January 2024, and hedge all trade receivables and cash flows from sales contracts in foreign currencies during this period.

Forward currency contracts are recognised at fair value in the balance sheet. The fair value of forward currency contracts are valued using valuation techniques, which employ the use of market observable inputs such as forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies. Recognition of gains and losses relating to the forward currency contracts depends on whether they qualify for hedge accounting.

For forward currency contracts that qualify for hedge accounting, the fair value of the effective portion is recognised in other comprehensive income. When time differences arise between receipts from sales contracts and the settlement of forward hedges, the currency account replaces the forward hedges as the hedging instrument. Drawdowns on the currency account, when this is deemed to be the hedging instrument, are recognised at the exchange rate in effect on the reporting date and the revaluation effect is recognised in OCI. Gains and losses recognised in OCI and accumulated equity are recycled to profit and loss in the same period as the hedged expected future cash flows affect profit and loss. Inefficiency in hedging factors arises when the hedged volume deviates from the delivered volume. The inefficiency is recognised as a financial item in profit and loss.

The Group complies with the criteria set out in IFRS 9 when assessing whether a forward currency contract meets the requirements for hedge accounting. This means that satisfactory documentation of the matter to be hedged must exist when the hedge is entered into, and there must be a high level of efficiency, in that the hedge reflects the expected cash flow from the underlying sales contract. There must also be a high degree of probability that the future cash flow will materialise and the efficiency of the hedge must be measurable. The efficiency of hedges is monitored continuously.

For forward currency contracts which do not qualify for hedge accounting, any change in the fair value is recognised as a change in fair value through profit and loss.

The hedging rate is the spot rate adjusted for a forward element. The forward element is the difference between the spot rate and the forward rate, and reflects the difference in the rate of interest between NOK and the currency traded. When several forward hedges are linked to a sales contract, the hedging rate is calculated as the volume-weighted forward rate for the underlying hedges.

Interest and currency swaps

The group has entered into a interest swap and cross-currency interest rate swap with the purpose of hedging interest rate risk for a share of the group's loans with floating interest rates and hedging of currency risk related to the operations in Iceland. The hedging of interest rate risk is a cash flow hedging, and the hedging of the business in Iceland is a net investment hedging, both hedging conditions are considered to satisfy the requirements for hedge accounting. The fair value of the swaps are valued using valuation techniques, which employ the use of market observable inputs such as forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. Recognition of gains and losses relating to the forward currency contracts depends on whether they qualify for hedge accounting. The fair value changes of the swaps qualifying for hedge accounting are recognised in other comprehensive income, and the swap costs are amortized as interest costs over the term of the agreement. The effectiveness of hedging is measured at the end of each period, any ineffective portion will be recognised as a financial item in the profit and loss.

Financial contracts Fish pool

The Group enters into financial contracts on Fish Pool to hedge prices relating to purchase and sales contracts for the physical delivery of salmon. The contracts fall due for settlement within one year. Realised gains or losses on these contracts are recognised in operating profit/loss. The contracts are measured at fair value. Unrealised gains and losses are included in fair value adjustments in profit and loss. The fair value of Fish Pool contracts is calculated on the basis of the contract's agreed settlement price, the market value of the fish on the reporting date, the contract's term and observable market prices for contracts with an equivalent term.

Derivatives

Recognised at fair value at 31 Dec (1,000 NOK)	2022 Other non-current receivables	2022 Other current receivables	2022 Other current liabilities	2021 Other receivables	2021 Other current liabilities
Forward currency contracts		66,076	0	37,390	577
Interest and currency swaps	247,802	0	0	25,036	0
Financial contracts Fish Pool		33,006	26,924	0	23,398
Total	**247,802**	**99,082**	**26,924**	**62,426**	**23,974**

Forward currency contracts at 31 December 2022

Forward currency contracts with changes in value through profit and loss (NOK 1,000:	2023 Currency amount (1,000)	2023 Average volume-weighted hedging rate	2024 Currency amount (1,000)	2024 Average volume-weighted hedging rate	Carrying amount
Forward Sale CAD	4,700	7.08	0	0	-991
Forward Sale EUR	4,883	10.41	0	0	-486
Forward Sale GBP	190	11.86	0	0	-5
Forward Sale JPY	341,193	0.075	0	0	290
Forward Sale SEK	2,385	0.946	0	0	1
Forward Sale USD	35,297	9.66	0	0	-2,570
Total					-3,762
Forward currency contracts with changes in value through OCI (NOK 1,000):					
Forward Sale CAD	37,500	7.14	800	7.61	-6,468
Forward Sale EUR	19,814	10.19	0	0	-6,469
Forward Sale GBP	912	12.02	0	0	150
Forward Sale JPY	4,338,968	0.075	0	0	-1,052
Forward Sale USD	347,317	10.21	5,870	10.06	83,677
Total					69,838
Carrying amount at 31 December 2022					66,076

Forward currency contracts at 31 December 2021

Forward currency contracts with changes in value through profit and loss (NOK 1,000):	2022 Currency amount (1,000)	2022 Average volume-weighted hedging rate	2023 Currency amount (1,000)	2023 Average volume-weighted hedging rate	Carrying amount
Forward Sale CAD	4,600	6.98	0	0	-147
Forward Sale EUR	13,780	10.13	0	0	1,226
Forward Sale JPY	514,393	0.080	0	0	1,879
Forward Sale SEK	2,900	0.97	0	0	-4
Forward Sale USD	45,031	8.81	0	0	-19,941
Total					-16,988
Forward currency contracts with changes in value through OCI (NOK 1,000):					
Forward Sale CAD	38,400	6.93	45,000	6.97	-21
Forward Sale EUR	95,046	10.24	2,548	10.41	14,571
Forward Sale JPY	5,905,882	0.080	318,017	0.080	15,905
Forward Sale USD	360,880	8.92	7,349	8.98	23,346
Total					53,801
Carrying amount at 31 December 2021					36,813

Specification of cash flow hedging through OCI:	As at 1 January	As at 31 Dec	Change in value of drawdowns on currency account	Change in fair value through OCI
2022	53,801	69,838	-688	15,349
2021	173,454	53,801	-282	-119,935

For forward currency contracts which qualify for hedge accounting, an inefficiency of NOK -9,2 has been recognised in 2022 (NOK -0.8 million in 2021). The effect is classified as a financial expense in profit and loss.

For forward currency contracts which qualify for hedge accounting, an inefficiency of NOK -0.8 has been recognised in 2021 (NOK -1.3 million in 2020). The effect is classified as a financial expense in profit and loss.

Interest and currency derivatives regarding debt

Interest and currency derivatives with changes in value through OCI

NOK 1,000	Nominal value hedge instruments (1000 NOK)	Book value hedge object (1000 NOK)	Nominal value hedge instruments (1000 EUR)	Carrying value of net investment (1000 EUR)	Hedging efficiency	Carrying amount
Cash flow hedge reserve	3,442,667	3,442,667			-100%	217,578
Net investment reserve			-98,335	119,458	100%	-34,221
Cost of hedging reserve						58,487
Total						241,844
Changes through profit and loss						
Accrued value of net interest						5,958
Carrying amount at 31 December 2022						**247,802**

Specification of hedging effects in OCI in 2022:

NOK 1,000	As at 1 January	As at 31 Dec	Changes over OCI
Changes in Cash flow hedge reserve	0	217,578	217,578
Changes in Net investment reserve	0	-34,221	-34,221
Changes in Cost of hedging reserve	0	58,487	58,487
Total	**0**	**241,844**	**241,844**

Specification of hedging effects over profit and loss in 2022:

NOK 1,000	As at 1 January	As at 31 Dec	Changes over profit and loss
Changes in net accrued interest	691	5,958	5,267
Amortization of swap cost reclassified from hedging reserve to interest cost	-1,279	-3,124	-1,845
Total			**3,422**

In 2021, an interest rate currency swap agreement was entered into in which NOK 1,000 million of the group's bond loan (note 3.11) with floating interest rates was swapped to EUR 98,335 million with fixed interest rates (the agreement is divided between three banks). The agreement matures in January 2027. The change from floating interest rates to fixed interest rates in NOK in the agreement is defined as cash flow hedging of interest costs. Interest rate conditions and maturity structure on the bond loan and swap are identical and there is therefore an effective financial connection between the hedging instrument and the hedged item. The conversion of loan amounts from NOK to EUR debt through the swap contract is defined as Net Investment Hedging. This is a hedging of the currency value of investing in Icelandic Salmon. The hedging of the exposure in EUR in Iceland will be effective as long as the nominal value of the net investment is greater than the nominal value of the hedging instrument. There has been no inefficiency in hedging conditions in the past year.

In 2021 an interest rate swap was entered into in which NOK 192,7 million of the groups bank loan (note 3.11) with floating interest rates was swapped to a fixed rate. The agreement matures in January 2032.

With effect from 4 February 2022, SalMar ASA entered into fixed rate interest swap contracts with a total principal of NOK 2,250 million. 750 million has a duration of 7 years starting 22 April 2022, 750 million has a duration of 7 years starting 22 January 2025, and 750 million has a duration of 10 years starting 22 January 2024. The interest swap contracts are establish with the purpose to reduce the interest rate risk related to long-term loan.

Financial contracts Fish Pool

2023

(NOK 1,000)	Type	Volume (1,000)	Average volume-weighted price per kg	Market value
Fish Pool contracts	Sale	1,430	65.3	6,082
Carrying amount at 31 December 2022				**6,082**

2022

(NOK 1,000)	Type	Volume (1,000)	Average volume-weighted price per kg			Market value
Fish Pool contracts	Sale	10,150	63.4	0	0	-23,398
Carrying amount at 31 December 2021						**-23,398**

In 2022, there was a net realised loss on Fish Pool contracts of NOK 307.0 million (NOK 13.3 million in 2021). The loss is included in operating profit/loss. Unrealised changes in the value of Fish Pool contracts in 2022 amounted to a net gain of NOK 91.3million of which NOK 69.7 is through fair value adjustment and NOK 21.5 is classified as other financial income (net loss of NOK 15.6 million in 2021).

NOTE 3.10 Cash & cash equivalents

(NOK 1,000)	31.12.2022	31.12.2021
Cash and cash equivalents, unrestricted funds	2,558,078	780,846
Cash and cash equivalents, restricted funds	154,629	120,798
Total cash and cash equivalents at 31 December	**2,712,707**	**901,644**

A total of NOK 154.6 million (2021: NOK 113.8 million) in restricted tax withholdings is included in the item cash and cash equivalents. This item in 2021 also included restricted funds relating to security pledges with respect to Nasdaq, which derived from the Group's trading in salmon derivatives on Fish Pool. As at 31 December 2021, such security pledges amounted to NOK 6.9 million.

NOTE 3.11 Interest-bearing liabilities

Non-current interest-bearing liabilities (NOK 1,000)	2022	2021
Non-current interest bearing liabilities	17,830,132	1,609,475
Green bond	3,500,000	3,500,000
Amortized cost	-32,853	-40,898
Total	21,297,279	5,068,577
Next year's instalment on non-current interest bearing liabilities	-2,947,307	-162,017
Total	18,349,972	4,906,560
Lease liabilities	1,425,297	967,166
Next year's instalment on lease liabilities	-273,081	-216,419
Total	1,152,216	750,747
Total carrying amount at 31 December	19,502,188	5,657,307

Current interest bearing liabilities	2022	2021
Bank overdraft	494,814	409,257
Next year's instalment on non-current interest bearing liabilities	2,947,307	162,017
Current interest bearing liabilities ex. lease liabilities	3,442,121	571,274
Next year's instalment on lease liabilities	273,081	216,419
Total carrying amount at 31 December	3,715,203	787,693
Total interest-bearing liabilities	23,217,390	6,445,000
Cash and cash equivalents	2,712,707	901,644
Lease liabilities	1,425,297	967,166
Net interest-bearing debt	19,079,386	4,576,190

The fair value of borrowings are not materially different from their carrying amounts since the interest payable on the borrowings is either close the current market rates or the borrowings are of short-term nature. Next year's instalments on bank loans and lease agreements are classified as current liabilities in the balance sheet. See Note 4.1 for details of the maturity profile of the Group's liabilities.

In 2021 the Group entered into a cross-currency interest swap and a interest swap to reduce the risk related to floating interest rate. And with effect from 4 February 2022, SalMar ASA entered into fixed rate interest swap contracts with a total principal of NOK 2,250 million. 750 million has a duration of 7 years starting 22 April 2022, 750 million has a duration of 7 years starting 22 January 2025, and 750 million has a duration of 10 years starting 22 January 2024. The interest swap contracts are established with the purpose to reduce the interest rate risk related to long-term loan. See note 3.9 "Hedging activities and derivatives" and note 4.1 "Financial risk management" for further details regarding the swaps.

As at 31 December 2022 per currency

NOK 1,000	NOK	EUR	JPY	USD	GBP	Other	Total
Non-current interest bearing liabilities	17,804,959	545,013	0	0	0	0	18,349,972
Lease liabilities	1,380,072	7,567	0	0	0	37,658	1,425,297
Current interest-bearing liabilities	3,176,402	111,144	2,931	78,988	39,726	32,931	3,442,121
Total interest-bearing debts	22,361,433	663,723	2,931	78,988	39,726	70,589	23,217,390
Cash and cash equivalents	2,764,389	-80,665	-53,538	59,548	5,813	17,161	2,712,707
Lease liabilities	1,380,072	7,567	0	0	0	37,658	1,425,297
Net interest-bearing debts	**18,216,972**	**736,822**	**56,469**	**19,440**	**33,914**	**15,770**	**19,079,386**

As at 31 December 2021 per currency

NOK 1,000	NOK	EUR	JPY	USD	GBP	Other	Total
Non-current interest bearing liabilities	4,663,541	405,036	0	0	0	0	5,068,577
Lease liabilities	942,033	9,895	0	0	0	15,239	967,166
Current interest-bearing liabilities	414,033	-77,483	41,352	30,408	945	0	409,257
Total interest-bearing debts	6,019,607	337,448	41,352	30,408	945	15,239	6,445,000
Cash and cash equivalents	776,542	4,402	20,825	31,932	3,118	64,823	901,644
Lease liabilities	942,033	9,895	0	0	0	15,239	967,166
Net interest-bearing debts	**4,301,032**	**323,152**	**20,527**	**-1,524**	**-2,173**	**-64,823**	**4,576,190**

Financing activities - changes in liability at 31 December 2022:

				Non-cash generating effects		
	31.12.2021	Cash flow from financing activities	Changes through business combinations	Currency effects	Change in next year's instalments on long-term debts	31.12.2022
Non-current debts	4,906,560	7,191,840	9,008,620	28,242	-2,785,290	18,349,972
Current debts to credit institutions	571,274	-127,923	211,704	1,742	2,785,290	3,442,086
Total debts to credit institutions	5,477,834	7,063,917	9,220,324	29,983	0	21,792,058
Non-current and current lease liabilities	967,166	-229,333	484,370	3,771	199,323	1,425,297
Total interest-bearing debts	**6,445,000**	**6,834,585**	**9,704,694**	**33,754**	**199,323**	**23,217,355**

For details regarding change in subsidiaries see Note 4.5.

Financing activities - changes in liability at 31 December 2021:

				Non-cash generating effects			
	31.12.2020	Cash flow from financing activities	Change subsidiaries	Currency effects	Change in next year's instalments on long-term debts	Other effects	31.12.2021
Long-term debts to credit institutions	3,677,627	621,918	451,087	-11,555	160,336	7,146	4,906,560
Short-term debts to credit institutions	1,438,435	-703,959	-1,873	-993	-160,336	0	571,274
Total debts to credit institutions	5,116,062	-82,040	449,214	-12,549	0	7,146	5,477,834
Long and short-term lease liabilities	933,695	-198,437	47,515	-330	0	184,723	967,166
Total interest-bearing debts	**6,049,757**	**-280,478**	**496,729**	**-12,878**	**0**	**191,869**	**6,445,000**

Interest-bearing debt in more detail

In 2019, SalMar renewed its installment loan agreement. The loan comprises two tranches of NOK 500 million each: a commercial tranche, where the banks assume the credit risk; and an export credit agency (ECA) tranche, where the banks lend the money but are fully guaranteed by Eksportfinansiering Norge. Both tranches have an 8.5-year instalment profile and a term of 3+1+1 years.

In 2021, SalMar ASA entered into a new sustainability linked credit facility in the amount of NOK 4,000 million, and at the same time increased its overdraft cap from NOK 500 million to NOK 1,000 million. The new sustainability linked credit facility is a five-year agreement, with four sustainability KPIs included in the assessment of margin.

With effect from 29 October 2022, SalMar ASA entered into term loan and guarantee facilities of NOK 11,500 million to finance the transactions with NTS, NRS and SalmoNor. At the same time the sustainability linked credit facility in SalMar ASA was increased with NOK 3,000 million. These facilities both have a duration of 18 months with an option of extension with 6 months.

SalMar has an annually renewable multicurrency cash pooling arrangement limited to NOK 1,000 million. As at 31 December 2022, the Group had no drawdown on this arrangement. Deposits and drawdowns in various currencies relating to the group account scheme are recognised net in the Group's financial statements.

In 2021, SalMar ASA issued an unsecured green bond totalling NOK 3,500 million. No installments on the loan are payable during the period of the agreement, which matures on 22 January 2027. The bond carries a interest rate at 3-months NIBOR + 1.35 % per annum, due quarterly. The loan is capitalised at amortised cost using the effective interest rate method. The loan's net carrying amount at 31 December 2022 is NOK 3,467 million. The bond loan is listed on the Oslo Stock Exchange under the ticker SALM01 ESG.

Vikenco has an overdraft facility capped at NOK 50 million. In addition, the company has two instalment loans with a carrying amount of respectively NOK 185 million and NOK 65 million. Refsnes Laks AS, has a overdraft facility limited to NOK 60, renewed annually.

Arnarlax Ehf, the groups subsidiary in Iceland, has a financing agreement lasting until June 2024 with the amount of EUR 56 million. The agreement and comprises an instalment loan with the amount of EUR 22.5 million, a revolving credit facility of EUR 28.5 million and an overdraft of EUR 5.0 million.

NTS has a syndicated loan facility with net carrying amount at 31 December 2022 of NOK 1,084 million. The loan matures April 2023. The loan is included in current interest-bearing liabilities at 31 December 2022.

SalmoNor has a syndicated loan facility with net carrying amount at 31 December 2022 of NOK 1,547 million. The loan matures October 2023. The loan is included in current interest-bearing liabilities at 31 December 2022.

Osan Settefisk has a term loan with net carrying amount at 31 December 2022 of NOK 445 million. The loan matures in March 2024.

At 31 December 2022 SalMar (through the merged company NRS) has credit facilities to banks in Norway of a total NOK 2,800 million. NOK 1,000 million is a revolving loan facility (RCF) that is instalment-free, expires 17 March 2025. The carrying amount of the RCF at 31 December is NOK 650 million. NOK 1,200 million is a sustainability term loan that has an 8.5 year instalment profile with a duration until 31.12.2025. The carrying amount of the sustainability term loan at 31 December is NOK 1,024 million of which NOK 142 million is classified as current interest-bearing liabilities. In addition a multi-currency overdraft facility of NOK 600 million. The carrying amount at 31 December was NOK 436 million. The credit facilities covers NRS Farming and Arctic Offshore Farming, both 100 per cent owned companies of SalMar, and Nor Seafood, a 82,49 per cent owned company of SalMar.

Refsnes Laks AS, has a overdraft facility limited to NOK 60, renewed annually.

inancial covenants

The most important financial covenants for the long-term financing of SalMar ASA are, respectively, a solvency requirement, which stipulates that the Group's recognised equity ratio shall exceed 30%, and a profitability requirement, which stipulates that the Group's interest coverage rate (EBITDA/net financial expenses) shall not fall below 4.0. The Group was in compliance with these covenants as at 31 December 2022.

The green bond has a financial covenant requiring an equity ratio of 30 % in the agreement period.

Correspondingly, the Group's Icelandic segment has a solvency requirement, which stipulates that the company's recognised equity ratio shall exceed 35%. There is also a profitability requirement which stipulates that its interest coverage rate shall not fall below 4.0 and in addition, the company's NIBD/12-month rolling EBITDA shall not exceed 5.0.

Supply Chain Financing

The Group has entered into a supply chain financing agreement (SCF), meaning that some vendors will indirectly offer extended credit terms to the company through a separate agreement with the Group's bank. The vendors sell their trade receivables to the bank in order to receive payment immediately. Payment terms under the SCF agreement are in line with industry practice. The transaction is still between the company and its suppliers, and are therefore classified as trade payables, and changes in trade payables related to the SCF agreement is classified as cash flow from operating activities in the statement of cash flow. At 31 December 2022 the carrying amount of the financed amount was NOK 1,672.7 million. (31 December 2021: NOK 1,196.6 million).

Transferred receivables

SalMar has entered into an agreement with a financial institution for transferred receivables that meet certain predefined criteria. See Note 3.7 for further details of this arrangement.

Lease liabilities

See Note 3.4 for further details of the Group's capitalised lease liabilities.

NOTE 3.12 Mortgage and guarantees

Liabilities secured by mortgage (NOK 1,000):	2022	2021
Non-current interest bearing debt	14,882,825	1,447,458
Current interest bearing debt	3,442,121	571,274
Lease liabilities	1,425,297	967,166
Total debt secured by mortgages and pledges at 31 December	**19,750,243**	**1,538,440**

Assets pledged as security for debt (NOK 1,000):	2022	2021
Licences	14,875,519	7,487,421
Property, plant and equipment and right-to-use assets	12,517,825	8,010,049
Biological assets and other inventory	11,754,721	7,928,044
Trade receivables	1,414,135	934,934
Total assets pledged as security at 31 December	**40,562,200**	**24,360,448**

In addition, 925 373 treasury shares are pledged as security for debt related to investments in a subsidiary of Frøy ASA.

NOTE 3.13 Current liabilities

Accounting policies

Onerous contracts

Physical fixed-price sales contracts whose price is less than the price used as the basis for adjusting the fair value of the biomass are recognised as liabilities in the financial statements. The amount recognised as a liability is the difference between the market price at the balance sheet date plus costs to sell and the contract price. Changes in provisions are recognised in a separate line in the statement of profit and loss and are included in the operational profit.

Provisions

A provision is recognised when, and only when, the company has a constructive obligation (legal or self-imposed) deriving from an event which has occurred, and it is probable (more likely than not) that a financial settlement will take place as a result of that liability, and the amount in question may be reliably quantified Provisions are reviewed on each reporting date, and the level reflects a best estimate of the liability concerned.

Other current liabilities (NOK 1,000):	31.12.2022	31.12.2021
Salaries and vacation pay due	207,510	117,793
Derivatives	26,924	23,974
Accruals for clean-up cost	224,173	136,588
Accrued interest cost	117,462	15,478
Other accrued expenses	533,961	277,011
Contingent liability from business combination	55,125	0
Provisions for onerous contracts	104,799	203,040
Total carrying amount at 31 December	**1,269,954**	**773,884**

Provisions related to onerous contracts is decreased by NOK 126.3 million in 2022 and are recognised in operating profit (2021: increased provision by NOK 181.0 million).

There is a contingent liability related to a previous business combination in Salmonor AS. As part of the purchase agreement with the previous owners of MNH Holding AS, a contingent consideration was agreed. The consideration is dependent on licence volumes for Fiskeldi Austfjarda and is measured at fair value over the result.

NOTE 4.1 Financial risk management

Financial risk

Through its activities, the Group is exposed to various kinds of financial risk: market risk, credit risk and liquidity risk. The Group management oversees the management of these risks and draws up guidelines for dealing with them. The Group makes use of financial derivatives to hedge against certain risks. The Board of Directors has defined a financial risk appetite that sets overarching limits.

The Group has drawing facilities on a syndicate of banks, which ensure it has sufficient flexibility both operationally and with respect to the financing of investments in SalMar's operations. In 2022 the group expanded its financing agreements with the inclusion of NTS, NRS and SalmoNor and SalMar increased its facilities with a bridge facility and extension of sustainability linked credit facility. In 2021 the Group issued a green bond to secure further sustainable growth. In addition, the company has financial instruments, such as trade receivables, trade payables, etc, which are directly related to day-to-day business operations.

It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The risk is partly reduced by the opposite effect on cash equivalents which earn floating interest.

With effect from 4 February 2022, SalMar ASA entered into fixed rate interest swap contracts with a total principal of NOK 2,250 million. 750 million has a duration of 7 years starting 22 April 2022, 750 million has a duration of 7 years starting 22 January 2025, and 750 million has a duration of 10 years starting 22 January 2024. The interest swap contracts are established with the purpose to reduce the interest rate risk related to long-term loan. In 2021 the Group has entered into a to cross-currency interest swap and a interest swap to manage the interest rate. For more details regarding the swaps see note 3.9.

Interest rate sensitivity

Given the financial instruments in effect on 31 December 2022, after the impact of hedge accounting, a 1.0 per cent rise in the rate of interest would reduce the Group's profit by net NOK 242.2 million (2021: 0,5% rise in the interest rate would reduce the profit by NOK 26.3 million), all other variables remaining constant. The effect related to the hedging instruments over OCI would rise by NOK 19.4 million given an increase in the interest rate of 1% (2021: 0,5% rise would lead to a positive effect of NOK 6.0 million). See note 3.11 for more information regarding interest-bearing debt.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in the operations on Iceland. The Group operates internationally, and is exposed to foreign exchange risk in several currencies. This risk is particularly relevant with respect to the USD, EUR, GBP, CAD and JPY.

The foreign exchange risk associated with revenues and assets denominated in foreign currencies is partly hedged through the use of forward contracts and currency accounts. The use of forward currency contracts is described in Note 3.9.

The foreign exchange risk associated with the operations at Iceland is hedged by the cross-currency interest swap described in section "Interest rate risk". The swap hedges the full carrying value of the net investment.

Foreign currency sensitivity

Given the financial instruments in effect on 31 December 2022, a weakening of 10 per cent of the NOK would increase the Group's profit before tax by NOK 454.6 million (2021: NOK 513.4million). The whole effect would go through the profit and loss in 2023 as all material financial instruments fall due within the end of 2023.

The following table demonstrate the impact on the Group's profit before tax related to a reduction in the exchange rate of 10 per cent:

NOK 1,000	31.12.2022	31.12.2021
EUR	-12,300	8,241
JPY	-3,380	-15,552
GBP	-159	-1,772
CAD	-3,353	-4,021
USD	-45,880	-40,944

The Group's exposure to foreign currency changes for all other currencies is not material.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily from trade receivables. The Group's policy is to credit insure material trade receivables, and losses due to bad debts have historically been low. The Group has guidelines to ensure that sales are made only to customers that have not previously had material payment problems, and where outstanding balances do not exceed fixed credit limits. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. Credit risk relating to the Group's cash holding is deemed low.

Gross credit risk on the reporting date equals the Group's total receivables on the same date. See Note 3.7.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they are due. Cash flow forecasts are prepared on a regular basis and the Finance Dept monitors rolling forecasts for the Group's liquidity requirements to ensure that the Group has sufficient cash equivalents to meet operational liabilities, as well as at all times having adequate flexibility in the form of unused credit facilities (see Statement of Cash Flows), such that the Group does not infringe borrowing limits or specific borrowing conditions. The Group's objective is to have sufficient cash, cash equivalents or medium-term credit facilities to meet its borrowing requirements in the short term. See Note 3.11 for details of the Group's available credit facilities.

The table below details the Group's non-derivative financial liabilities classified by maturity structure. The figures presented in the table are undiscounted contractual cash flows.

Maturity structure for financial liabilities at 31 December 2022

Maturity	Total	2023	2024	2025	2026	2027	After 2027
Long-term debt	21,297,279	2,947,307	12,147,649	2,506,681	9,646	3,515,329	170,667
Interest on long-term debt	1,706,433	1,000,633	301,477	217,970	158,975	16,666	10,712
Lease liabilities	1,425,297	273,081	209,221	162,488	127,947	102,132	550,427
Interest on lease liabilities	323,310	65,583	57,880	56,244	51,393	47,624	44,587
Short-term credit facilities	494,814	494,814	0	0	0	0	0
Interest on short-term debt	70,908	70,908	0	0	0	0	0
Trade payables	3,337,649	3,337,649	0	0	0	0	0
Total liabilities	**28,655,690**	**8,189,975**	**12,716,227**	**2,943,383**	**347,961**	**3,681,752**	**776,394**

Maturity structure for financial liabilities at 31 December 2021

Maturity	Total	2022	2023	2024	2025	2026	After 2026
Long-term debt	5,068,577	153,971	153,971	849,488	15,504	209,646	3,685,996
Interest on long-term debt	516,855	112,487	108,363	99,442	92,086	89,544	14,934
Lease liabilities	967,166	195,743	146,613	110,524	101,990	79,038	333,258
Interest on lease liabilities	379,964	54,031	49,673	45,912	43,405	39,972	146,971
Short-term credit facilities	409,257	409,257	0	0	0	0	0
Interest on short-term debt	3,376	3,376	0	0	0	0	0
Trade payables	2,317,308	2,317,308	0	0	0	0	0
Total liabilities	**9,662,503**	**3,246,174**	**458,619**	**1,105,365**	**252,986**	**418,199**	**4,181,160**

Maturity

The Group's trade payables are normally at net 30 payment terms, except for payables related to the purchase of feed , which has a longer credit time.

For a description of the maturity structure for the Group's long-term debt, see Note 3.11.

Capital structure and equity

The objective of the Group's capital management is to safeguard the Group's continued operations in order to secure a return on investment for shareholders and other stakeholders, and maintain an optimal capital structure for reducing capital costs. By ensuring a good debt-to-equity ratio the Group will support its business operations, and thereby maximise the value of the Group's shares.

The Group manages and makes changes to its capital structure in response to an ongoing assessment of the financial conditions under which the business operates, and its short and medium-term outlook, including any adjustment in dividend pay-outs, buyback of treasury shares, capital reduction or issue of new shares. No changes were made in the guidelines covering this area in 2022.

The company monitors its capital management on the basis of the covenants stipulated. These are based on equity ratio, interest coverage ratio and the ratio of net interest-bearing debt to EBITDA. See Note 3.11 for further details.

As at 31 December 2022, the Group had an equity ratio of 38.6 per cent (31 December 2021: 55.1 per cent). At the close of 2022, the Group's net interest-bearing debt stood at NOK 19,079.4 million (2021: NOK 4,576.2 million) See Note 3.11 for further details of the Group's net interest-bearing debt.

NOTE 4.2 Share capital and shareholders

At 31 December 2022, the parent company's share capital comprised:

NOK 1,000	No.	Face value	Book value
Ordinary shares	145,138,920	0.25	36,284,730

There are no current limitations on voting rights or trade limitations related to the SalMar share.

On 7 November 2022, SalMar ASA's share capital was increased by 17 851 550 shares (nominal value of NOK 0.25 per share), from 117 799 999 shares to 135 651 549 shares. On 10 November 2022, SalMar ASA's share capital was further increased by 13 691 960 shares (nominal value of NOK 0.25 per share), from 135 651 549 shares to 145 138 920 shares. The share capital was thus increased by a total of NOK 6.835 million, from NOK 29.450 million to NOK 36.285 million. The total amount of the capital contribution was NOK 9,098.8 million. See note 4.5 for further information.

As at 31 December 2022, SalMar ASA owned 13 706 246 treasury shares, including 13 691 960 treasury shares held by subsidiary NTS ASA. The treasury shares held by NTS reduces the Group's equity and non-controlling interests. See note 4.5 for further information.

Shareholders

Overview of the largest shareholders 31.12.2022:	Number of shares	Shareholding	Voting share
KVERVA INDUSTRIER AS	59,904,476	41.27%	41.27%
NTS ASA	13,691,960	9.43%	9.43%
FOLKETRYGDFONDET	5,674,496	3.91%	3.91%
State Street Bank and Trust Comp	2,433,406	1.68%	1.68%
NILS WILLIKSEN AS	1,744,647	1.20%	1.20%
CACEIS Bank	1,728,387	1.19%	1.19%
HASPRO AS	1,705,830	1.18%	1.18%
TERBOLI INVEST AS	1,425,394	0.98%	0.98%
JPMorgan Chase Bank, N.A., London	1,399,473	0.96%	0.96%
LIN AS	1,337,685	0.92%	0.92%
State Street Bank and Trust Comp	1,115,890	0.77%	0.77%
CLEARSTREAM BANKING S.A.	1,070,182	0.74%	0.74%
JPMorgan Chase Bank, N.A., London	1,006,058	0.69%	0.69%
State Street Bank and Trust Comp	983,887	0.68%	0.68%
CACEIS Bank	946,056	0.65%	0.65%
RODO INVEST AS	855,413	0.59%	0.59%
CACEIS Bank	834,124	0.57%	0.57%
ANDVARI AS	810,468	0.56%	0.56%
SIX SIS AG	804,465	0.55%	0.55%
VERDIPAPIRFONDET ALFRED BERG GAMBA	750,226	0.52%	0.52%
Total 20 largest shareholders	100,222,523	69.05%	69.05%
Total other shareholders	44,916,397	30.95%	30.95%
Total number of shares 31.12.2022	145,138,920	100.00%	100.00%

Shares owned by Board Members and Senior Executives:

Name		Number of shares	Shareholding
Gustav Witzøe	Chair of the Board	*	
Leif Inge Nordhammer	Board Member	**	
Tone Ingebrigtsen	Board Member - Employees representative	762	0.00%
Frode Arntsen	CEO	5,900	0.00%
Ulrik Steinvik	CFO	***	
Roger Bekken	COO Farming	17,440	0.01%
Simon Andre Søbstad	COO Sales & Industry and Board Member - Employees representative	732	0.00%
Eva Haugen	Director Quality Management/HSE	7380	0.01%
Arthur Wisniewski	Director Human Resource Management	2184	0.00%
Runar Sivertsen	Chief Strategy Officer	3900	0.00%

* Owns shares indirectly through Kvarv AS, the parent company in the Kverva Group. Kvarv AS directly, and indirectly via its subsidiary Kverva AS, owns 93.13 per cent of the shares in Kverva AS, which owns 100 per cent of the shares in Kverva Industrier AS. Kverva Industrier AS owns 41.27 per cent of the shares in SalMar ASA and a voting share of 45.58 per cent. Gustav Witzøe has a voting share of 80 per cent and has a 1 per cent shareholding in Kvarv AS through his ownership of A-shares in the company.

** Owns, directly and indirectly, 1.33 per cent of the shares in SalMar ASA. Leif Inge Nordhammer owns 99.1 per cent of the shares in LIN AS. LIN AS directly owns 0.92 per cent of the shares in SalMar ASA. In addition, LIN AS owns 0.41 per cent of the shares in the company though a 1 per cent shareholding in Kverva AS, which, through Kverva Industrier AS, owns 41.27 per cent of the shares in SalMar ASA and has a corresponding 45.58 per cent voting share.

*** Owns directly and indirectly 0.08 per cent of the shares in SalMar ASA. Ulrik Steinvik owns 19,317 shares directly and indirectly through personal related parties, he also owns 100 per cent of the shares in Nordpilan AS. Nordpilan AS owns 0.17 per cent of the shares in Kverva AS, which owns 100 per cent of the shares in Kverva Industrier AS. Kverva Industrier AS owns 41.27 per cent of the shares in SalMar ASA and has a corresponding 45.58 per cent voting share.

Board authorisations

Authorisations granted to the Board are normally time limited and are valid only up until the next AGM in 2023 and no later than 30 June 2023.

The Board of Directors has been granted the following authorisations which may impact the share capital at 31 December 2022:

To increase the company's share capital limited to NOK 1,472,499.75, through the issue of up to 5,889,999 shares to finance investments and the acquisition of businesses through cash issues and contributions in kind.

To acquire up to 11,677,638 treasury shares with an aggregate par value of up to an aggregate of NOK 2,919,409.50 at a price per share of no less than NOK 1 and no more than NOK 1,000.

To issue convertible loans for up to NOK 3,000,000,000 for the purpose of enabling SalMar, at short notice, to use such financial instruments as part of its overall financing requirement. In connection with the conversion of loans raised pursuant to this authorisation, SalMar's share capital may be increased by up to NOK 1,472,499.75, though with account taken of any capital increases undertaken pursuant to the authorisation to increase SalMar's share capital, such that the total capital increase for both authorisations combined may not exceed 5 per cent of the share capital. It follows from the purpose of the authorisations that the Board may need to waive existing shareholders' preference rights.

An authorisation to acquire own shares for subsequent cancellation, cf. the Public Limited Liability Companies Act Section 9 4, for up to 5,684,191 shares with an aggregate par value of NOK 1,421,047.75. The rationale for the Board's proposal was that such arrangement would amongst other things give the Board an extended possibility to utilise mechanisms for distribution of capital to SalMar's shareholders and to facilitate an adequate capital structure of SalMar. The amount payable per share could be in the range between NOK 1 and NOK 1,000 per SalMar Share. Exercise of such authorisation was made subject to principles of equal treatment of shareholders. To ensure that SalMar's majority owner's, Kverva Industrier AS, proportionate shareholding remained equal it was set in place an arrangement whereby any shares acquired in the market would be cancelled through a subsequent share capital decrease and that a corresponding part of Kverva Industrier AS' shares would be redeemed.

Dividend

The Board is proposing payment of a dividend of NOK 20 per share, totalling NOK 2,628.7 million, as at 31 December 2022. No dividend is paid on the company's treasury shares.

For the 2021 financial year, a dividend of NOK 20 per share, totalling NOK 2,354.0 million, was paid out by SalMar ASA.

NOTE 4.3 Earnings per share

NOK 1,000	2022	2021
Profit for the year attributable to owners of SalMar ASA	3,311,955	2,616,716
Ordinary shares as at 01.01	117,799,999	113,299,999
Treasury shares as at 01.01	102,361	232,071
Contributions of equity - increase in number of shares (see Note 4.2)	27,338,921	4,500,000
Effect of treasury shares borrowed from Kverva	-30,000	-
Effect of treasury shares after acquisition of NTS ASA	-13,691,960	-
Effect of treasury shares awarded to employees (see Note 2.4)	118,075	129,710
Ordinary shares outstanding as at 31.12	**131,432,674**	**117,697,638**
Weighted average number of ordinary shares for basic EPS	**119,800,565**	**115,714,546**
Effects of dilution from share options	178,240	207,323
Weighted average number of ordinary shares adjusted for the effect of dilution	**119,978,805**	**115,921,869**
Earnings per share		
Basic	27.65	22.61
Diluted	27.60	22.57

NOTE 4.4 Group companies

The consolidated financial statements for 2022 includes the following subsidiaries:

Company	Owner	Country	Registered office	Shareholding 31.12.2022
SalMar Oppdrett AS	SalMar Farming AS	Norway	Kverva	100.00%
SalMar Settefisk AS	SalMar ASA	Norway	Kverva	100.00%
SalMar Smolt AS	SalMar Settefisk AS	Norway	Kverva	100.00%
SalMar Farming AS	SalMar ASA	Norway	Kverva	100.00%
Hitramat Farming AS	SalMar ASA	Norway	Kverva	51.00%
Nekton Havbruk AS	SalMar Farming AS	Norway	Kverva	51.00%
Refsnes Laks AS[1]	SalMar Farming AS	Norway	Kverva	45.00%
SalMar Aker Ocean AS	SalMar ASA	Norway	Kverva	85.00%
Ocean Farming AS	SalMar Aker Ocean AS	Norway	Kverva	85.00%
Mariculture AS	SalMar Aker Ocean AS	Norway	Kverva	85.00%
NTS ASA	SalMar ASA	Norway	Rørvik	92.93%
NRS Farming AS	SalMar ASA	Norway	Alta	100.00%
NorSeafood AS	SalMar ASA	Norway	Botnhamn	82.49%
Arctic Offshore Farming AS	SalMar ASA	Norway	Kverva	100.00%
Salmotech AS	Salmonor AS	Norway	Bodø	100.00%
Salmonor AS	NRS Farming AS	Norway	Rørvik	100.00%
Salmonor Settefisk AS	Salmonor AS	Norway	Naustbukta	100.00%
Osan Settefisk AS	Salmonor AS	Norway	Kolvereid	66.00%
MNH Rederi AS	Salmonor AS	Norway	Rørvik	100.00%
SalmoSea AS	Salmonor AS	Norway	Rørvik	74.31%
Icelandic Salmon AS	SalMar ASA	Norway	Kverva	51.02%
Arnarlax Ehf	Icelandic Salmon AS	Iceland	Bildudalur	51.02%
Icelandic Salmon Ehf	Arnarlax Ehf	Iceland	Talknafjørdur	51.02%
Fjallalax Ehf	Arnarlax Ehf	Iceland	Bildudalur	51.02%
Eldisstødin Isthor hf	Arnarlax Ehf	Iceland	Thorlakshøfn	51.02%
SalMar AS	SalMar ASA	Norway	Kverva	100.00%
Vikenco AS	SalMar AS	Norway	Aukra	51.00%
SalMar Japan KK	SalMar AS	Japan	Japan	100.00%
SalMar Singapore PTE Ltd.	SalMar AS	Singapore	Singapore	100.00%
SalMar Vietnam Co., Ltd	SalMar AS	Vietnam	Ho Chi Minh City	100.00%
SalMar-Tunet AS	SalMar ASA	Norway	Kverva	100.00%

In addition, the group consolidates Frøy ASA and its subsidiaries. See Note 4.7 Discontinued operations for detailed information.

1 Through shareholders agreement, SalMar has established control and has the power to affect the return from the involvement in Refsnes Laks AS. For further information, see Note 4.5

NOTE 4.5 Business combinations

Acquisition and merger of NTS and NRS

On 17 March 2022, SalMar made a voluntary tender offer to acquire all outstanding shares in NTS. The acceptance period for the offer was from 18 March to 29 April 2022. The voluntary offer was conditional on amongst other things approval by the competition authorities in both Norway and the EU. At the end of the acceptance period, 52.69 per cent of NTSs shareholders, corresponding to 66,235,009 shares and votes in NTS, had accepted the offer. At 31 December 2022, SalMar owned 92,93 per cent of the shares in NTS. See note 4.6 for further information related to the transaction.

The rationale behind the acquisition was to increase value creation in the regions where the companies operate and enable the realization of synergies between the companies. The companies have several overlapping industrial activities in all the areas in which they operate, and the transactions contribute to a more efficient utilization of their resources. This will enable improved utilization of Maximum Allowable Biomass (MAB) and site portfolios, improved utilization of smolt, harvesting, and processing facilities.

In parallel with the voluntary offer, a merger plan between SalMar and Norway Royal Salmon (NRS) with SalMar as the acquiring entity was entered into. The merger plan was approved by both companies' general meetings on 30 June 2022. The merger was, among other things, conditional on that all conditions for the completion of the offer for had been met or waived.

The transactions were approved by the Norwegian Competition Authority on 15 July 2022. The European Commission granted its final approval on 31 October 2022.

In connection with the clearance by the European Commission, SalMar undertook a commitment to divest the shares in Arctic Fish Holding AS, assumed by SalMar at the time of completion of the merger. SalMar undertook, with some exceptions, not to exercise any influence or control over Arctic Fish in the period from completion of the merger until a disposal was completed. The shares represented approximately 51.28 per cent of the shares and votes in Arctic Fish. The sales transaction of the shares was completed on 29 December 2022, with at total contribution net of transaction cost amounted to NOK 1 860 million.

The merger with NRS was completed on 7 November 2022. The shareholders of NRS received a merger consideration consisting of a cash consideration of NOK 3 104 million, and a total share consideration of NOK 5 884 million. The share consideration consisting of 17,851,550 shares valued at a share price of NOK 329,60 which represents the share price at the time of completion of the merger.

In accordance with the merger plan, NRS completed immediately prior to the merger the agreed acquisition of SalmoNor from NTS, with settlement in cash and NRS shares. Total cash consideration in the transaction was NOK 1 713 million.

Of the total consideration under the merger NOK 2 380 million of the merger cash consideration was paid to NTS, in addition NTS received 13,691,960 of the total 17,851,550 consideration shares. Further, the cash consideration of NOK 1 713 million was paid from NRS to NTS in connection with the acquisition of 100 per cent of the shares in SalmoNor. The total cash consideration to NTS is as such NOK 4 093 million. In addition, NTS will own 13,697,303 SalMar shares. The SalMar shares owned by NTS were valuated to NOK 4 513 million at the time of the merger. The shares are treated as treasury shares in the SalMar group, where NOK 2 378 million reduces the the equity attributable to shareholders in SalMar, and NOK 2 135 reduces the non-controlling interest at the date of acquisition.

The voluntary offer was completed 10 November 2022. The total cash consideration payable in the transaction was NOK 1 807 million, and total share consideration amounts to NOK 3 215 million. The share consideration consisted of total of 9,487,371 new SalMar shares valuated at a share price of NOK 338,87 which represent volume-weighted average price the last 3 trading days before 31 October 2022.

From the time of completion of the offer, SalMar achieved control over NTS. Upon completion of the offer, NRS was merged into SalMar and SalMar has assumed all assets, rights and obligations in NRS. For accounting purposes, the transactions has been treated as a business combination and the companies will be consolidated into the SalMar group with effect from 1 November 2022. Shares in SalMar owned by NTS has been, as mentioned above, treated as treasury shares in the SalMar Group. The Group has elected to measure the non-controlling interests in the acquiree at fair value. Total acquisition and merger costs of NOK 82,2 million have been recognised as other operating expenses in the income statement.

The starting point for the transactions was the voluntary offer made for all outstanding shares in NTS on 17 March 2022, as well as the subsequent decision to merge SalMar and NRS. The merger was conditional on the offer being completed and this has been the starting point for valuation assessments of assets and liabilities resolutions associated with the offer and the merger. For technical reasons, the transactions were completed sequentially with some days in between. For accounting purposes, the total consideration for the offer and the merger will be the basis for the purchase price allocation.

The fair values of the identifiable assets and liabilities of NTS Group and NRS Group as at the date of acquisition and merger are as follows. The purchase price allocation is not considered to be final.

Acquisition's effect on the balance sheet (NOK 1,000):	Fair value recognised on acquisition
Assets	
Licenses	7,265,892
Property, plant & equipment	12,485,211
Right-of-use assets	1,058,557
Biological assets and other inventory	3,488,894
Investment in associates	1,145,505
Investment in SalMar shares (treasury shares)	4,512,870
Other financial investments	2,025,600
Trade receivables and other current receivables	824,274
Cash and cash equivalents	3,296,943
Total identifiable assets at fair value	36,103,746
Liabilities	
Deferred tax liabilities	2,209,785
Interest-bearing liabilities	14,199,097
Trade payables	1,085,716
Other current liabilities	416,228
Total identifiable liabilities at fair value	17,910,826
Total identifiable net assets at fair value	**18,192,920**
Non-controlling interest measured at fair value	-6,268,346
Goodwill	2,085,214
Total consideration	**14,009,788**

Purchase consideration	Acquisition NTS	Merger NRS	Total
Shares issued	3,214,959	5,883,871	9,098,830
Cash consideration	1,807,393	3,103,565	4,910,958
Total consideration	**5,022,352**	**8,987,436**	**14,009,788**

The goodwill of NOK 2 085 million comprises both of the value of expected synergies arising from the acquisition which is not separately recognised with NOK 1 296 million, and technical goodwill of NOK 789 million recognised due to deferred tax on the excess value identified for licenses computed with statutory tax rate in Norway of 22%. Goodwill is allocated to the segments Farming Central Norway and Farming Northern Norway. Goodwill is not deductible for income tax purposes.

From the date of acquisition the companies in NTS and NRS contributed NOK 1 405,1 millon of revenue and a operational EBIT with NOK 208,9 million. The profit before tax from continuing operations of the Group has been negatively affected with NOK 188,3 million from the acquired companies in the period. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been NOK 26 702,8 millions, operational EBIT NOK 5 067,7 million and profit before tax from continuing operations for the Group would have been NOK 5 864,8 million.

Eldisstødin Isthor Ehf (Isthor)

With effect from 17 August 2022, the Group acquired 50% of the shares in the smolt facility Isthor in Iceland. The transaction has been approved by the Icelandic Competition Authorities. Prior to the transaction SalMar Group indirectly owned 25.51% of the shares in Isthor through SalMars 51.02% ownership in Icelandic Salmon AS. Icelandic Salmon AS owns 100% of the shares in Arnarlax Ehf, which owns the shares in Isthor. After the transaction, Arnarlax Ehf owns 100% of the shares in Isthor.

The Group's holdings prior to the acquisition date, are remeasured at fair value at time control is obtained. The fair value of the equity interest is NOK 107,2 millions, and a gain of NOK 90,8 millions is recognised as other financial items in the profit or loss in the period.

After the transaction the Group owns 100% of the shares in Isthor. The purpose of the transaction is to increase the flexibility in size of smolt and increased number of smolt supporting the company's growth plans. For accounting purposes, the transaction will be treated as a business combination with effect from the acquisition date. No material external transaction costs were incurred in the connection with the acquisition.

As part of the acquisition agreement, the Group repaid to the former owners a liability amounting to NOK 43,4 million. The repayment has been completed in the period.

The fair values of the identifiable assets and liabilities of Isthor as at the date of acquisition are as follows:

Acquisition's effect on the balance sheet (NOK 1,000):	Fair value recognised on acquisition
Property, plant & equipment	196,657
Current assets	533
Deferred tax	-12,307
Non-current liabilities	-48,576
Other current liabilities	-14,105
Net identifiable assets and liabilities	**122,201**
Goodwill	155,952
Fair value of intercompany long-term liability	-63,806
Fair value of the investment at the time of acquisition	-107,174
Cash consideration	**107,173**

2021 – Business combinations

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 was to expand the Group's production of harvestable fish. Nekton Havbruk AS ownes two licenses for production of Atlantic salmon, including a time limited demonstration license in Central Norway, in total MAB 1,568 tonnes. For accounting purposes, the transaction has been treated as a business combination, with the non-controlling interest assessed at fair value. No material external transaction costs were incurred in connection with the acquisition. Assets and liablities recognised as a result of the acquisition are as follows. The purchase price allocation is considered to be final.

Acquisition's effect on the balance sheet (NOK 1,000):	Fair value recognised on acquisition
Intangible assets	120,000
Property, plant & equipment	14,292
Inventory and biological assets	52,480
Current assets	95,036
Deferred tax assets/liabilities	1,186
Non-current liabilities	-2,303
Current liabilities	-161,538
Net identifiable assets and liabilities	**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% of the shares in Refsnes Laks AS through a combination of share purchase and private placement. The transaction has been approved by the Norwegain Competition Authorities. The purpose of the transaction was to expand the Group's production of harvestable fish. At the acquistion Refsnes Laks AS ownes five licenses for production of Atlantic salmon, including a time limited demonstration license in Central Norway, in total 3,932 tonnes MAB. Through shareholder agreements, SalMar has established control and has the power to affect the return from the involvement in Refsnes Laks AS. Based on this, the company is 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 has been treated as a business combination, with the non-controlling interest assessed at fair value. Assets and liablities recognised as a result of the acquisition are as follows. The purchase price allocation is considered to be final.

Acquisition's effect on the balance sheet (NOK 1,000):	Fair value recognised on acquisition
Intangible assets	1,250,000
Property, plant & equipment	111,661
Other non-current assets	11,138
Inventory and biological assets	187,789
Other current assets	345,078
Deferred tax assets/liabilities	-306,942
Non-current liabilities	-344,970
Current liabilities	-63,201
Net identifiable assets and liabilities	**1,190,554**
Goodwill	287,224
Non-controlling interests	-812,778
Cash consideration	**665,000**

NOTE 4.6 Non-controlling interests

Non-controlling interests relating to subsidiaries

31 December 2022	Non-controlling interests shareholding	Non-controlling interests accumulated share of equity 1 Jan	Non-controlling interests from business combination	Share of profit allocated to non-controlling interests	OCI allocated to non-controlling interests	Equity transactions allocated to non-controlling interests	Other changes in non-controlling interests	Non-controlling interests accumulated share of equity 31 Dec
Refsnes Laks AS	55.00%	823,237	0	63,655	0	-22,000	0	864,892
Nekton Havbruk AS	49.00%	84,115	0	17,858	0	0	0	101,973
SalMar Aker Ocean AS	15.00%	238,830	0	-17,390	0	3,426	0	224,866
Icelandic Salmon AS	48.98%	960,678	0	188,180	61,143	181	0	1,210,182
Hitramat Farming AS	49.00%	48,543	0	15,471	0	-9,800	0	54,214
Vikenco AS	49.00%	97,425	0	71,223	14,424	-19,600	0	163,472
NTS ASA	7.07%	0	2,534,089	3,231	0	-319,060	-2,154,122	64,139
Frøy ASA	32.99%	0	3,588,977	65,583	-1,613	0	-1,678,813	1,974,134
Osan Settefisk AS	34.00%	0	54,756	-1,149	0	0	0	53,607
Nor Seafood AS	17.51%	0	91,368	-3,080	0	0	0	88,288
SalmoSea AS	25.69%	0	-843	-128	0	0	0	-971
		2,252,827	6,268,346	403,453	73,953	-366,854	-3,832,936	4,798,794

Acquisition and merger of NTS and NRS
Through the acquisition and merger of NTS and NRS non-controlling interest in the Group increased with NOK 6 268,3 million. The increase in non-controlling interest consists of interests in NTS ASA, Frøy ASA, Osan Settefisk AS, Nor Seafood AS and SalmoSea AS.

At the time of acquisition through the voluntary offer of NTS, SalMar acquired 52,69 per cent of the shares in the NTS. Through the merger between SalMar and NRS, became an owner of 13 697 303 SalMar share with at total value of MNOK 4 513 million at the time of the merger. The shares are treated as treasury shares in the SalMar group, where NOK 2 378 million reduces the equity attributable to shareholders in SalMar, and NOK 2 135 reduces the non-controlling interest at the date of acquisition.

On 22 November 2022 SalMar announced that the settlement of the voluntary offer of NTS triggered an obligation to make a mandatory offer for all the remaining shares in NTS. With effect from 29 December 2022, the mandatory offer was completed. SalMar acquired additional 40,24 per cent of the shares in the company, and owns after completion of the offer 92,93 per cent of the shares in NTS. The total consideration for the remaining shares was NOK 3 819 million. For accounting purposes, the effect of the transaction is recognised directly to equity in the period. The non-controlling interest related to treasury shares owned by NTS was reduced by NOK 1 816 million during the transaction and the equity attributable to shareholders in SalMar will be reduced accordingly. On 31 December 2022 the non-controlling interest related to the treasury shares in NTS are reduced to NOK 319 million.

At the time of acquisition NTS owns 72,11 per cent of the shares in Frøy which resulted in an indirect non-controlling interest of 62,01 per cent in the company. The acquisition of further 40,24 per cent of the shares in NTS, reduced the indirect non-controlling interest in Frøy till 32,99 per cent. Of the total consideration of NOK 3 836 million for 40,24 per cent of the NTS shares, MNOK 2 154 million is reducing the non-controlling interest in NTS and MNOK 1 679 million is reducing the non-controlling interest in Frøy.

Mariculture AS

With effect from 19 April 2022, SalMar Group has acquired 49% of the shares in Mariculture AS. Mariculture AS is a subsidiary of SalMar Aker Ocean AS, which is owned 85.0 per cent of SalMar Group. After the transaction SalMar Aker Ocean AS owns 100.0 per cent of the shares in Mariculture AS. For accounting purposes, the effect of the transaction is recognised directly to equity in the period.

31 December 2021	Non-controlling interests shareholding	Non-controlling interests accumulated share of equity 1 Jan	Non-controlling interests from business combination	Share of profit allocated to non-controlling interests	OCI allocated to non-controlling interests	Equity transactions allocated to non-controlling interests	Other changes in non-controlling interests	Non-controlling interests accumulated share of equity 31 Dec
Refsnes Laks AS	55.00%	0	812,778	10,459	0	0	0	823,237
Nekton Havbruk AS	49.00%	0	76,863	7,252	0	0	0	84,115
SalMar Aker Ocean AS	15.00%	0	0	-2,409	0	638,432	-397,194	238,830
Mariculture AS	7.35%	2,972	0	0	0	0	-2,972	0
Icelandic Salmon AS	48.98%	1,000,190	0	13,058	-45,869	-6,702	0	960,678
Hitramat Farming AS	49.00%	38,715	0	9,828	0	0	0	48,543
Vikenco AS	49.00%	94,009	0	13,216	0	-9,800	0	97,425
		1,135,886	889,640	51,404	-45,869	621,931	-400,167	2,252,827

Nekton Havbruk AS

With effect from 1 July 2021, the Group agreed to acquire 51 per cent of the shares in Nekton Havbruk AS. For accounting purposes, the transaction is treated as a business combination, with the non-controlling interest assessed at fair value. or further information regarding the transaction - se Note 4.5 Business Combinations.

Refsnes Laks AS

With effect from 25 August 2021 the Group agreed to acquire 45 per cent of the shares in Refsnes Laks AS. Through shareholder agreements, SalMar has established control and the company is consolidated into the SalMar Group from the time of acquisition. For accounting purposes, the transaction is treated as a business combination, with the non-controlling interest assessed at fair value. For further information regarding the transaction - se Note 4.5 Business Combinations.

SalMar Aker Ocean AS

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

Subsidiaries with material non-controlling interests:

The Group considers non-controlling interests in Frøy Group, Icelandic Salmon Group, Refsnes Laks AS and SalMar Aker Ocean Group to be material. Further details relating to this companies are disclosed below.

NOK 1,000	SalMar Aker Ocean Group 2022	Refsnes Laks AS 2022	Icelandic Salmon Group 2022
Income statement			
Operating revenues	32,460	481,065	1,595,176
Net profit/loss	-115,931	115,736	382,821
OCI	0	0	124,980
Total comprehensive income	-115,931	115,736	507,801
Total comprehensive income allocated to non-controlling interests	-17,390	63,655	249,323
Dividend paid to non-controlling interests	0	-22,000	0
Statement of financial position as at 31 December			
Non-current assets	2,111,421	165,549	1,349,386
Current assets	500,039	341,076	1,161,909
Equity	1,498,137	333,123	1,557,542
Non-current liabilities	997,611	87,277	643,486
Current liabilities	115,713	86,225	310,267
Recognised excess value of licences - net after tax	0	1,238,690	913,155
Share of equity allocated to shareholders of SalMar ASA	1,273,271	706,921	1,260,516
Share of equity allocated to non-controlling interests	224,866	864,892	1,210,182
Cash flows			
From operating activities	-7,797	96,231	152,550
From investing activities	-398,640	-40,441	-285,624
From financing activities	203,557	-55,294	116,279
Net increase/decrease in cash and cash equivalents	**-202,881**	**496**	**-16,795**

NOK 1,000	SalMar Aker Ocean Group 2021	Refsnes Laks AS 2021	Icelandic Salmon Group 2021
Income statement			
Operating revenues	0	159,364	918,848
Net profit/loss	-14,420	19,017	26,658
OCI	0	0	-93,327
Total comprehensive income	-14,420	19,017	-66,669
Total comprehensive income allocated to non-controlling interests	-2,409	10,459	-32,811
Dividend paid to non-controlling interests	0	0	0
Statement of financial position as at 31 December			
Non-current assets	1,004,418	993,278	1,310,522
Current assets	652,239	306,996	825,570
Equity	1,584,094	831,795	1,303,676
Non-current liabilities	44,012	331,590	648,293
Current liabilities	28,551	136,889	184,121
Recognised excess value of licences - net after tax	0	954,726	864,400
Share of equity allocated to shareholders of SalMar ASA	1,345,264	963,284	1,207,399
Share of equity allocated to non-controlling interests	238,830	823,237	960,678
Cash flows			
From operating activities	-18,789	-64,724	-31,405
From investing activities	-4,100	2,579	-153,633
From financing activities	18,506	-278,582	191,971
Net increase/decrease in cash and cash equivalents	**-4,383**	**-340,728**	**6,933**

NOTE 4.7 Discontinued operations

Accounting policies

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

On 13 January 2023, SalMar ASA publicly announced that, based on incoming interest regarding Frøy ASA, NTS ASA, a subsidiary of SalMar ASA, has decided to explore strategic alternatives in Frøy with the aim of maximizing value for its shareholders. NTS currently holds 62,269,112 shares in Frøy representing approximately 72.11% of the shares and votes in Frøy. The strategic review is expected to be concluded within 2023. Following a decision made in December 2022 by the SalMar board to explore the strategic alternatives, Frøy ASA is classified as a disposal group held for sale and as a discontinued operation from the date of the completion of the voluntary offer of all outstanding shares in NTS ASA. Frøy ASAs operations have therefore not been included in the segment note. For further information regarding the completion of the voluntary offer in NTS ASA, please see Note 4.5 Business combination. The results of Frøy ASA for the ownership period are presented below:

	01.11.2022-31.12.2022
Total operating revenues	379,102
Cost of goods sold	86,160
Salary and personnel expenses	111,174
Other operating expenses	71,121
EBITDA	110,647
Operating profit	**110,647**
Income from investments in associates and joint ventures	912
Net interest expenses	-14,811
Other financial items	-5,649
Profit from discontinued operation before tax	**91,098**
Income tax expense from the ordinary activities for the period	-16,273
Profit for the period from discontinued operations	**107,372**
Other comprehensive income:	
Items that may be reclassified to profit or loss in subsequent periods:	
Change in fair value of financial instruments, net after tax	-4,889
Total comprehensive income from discontinued operations	**102,483**
Profit for the period from discontinued operations attributable to equity holders of Salmar ASA	65,583
Earnings per share	
Diluted profit for the period from discontinued operations	0.52
Profit for the period from discontinued operations	0.52

The major classes of assets and liabilities of Frøy ASA as held for sale as at year end 2022 are as follows:

ASSETS	31.12.2022
Non-current tangible assets	10,201,182
Right-of-use assets	489,144
Non-current financial assets	120,194
Total non-current assets	**10,810,520**
Inventory	14,966
Trade receivables	256,621
Other current receivables	70,997
Cash and cash equivalents	318,705
Total current assets	**661,289**
TOTAL ASSETS	**11,471,809**
LIABILITIES	
Deferred tax liability	919,073
Non-current interest-bearing liabilities	3,608,202
Non-current lease liabilities	314,340
Total non-current liabilities	**4,841,615**
Current interest-bearing liabilities	515,059
Current lease liabilities	91,177
Other current liabilities	164,594
Total current liabilities	**770,830**
TOTAL LIABILITIES	**5,612,445**

Frøy finances its fleet and equipment with bank debt and leasing. The majority of larger service vessels and all wellboats are funded by bank loans, while smaller service vessels mainly are funded by leasing facilities. All newbuilds under construction are fully financed.

Immediately before the classification of Frøy ASA as discontinued operations, the recoverable amount was estimated as a part of the acquisition of NTS ASA, see Note 4.5 for further information. Therefore, the estimated recoverable amount of the disposal group did not fall below its fair value less cost to sell as at 31.12.2022.

The consolidated financial statements for 2022 includes the following subsidiaries in discontinued operations:

Company	Owner	Country	Registered office	Shareholding 31.12.2022
Frøy ASA	NTS ASA	Norway	Sistranda	67.01%
Frøy Akvaservice AS	Frøy ASA	Norway	Sistranda	67.01%
Frøy Akvaressurs AS	Frøy Akvaservice AS	Norway	Sistranda	67.01%
Frøy Vest AS	Frøy Akvaservice AS	Norway	Deknepollen	67.01%
Frøy Nord AS[1]	Frøy Akvaservice AS	Norway	Finnsnes	67.01%
Frøy Rederi AS	Frøy ASA	Norway	Sistranda	67.01%
Fisketransport AS	Frøy Rederi AS	Norway	Sistranda	67.01%
Frøy Shipping AS	Frøy ASA	Norway	Sistranda	67.01%
NTS Management AS	Frøy ASA	Norway	Rørvik	67.01%
Norsk Fisketransport AS	Frøy ASA	Norway	Rørvik	67.01%
MS Dønnland AS	Norsk Fisketransport AS	Norway	Rørvik	67.01%
MS Havtrans AS	Norsk Fisketransport AS	Norway	Rørvik	67.01%
MS Namsos AS	Norsk Fisketransport AS	Norway	Rørvik	67.01%
MS Novatrans AS	Norsk Fisketransport AS	Norway	Rørvik	67.01%
MS Reisa AS	Norsk Fisketransport AS	Norway	Rørvik	67.01%
MS Viknatrans AS	Norsk Fisketransport AS	Norway	Rørvik	67.01%
MS Veidnes AS	Norsk Fisketransport AS	Norway	Rørvik	67.01%
Polarfjell AS	Norsk Fisketransport AS	Norway	Rørvik	67.01%
MS Kristiansund AS	Norsk Fisketransport AS	Norway	Rørvik	67.01%
MS Åsværfjord AS	Norsk Fisketransport AS	Norway	Rørvik	67.01%

1 Frøy Nord is 50% owned by Frøy Akvaservice AS and 50% owned by Frøy ASA

NOTE 4.8 Related party transactions

The Group's parent company is SalMar ASA. The parent company is Kverva Industrier AS, which owns 41.27% of the shares in SalMar ASA. Even though Kverva Industrier AS doesn't have control through legal ownership in SalMar ASA, Kverva Industrier AS is through a qualitative assessment considered to have the power over the investee. There are several factors supporting the conclusion, including the dispersed ownership of the remaining shares in SalMar ASA. See Note 4.2 for further details.

Transactions with related parties in 2022 (NOK 1,000):	Sales	Purchases	Receivables	Liabilities
Associates of the SalMar Group	215,388	100,735	30,428	10,990
Companies controlled by the parent company Kverva AS	2,060,367	455,541	248,893	16,929
Associates of the parent company Kverva AS	56,183	22,296	3,135	9
Transactions with related parties in 2021 (NOK 1,000):	**Sales**	**Purchases**	**Receivables**	**Liabilities**
Associates of the SalMar Group	211,107	70,285	36,534	0
Companies controlled by the parent company Kverva AS	1,693,721	354,038	205,806	20,705
Associates of the parent company Kverva AS	0	31,059	0	0

Transactions between the Group and related parties are undertaken at market terms and conditions. In addition, dividends have been received from associates (see Note 3.5), while benefits have been paid to members of the Board and senior executives (see Note 2.3).

NOTE 4.9 Allegations of price collusion

On 6 February 2019, the European Commission launched an investigation of the SalMar ASA and several other producers of farmed Norwegian Atlantic salmon, concerning alleged anti-competitive conduct.

Following the investigation, multiple lawsuits were launched against SalMar ASA and several other salmon producers in the United States. After consolidation of the cases, there were two class actions pending before the District Court in Florida, filed by direct and indirect purchasers respectively. Both cases concerned the same allegation of anti-competitive conduct as the European Commission's investigation, related to the alleged effect for US customers. SalMar entered a collective settlement agreement in the direct purchaser case on 25 May 2022, which was approved by the District Court in Florida 8 September 2022. SalMar entered a collective settlement agreement in the indirect purchaser case on 8 September 2022, which was approved by the Court 27 February 2023. The agreements are purely commercially reasoned, due to factors such as the substantial costs of litigation in the US. The agreements do not entail any admission of guilt.

In November 2019, the U.S. Department of Justice Competition Division launched an investigation concerning the same allegation. On 13 January 2023 SalMar received a letter from the Department of Justice, informing that the investigation against SalMar and the other producers had been closed.

In addition, complaints were filed against SalMar ASA, as one of several Norwegian salmon producers, before a Federal Court in Toronto on 11 October 2019 and 3 January 2020. The cases were consolidated, and currently one case is pending before the Federal Court. Lawsuits have also been filed before local courts in Vancouver and in Quebec but are currently on hold pending a decision in the Federal Court. The cases all concern the same allegation of anti-competitive conduct.

In the second quarter, the Group expensed costs incurred and made provisions for expected costs and expenses related to the previously reported lawsuits in North America. Please see note 10 to the Q2 report.

SalMar is not aware of circumstances substantiating the allegation of anti-competitive conduct and is of the opinion that the company has not participated in any form of illegal price fixing or any other form of anti-competitive conduct. SalMar is and has been fully cooperating in with all relevant authorities in these matters. The outcome of the ongoing cases and the size of SalMar's potential economic liability, remains uncertain.

NOTE 4.10 Impact from war in Ukraine

During 2022, the world has faced a challenging macroeconomic environment where Russia's invasion of Ukraine has brought a great degree of uncertainty.

SalMar has no assets in Russia or Ukraine, and there has not been any sales to Russia or Ukraine in the past year. However, Ukraine is a large supplier of certain agriculture products, and the war creates increased uncertainty and inflationary pressure on raw material for certain ingredients in fish feed, and through 2022 SalMar has experienced increasing inflation on feed and other significant input factors which have increased the production cost of the fish.

The past few years have been challenging and characterised by great uncertainty not only for the aquaculture sector but for the global community. With the war in Ukraine uncertainty is likely to remain a constant for a long time. Through the collective efforts and hard work SalMar has proved its resilience and ability to navigate in uncertain times and adapt to changing market conditions.

NOTE 4.11 Resource tax

On 28 September 2022, the Norwegian Government presented a comprehensive tax increase for aquaculture through a proposal for a resource rent tax on the Norwegian aquaculture industry at 40 per cent. The consultation deadline was 4 January 2023. 28 March 2023, the Norwegian government held a press conference to present its revised proposal for a resource rent tax. The updated proposal specifies a tax rate of 35% compared to 40% in the original proposal. This proposal will be debated in the Norwegian parliament before a final verdict is expected before the summer of 2023. The proposal will apply from 01.01.2023. If the proposal is adopted as presented , then this will entail a significant reduction in the group's future free cash flow. When the final legislative proposal is available, the company will assess whether this will affect the company's values in the balance sheet.

NOTE 4.12 Climate risk

In 2022, SalMar conducted a climate risk analysis of all its operations across the value chain from roe to plate and accompanying suppliers to the value chain. The analysis is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework and analyses both threats and opportunities and associated physical and transitional implications to SalMar's financial position.

Some key findings include:

- SalMar's assets running on fossil fuels, e.g., work boats, company cars, etc. are sensitive to SalMar's climate ambitions and external pressure to quickly transition to zero-emission fuels.
- SalMar's open cages, being several hundred in the number, would be under threat if governing bodies in Norway or Iceland decided to shift their fish farming strategy to solely include closed cages, e.g., on the basis of environmental interests. This threat is relevant considering the ongoing discussions on this topic in Canada.
- Carbon taxation is a hot topic in global business today, but is yet to be considered for fish farming operations in Norway and Iceland. If a significant carbon tax was introduced to SalMar's operations, this could have material financial implications.

In conclusion, there are currently no indicators of potential climate risks having a material impact of the carrying amount of SalMar's assets, or have material impact on SalMar's activities and the expected future cash flow. However, this remains an important matter to continue to assess in the coming years.

NOTE 4.13 Events occurring after the reporting period

New information concerning the company's financial position on the reporting date is disclosed in the annual financial statements. Events occurring after the reporting period that do not affect the company's financial position on the reporting date, but which will affect it in the future, are disclosed where material.

Compulsory acquisition of all remaining shares in NTS

Following the completion of the mandatory offer for to acquire all shares in NTS, SalMar owns 92,93 per cent of the shares in the company. On 3 January 2023 SalMar publicly announced that they resolved to carry out a compulsory acquisition of all remaining shares in the company not owned by SalMar and with effect from 3 January 2023, SalMar became 100 per cent owner of all shares in NTS. The total consideration for the remaining shares was NOK 674,3 millions. For accounting purposes, the effect of the transaction is recognised directly to equity in the period. As a consequence of the transaction the non-controlling interest related to treasury shares owned by NTS amounting to NOK 319,2 millions will reduce the equity attributable to shareholders in SalMar accordingly.

After the compulsory acquistion, the remaining non-controlling shareholders have made a formal complaint about the redemption sum.

Divestment of NRS Sales office

On 28 February 2023 the sales office for NRS in Kristiansund was sold to Visscher Seafood.

Discontinued operations at SalmoSea AS

10 March 2023 the Board of Directors in SalmoSea AS, a subsidiary of Salmonor AS, announced that they will discontinue operations. SalmoSea is a harvesting facility in Flerengstrand near Rørvik in northern parts of Central Norway. Over time, SalmoSea has not been able to cover its obligations, and the board's opinion is that the company's harvesting business will not be competitive in the future.

NOTE 4.14 Alternative performance measures

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

The APMs 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 APM 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 provisions for production tax and onerous contracts, and 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.

NOK 1,000	2022	2021
Operating profit/loss	**4,738,158**	**3,450,968**
Production tax	85,232	71,601
Onerous contracts	-126,330	180,970
Fair value adjustment:		
Change in fair value of the biological assets	-446,150	-835,155
Change in fair value adjustment due to business combination - included in cost of goods sold	283,398	0
Change in unrealised Fish Pool contracts	-69,737	14,368
Change in unrealised value of forward currency contracts	0	44,245
Operational EBIT	**4,464,571**	**2,926,996**

EBITDA

EBITDA is another alternative performance measure used by the Group. EBITDA is operational EBIT plus depreciation, write-downs and amortization.

NOK 1,000	2022	2021
Operational EBIT	4,464,568	2,926,996
Depreciation and write-downs	1,037,695	806,680
EBITDA	**5,502,263**	**3,733,676**

EBIT/kg gw

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

2022	Fish Farming Central Norway	Fish Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1,000)	3,599,217	2,525,754	365,943	4,464,571
Volume harvested (tonnes)	114,139	63,392	16,139	193,670
EBIT/kg gw (NOK)	31.53	39.84	22.67	23.05

2021	Fish Farming Central Norway	Fish Farming Northern Norway	Icelandic Salmon	SalMar Group
Operational EBIT (NOK 1,000)	2,118,499	1,242,506	74,007	2,926,996
Volume harvested (tonnes)	110,671	59,847	11,537	182,056
EBIT/kg gw (NOK)	19.14	20.76	6.41	16.08

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 the 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.

NOK 1,000	2022	2021
Long-term debt to credit institutions	18,349,972	4,906,560
Short-term debt to credit institutions	3,442,121	571,274
Cash & cash equivalents	-2,712,707	-901,644
Net interest-bearing debt (NIBD)	**19,079,386**	**4,576,190**
Lease liabilities	1,425,297	967,166
NIBD incl. lease liabilities	**20,504,683**	**5,543,356**

Cash flow per share – diluted

NOK 1,000	2022	2021
Cash flow from operating activities	4,222,818	2,908,351
Average no. of shares outstanding (diluted) in the period (1,000 shares)	119,979	115,922
Diluted cash flow per share (NOK)	**35.20**	**25.09**

NIBD incl. lease liabilities / EBITDA

NIBD incl. lease liabilities / EBITDA is an APM used by the Group to measure leverage. The figure is arrived at by dividing NIBD incl. lease liabilities at the end of the period with EBITDA for the last 12 months.

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Annual Financial Statements

SalMar ASA

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Statement of Profit or Loss

NOK 1,000

Operating revenue and expenses	Note	2022	2021
Operating revenue	2, 7	1,487,791	84,321
Total operating revenue		**1,487,791**	**84,321**
Cost of goods sold	7	-1,409,110	0
Salary and personnel expenses	3,4	-94,044	-65,882
Depreciation and amortisation	9	-4,887	-2,904
Other operating expenses	5	-285,712	-88,313
Total operating expenses		**-1,793,753**	**-157,099**
Operating loss		**-305,962**	**-72,778**
Financial items			
Income from investments in group companies	6	3,031,955	2,361,115
Interest income	6, 7	358,143	99,031
Interest expenses	6, 7	-302,741	-114,032
Other financial items	6	85,053	23,991
Net financial items		**3,172,409**	**2,370,106**
Profit before tax		**2,866,448**	**2,297,328**
Income tax expense	17	-81,377	-504,830
Profit for the year		**2,785,071**	**1,792,497**
Allocated to:			
Dividend	16	2,628,653	2,353,953
Transferred from (-) /to(+) retained earnings		156,417	-561,456
Total allocated		**2,785,071**	**1,792,497**

Balance Sheet

NOK 1,000

Assets	Note	31.12.2022	31.12.2021
Non-current assets			
Intangible assets	8	14,040	7,160
Property, plant and equipment	9, 19	8,868	9,545
Investments in subsidiaries	10, 19	13,772,615	3,498,366
Investments in associates and joint ventures	11	1,447,287	468,287
Intercompany non-current receivables	7, 19	13,805,920	7,018,201
Other non-current receivables	12, 13, 19	266,182	31,842
Other non-current financial assets		152	154
Total non-current assets		29,315,064	11,033,555
Current assets			
Inventory		100,605	0
Trade receivables	14, 19	281,295	1,523
Intercompany current receivables	6, 7, 19	6,260,987	2,568,959
Other current receivables		24,926	25,730
Other financial instruments	13	9,792	24,887
Cash and cash equivalents	15	1,411,280	10,814
Total current assets		8,088,886	2,631,913
Total assets		37,403,949	13,665,468

Balance Sheet (continued)

NOK 1,000

Equity and liabilities	Note	31.12.2022	31.12.2021
Equity			
Share capital	16	36,285	29,450
Treasury shares		-4	-26
Share premium		12,182,189	3,101,968
Other paid-in equity		343,902	292,552
Total paid-in equity		**12,562,373**	**3,423,944**
Retained Earnings		2,336,919	2,073,679
Total retained earnings		**2,336,919**	**2,073,679**
Total equity		**14,899,292**	**5,497,624**
Non-current liabilities			
Pension liabilities	4	10,161	0
Deferred tax liabilities	17	56,561	3,771
Non-current interest bearing debt	18, 19	17,267,373	4,364,984
Total non-current liabilities		**17,334,094**	**4,368,755**
Current liabilities			
Current interest bearing debt	18, 19	423,354	356,240
Trade payables		414,137	7,651
Tax payable	17	0	493,505
Dividend	16	2,628,653	2,353,953
Public duties payable		55,945	143,121
Intercompany current liabilities	7	1,375,382	399,519
Other current liabilities		273,092	45,101
Total current liabilities		**5,170,563**	**3,799,090**
Total liabilities		**22,504,658**	**8,167,845**
Total Equity and Liabilities		**37,403,949**	**13,665,468**

Frøya, 17 April 2023

Gustav Witzøe
Chair of the Board

Margrethe Hauge
Vice-Chair of the Board

Morten Loktu
Board Member

Arnhild Holstad
Board Member

Leif Inge Nordhammer
Board Member

Simon Andre Søbstad
Employees representative

Frode Arntsen
CEO

Tone Ingebrigtsen
Employees representative

Statement of Changes in Equity

NOK 1,000

NOK 1,000	Share capital	Treasury shares	Share premium	Other paid-in equity	Retained Earnings	Total equity
Equity 31.12.2021	29,450	-26	3,101,968	292,552	2,073,679	5,497,624
Profit for the year	0	0	0	0	2,785,071	2,785,071
Gain/loss on cash flow hedges, net of tax	0	0	0	0	104,432	104,432
Dividend	0	0	0	0	-2,628,653	-2,628,653
Contribution of equity	2,372	0	3,212,587	0	0	3,214,959
Contribution of equity through merger with NRS	4,463	0	5,879,408	0	0	5,883,871
Transaction costs related to capital contribution, net of tax	0	0	-238	0	0	-238
Borrowed treasury shares		-8	-11,537	0	0	-11,544
Share-based payment, release	0	30	0	-30	0	0
Share-based payment, expensed	0	0	0	51,818	0	51,818
Share-based payment, tax effect	0	0	0	-438	0	-438
Remeasurement gain/ loss on defined benefit plans, net of tax	0	0	0	0	2,669	2,669
Other changes	0	0	0	0	-278	-278
Equity 31.12.2022	36,285	-4	12,182,189	343,902	2,336,919	14,899,292

A share-based remuneration scheme has been established for senior executives and other key personnel. See Note 3 for further details.

See Note 16 for information regarding share issue related to acquisition and merger and dividend in the year.

See Note 13 for further information regarding Cashflow hedges.

Statement of Cash Flows

NOK 1,000

NOK 1,000	Note	2022	2021
Cash flow from operating activities			
Profit before tax		2,866,448	2,297,328
Tax paid in the period	17	-493,505	0
Income from investments in group companies	6	-3,031,955	-2,361,115
Net other financial items and interests		-55,402	-8,990
Depreciation and amortisation	8,9	4,887	2,904
Share-based payment, expensed	3	8,700	8,136
Change in trade receivables	14	-61,552	-19,344
Change in trade payables		-200,138	22,778
Change in inventory		42,111	0
Change in other accruals		-37,604	67,800
Net cash flow from operating activities		**-958,010**	**9,496**
Cash flow from investing activities			
Purchase of property, plant & equipment	9	-1,881	-4,080
Purchase of intangible assets	8	-9,209	-7,160
Net payments related to loans to group companies	7	-1,856,642	-1,670,372
Receipts of group contributions and dividends from subsidiaries	7	2,371,315	2,171,322
Receipts from disposal of other investments	20	1,859,913	0
Cash consideration related to merger with NRS, net of cash	20	-3,128,248	0
Payments for other investments in subsidiaries	20	-5,667,573	0
Increase of share capital in group companies	10	-55,000	-824,216
Increase of share capital in associates	11	0	-305,500
Other financial income related to investment activities		309,509	87,627
Net cash flow from investing activities		**-6,177,815**	**-552,379**
Net cash flow from financing activities			
Repayments on long-term debts		-158,835	-2,557,647
Proceeds from long-term debts		11,334,168	3,453,743
Change in overdraft facility		-107,509	-689,894
Contributions of equity net of transaction cost		-305	2,681,831
Dividend paid		-2,353,953	-2,261,359
Interest paid		-177,275	-84,591
Net cash flow from financing activities		**8,536,292**	**542,083**
Net change in cash and cash equivalents		1,400,466	-800
Cash and cash equivalents 01.01		10,814	11,614
Cash and cash equivalents 31.12	**15**	**1,411,280**	**10,814**
Unused drawing rights	18	6,900,000	4,443,760

Notes to the Financial Statements for 2022, SalMar ASA

NOTE 1 General information and accounting policies

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and Generally Accepted Accounting Principles in Norway (NGAAP). The accounting policies described below are applied only to the parent company SalMar ASA. The financial statement for SalMar Group have been prepared in accordance to International Financial Reporting Standards (IFRS).

SalMar ASA was merged with NRS ASA with effect from 7 November 2022. For accounting purposes, the merger will be treated in accordance with the acquisition method with accounting effect from 1 November 2022. From this time, SalMar ASA has assumed all assets, rights and obligations in NRS ASA. The assets and liabilities in NRS ASA shall be accounted for at fair value i SalMar ASA at the time of the merger. For tax purpose the merger is carried out with full tax continuity in accordance with the Norwegian Tax Act.

Use of estimates

Preparation of the financial statements in accordance with NGAAP requires management to make estimates and assumptions which affect the value of assets and liabilities recognised in the Balance Sheet as well as income and expenses in the Statement of profit and loss for the financial year. Estimates and their underlying assumptions are based on past experience and other factors deemed relevant and probable at the time they are made. Estimates are reviewed continuously and final values and results may differ from these estimates. Changes in accounting estimates are accounted for in the period in which the changes occur.

Classification and valuation of balance sheet items

Assets intended for long-term ownership or use are classified as non-current assets. Assets related to the normal operating cycle are classified as current assets. Receivables are classified as current assets if they are expected to be repaid within 12 months of the transaction date. Similar criteria are applied to liabilities.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized in the balance sheet at nominal value. Non-current assets are valued at historical cost. Property, plant and equipment whose value will deteriorate is depreciated on a straight-line basis over the asset's estimated useful life. Non-current assets are written down to fair value where this is required by accounting rules.

Revenues

Services are recognised in revenue as they are delivered. Revenues from sales of goods is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for these goods. This is typically when the goods are picked up by the carrier or on delivery to a terminal or the customer. This depends on the delivery conditions and varies from customer to customer. The normal credit period is 30 days net. Revenues are recognised at the value of the consideration at the transaction date.

Receivables

Trade and other receivables are recognised at their nominal value, less a provision for expected bad debts. Provisions for bad debts are made on the basis of an individual assessment of the receivable concerned.

Property, plant and equipment

Property plant & equipment are capitalised at historic cost and depreciated over the asset's expected economic life. Direct maintenance costs are recognised in operating expenses as they arise, while upgrades or improvements are added to the asset's cost price and depreciated in line with the asset concerned. Impairments are recognised when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of net sales value and value in use. Value in use is the present value of the future cash flows the asset will generate.

Subsidiaries, associated company and joint ventures

Subsidiaries, associates and joint ventures are measured at cost in the statutory accounts. The investment is evaluated at acquisition cost less any impairment. An impairment loss is recognised if the impairment is not considered to be temporary and is required pursuant to generally accepted accounting principles. Impairments are reversed when the basis for the impairment no longer applies.

Dividends and Group contributions are recognized in the same year as they are proposed in the subsidiary's financial statements. If dividends/ Group contributions materially exceed retained earnings after acquisition, the excess amount is regarded as a reimbursement of invested capital and is deducted from the recorded cost in the balance sheet. Dividends and group contributions received are recognized as other financial income.

Pensions

The company's pension schemes are according to the requirements of the Mandatory Occupational Pensions Act. The company operates a defined contribution pensions scheme for its employees. The company pays contributions to a privately held insurance plan and has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Social security costs are charged based on the contribution paid.

After the business combination with Norway Royal Salmon, SalMar also has a defined benefit scheme which entitles the 30 members of the scheme to defined future benefits. These are mainly dependent on the number of years of entitlement, level of salary upon reaching retirement age and the size of the pension benefits paid by the National Insurance Scheme. The liability is funded through an insurance company.

Currency and derivatives

The company enters into forward currency contracts to reduce the foreign exchange risk associated with sales revenues from customer contracts for physical deliveries denominated in foreign currencies. Forward currency contracts hedge trade receivables and expected cash flows from fixed-price contracts in foreign currencies.

The company applies the principle of hedge accounting. Realised and unrealised gains and losses relating to currency hedging are recognised temporarily in equity and subsequently in profit and loss when the underlying sales revenues impact profit and loss. When a time difference occurs between the receipt of payment from sales contracts and settlement of the forward currency contract, the currency account replaces the forward currency contract as hedging instrument. Gains and losses accumulated in equity are recycled to profit and loss in the period in which the hedged future cash flows impact profit and loss. Inefficient hedging conditions arise when there is a discrepancy between hedged volume and delivered volume. Inefficiency is recognised as a financial income or a financial expense.

The company applies the criteria in NRS 18 Financial Assets and Liabilities when assessing whether a forward currency contract meets the requirements for hedge accounting. This means that there must be adequate documentation of the transaction to be hedged at the hedging date, and a high degree of efficiency in the hedging instrument, meaning it mirrors the expected cash flow from the underlying sales contract, and the efficiency must be measurable. The probability that the future cash flow will materialise must be high. The efficiency of the hedging instruments is monitored continuously.

Share-based payment - Restricted Share Unit Plan (RSU)

The company has a share-based incentive scheme, under which the company receives services from employees in return for Restricted Share Units (RSUs). The fair value of the services received by the company from the employees in return for the RSU granted is recognised as an expense, with a corresponding increase in paid-in equity. The total amount expensed over the vesting period is determined on the basis of fair value on the date the RSUs are granted and the number of RSUs that are expected to vest.

Fair value includes the effect of any vesting conditions, but does not take account of any vesting conditions which are not market conditions. However, vesting conditions which are not market conditions affect the number of RSUs expected to accrue.

The total cost is recognised over the vesting period. On the reporting date, the company revises its estimate of the number of RSUs that are expected to vest. The effect of the change from the original estimate is recognised by means of a corresponding adjustment in equity. The value of the RSUs relating to employees in subsidiaries is recognised as an investment in subsidiaries.

Tax

Income tax expense in the financial statements includes tax payable and the change in deferred tax for the period. Tax relating to equity transactions is recognised directly in equity. Deferred tax/tax assets are calculated at 22 per cent on all temporary differences between the book value and tax value of assets and liabilities, and loss carried forward at the end of the reporting period. Taxable and deductible temporary differences that reverse or may reverse in the same period are offset. Deferred tax assets are recognised when it is probable that the company will have adequate profit for tax purposes in subsequent periods to utilise the tax asset.

Statement of Cash Flows

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments which entail no appreciable exchange rate risk, and which mature within three months of the purchase date.

NOTE 2 Operating revenue

The parent company SalMar ASA is a holding company, which primarily provides administrative services to group companies. SalMar ASA's sales revenues therefore derive from only one business area. Revenue from intra-group services and other revenues are specified below.

NOK 1,000	2022	2021
Revenues - intercompany services	105,292	83,771
Revenues from sale of goods	1,381,946	0
Other revenues	552	551
Total	1,487,791	84,321

Geographic breakdown of sales revenues from sales of goods - NOK 1,000	2022	2021
Norway	181,376	0
Western Europe	894,781	0
Eastern Europe	89,192	0
Asia & Middle East	181,707	0
Other countries	34,891	0
Total	1,381,946	0

Breakdown of sales revenues from sales of goods by currency - NOK 1,000	2022	2021
CHF	2,167	0
EUR	857,229	0
GBP	87,104	0
JPY	4,249	0
NOK	259,676	0
SEK	4,670	0
USD	166,851	0
Total	1,381,946	0

NOTE 3 Salary and personnel expenses

Salary and personnel expenses (NOK 1,000):	2022	2021
Salaries and other short-term employee benefits	58,781	45,507
Social security expenses	9,999	6,749
Pension expenses	3,683	1,647
Share-based payment	8,700	8,136
Other benefits and personnel expenses	12,880	3,843
Total	94,044	65,882
Average number of full-time equivalents employed during the financial year	47	39

Benefits paid to senior executives and the board of directors

See Note 2.3 to the consolidated financial statements for details of the remuneration paid to senior executives and the board of directors and Note 2.4 to the consolidated financial statements for details related to outstanding RSUs for members of the senior executives.

Share-based payment - Restricted Share Unit Plan (RSU)

The share-based payment scheme (RSU) comprises annual allocations by the Board of Directors to the senior executives and other key personnel. The award for 2022 was made on 21 December 2022. In connection with this, 20 employees were granted 37,202 RSUs with respect to company shares. In the corresponding award in 2021, 20 employees was granted a total of 20,138 RSUs. The RSUs accrue over a period of three years, with 1/3 vesting annually. The fair value of the cost to SalMar ASA is calculated on the date the award is made and recognised over the vesting period. The cost in 2022 was NOK 8.7 million (2021: NOK 8.1 million). A provision for social security tax has been made with respect to this cost.

See Note 2.4 to the consolidated financial statements for further details of SalMar's share-based incentive scheme..

NOTE 4 Pension cost

SalMar ASA has a defined contribution plan is in accordance with the legal requirements in Norway.

Premiums paid with respect to the defined-contribution scheme are expensed as incurred. In 2022, NOK 2.8 million in pension contributions were recognised in expenses. The scheme includes 61 people.

NOK 1,000	01.11.2022-31.12.2022
Current service cost	715
Interest cost	59
Payroll tax	109
Administration cost	0
Net pension costs service - defined benefit scheme	883

Assumptions defined benefit scheme:	Pr 31.12.22
Discount rate	3.0 %
Future salary increases	3.5 %
Inflation rate	3.0 %
Future pension increase	1.5 %

Demographic factors:	
Disability table	IR02
Mortality table	K2013 BE

Number of employees in the scheme	
Active	22
Pensioners	8
Total	30

Paid into the scheme during the period	0
Forecast payment to the scheme next year	5,619

Calculation of amount recognised in the balance sheet:	
Present value of funded obligations	65,783
Fair value of plan assets	-55,622
Net pension liabilities in balance sheet	10,161

Change in present value pension liabilities:	
Pension liabilities as of 1 November	68,878
Current service cost	828
Interest expense	211
Payroll tax on this year's payment	0
Pension payments	-128
Actuarial gains/losses over equity	-4,006
Pension liabilities as of 31 December	65,783

Change in estimated fair value of plan assets:	
Estimated fair value of plan assets as of 1 November	57,144
Return on plan assets	155
Contributions paid	0
Pension payments	-128
Payroll tax on this period's payment	0
Actuarial gains/losses over equity	-1,549
Plan assets as of 31 December	55,622

Pension funds are made up as follows:	
Equities	10.2 %
Bonds	14.6 %
Money market	4.2 %
Hold to maturity bonds	38.1 %
Loans and receivables	20.9 %
Real estate	11.0 %
Other	1.0 %
Total	100%

NOTE 5 Auditors fees

Auditor	EY	
Breakdown of auditor's fee: (NOK 1,000):	2022	2021
Audit services	1,137	495
Other certification services	1,380	385
Tax advisory services	357	490
Other non-audit fees	321	130
Total	3,194	1,500

**The fees are ex. VAT*

	Others
Breakdown of auditor's fee: (NOK 1,000):	01.11.2022-31.12.2022
Audit services	507
Other certification services	5
Tax advisory services	0
Other non-audit fees	123
Total	635

NOTE 6 Financial items

Financial income and expenses (NOK 1,000)	2022	2021
Group contributions	571,755	2,361,115
Dividends from group companies	2,460,200	0
Income from investments in group companies	3,031,955	2,361,115
Interest income group companies	353,617	88,923
Other interest income	4,526	10,109
Total interest income	358,143	99,031
Interest expense group companies	-44,996	-1,305
Other interest expense	-257,745	-112,727
Total interest expense	-302,741	-114,032
Change in fair value - other financial instruments	87,218	24,887
Other financial items	-2,165	-896
Total other financial items	85,053	23,991
Net financial items	3,172,410	2,370,106

NOTE 7 Intercompany transactions

Group internal receivables and liabilities (NOK 1,000)	2022	2021
Intercompany non-current receivables	13,805,920	7,018,201
Trade receivables	306,927	207,844
Group financing receivables	2,932,306	0
Group contributions	571,755	2,361,115
Dividends from group companies	2,450,000	0
Intercompany current receivables	6,260,987	2,568,959
Trade payables	254,454	57,130
Group financing payables	1,120,929	342,389
Intercompany current liabilities	1,375,382	399,519

Group internal revenue and cost (NOK 1,000)	2022	2021
Revenue - intercompany services	105,292	83,771
Revenue - sale of fish	29,523	0
Cost of goods sold	-780,266	0
Group contributions	571,755	2,361,115
Dividends from group companies	2,460,200	0
Income from investments in group companies	3,031,955	2,361,115
Interest income group companies	353,617	88,923
Interest expense group companies	-44,996	-1,305
Net interest income group companies	308,621	87,618

NOTE 8 Intangible assets

2022 - NOK 1,000	Intangible assets	Total
Acquisition cost at 1 January 2022	7,160	7,160
Additions	9,209	7,160
Acquisition cost at 31 December 2022	16,369	16,369
Accumulated depreciation & write-downs at 1 January 2022	0	0
Depreciation in the year	2,329	2,329
Accumulated depreciation & write-downs at 31 December 2022	2,329	2,329
Carrying amount at 31 December 2022	**14,040**	**14,040**
Economic lifetime	3-5 years	
Depreciation method	Linear	

2021 - NOK 1,000	Intangible assets	Total
Acquisition cost at 1 January 2021	0	0
Additions	7,160	7,160
Acquisition cost at 31 December 2021	7,160	7,160
Accumulated depreciation & write-downs at 1 January 2021	0	0
Depreciation in the year	0	0
Accumulated depreciation & write-downs at 31 December 2021	0	0
Carrying amount at 31 December 2021	**7,160**	**7,160**
Economic lifetime	3-5 years	
Depreciation method	Linear	

Capitalised other intangible assets are implementation cost realated to cloud based arrangements.

NOTE 9 Property, plant and equipment

2022 - NOK 1,000	Land and buildings	Equipment and fixtures	Total
Acquisition cost at 1 January 2022	3,558	37,914	41,472
Additions	15	1,865	1,881
Acquisition cost at 31 December 2022	3,573	39,780	43,353
Accumulated depreciation & write-downs at 1 January 2022	171	31,756	31,927
Depreciation in the year	0	2,558	2,558
Accumulated depreciation & write-downs at 31 December 2022	171	34,314	34,485
Carrying amount at 31 December 2022	**3,402**	**5,467**	**8,868**
Economic lifetime	Indefinite	5-10 years	
Depreciation method	Linear	Linear	
Annual lease of uncapitalised operating assets	6,124	0	6,124

2021 - NOK 1,000	Land and buildings	Equipment and fixtures	Total
Acquisition cost at 1 January 2021	2,885	34,508	37,393
Additions	673	3,406	4,080
Acquisition cost at 31 December 2021	3,558	37,914	41,472
Accumulated depreciation & write-downs at 1 January 2021	171	28,852	29,023
Depreciation in the year	0	2,904	2,904
Accumulated depreciation & write-downs at 31 December 2021	171	31,756	31,927
Carrying amount at 31 December 2021	**3,387**	**6,159**	**9,545**
Economic lifetime	Indefinite	5-10 years	
Depreciation method	Linear	Linear	
Annual lease of uncapitalised operating assets	3,305	0	3,305

NOTE 10 Subsidiaries

Company (NOK 1,000)	Registered office	% of ownership interest	Carrying amount 2022	% of ownership interest	Carrying amount 2021
SalMar Settefisk AS	Kverva	100.0 %	224,057	100.0 %	223,256
SalMar Farming AS	Kverva	100.0 %	489,375	100.0 %	483,020
SalMar AS	Kverva	100.0 %	1,200,165	100.0 %	1,197,833
SalMar Tunet AS	Kverva	100.0 %	7,400	100.0 %	7,400
Hitramat Farming AS	Hitra	51.0 %	28,785	51.0 %	28,785
SalMar Aker Ocean AS	Kverva	85.0 %	952,517	85.0 %	898,023
Icelandic Salmon AS	Kverva	51.02%	660,049	51.02%	660,049
NTS ASA	Rørvik	92.93%	8,882,532		
Nor Seafood AS	Senja	82.49%	355,409		
NRS Farming AS	Alta	100.0 %	972,325		
Arctic Offshore Farming AS	Kverva	100.0 %	0		
Total			**13,772,615**		**3,498,366**

Investments in subsidiaries are recognised according to the cost method and yearly tested for impairment. The ownership share listed above are equal to the voting rights for each company.

On 17 March 2022, SalMar ASA made a voluntary tender offer to acquire all outstanding shares in NTS ASA. At the end of the acceptance period, 52.69 per cent of NTSs shareholders, corresponding to 66,235,009 shares and votes in NTS, had accepted the offer. The voluntary offer was completed 10 November 2022. In parallel with the voluntary offer, a merger plan between SalMar ASA and Norway Royal Salmon ASA with SalMar as the acquiring entity was entered into. The merger with NRS was completed on 7 November 2022, and Nor Seafood AS, NRS Farming AS and Arctic Offshore Farming AS became subsidiaries of SalMar ASA.

On 22 November 2022 SalMar announced that the settlement of the voluntary offer of NTS triggered an obligation to make a mandatory offer for all the remaining shares in NTS. With effect from 29 December 2022, the mandatory offer was completed. SalMar acquired additional 40,24 per cent of the shares in the company, and owns 92,93 per cent of the shares in NTS after completion of the offer.

See note 20 for further information regarding the acquisition and merger.

NOTE 11 Associates and joint ventures

Investments in associates and joint ventures are recognised in accordance with the cost method.

Company (NOK 1,000):	Registered office	% of ownership interest	Carrying amount 2022	Carrying amount 2021
Norskott Havbruk AS	Bergen	50.0 %	468,287	468,287
Wilsgård Fiskeoppdrett AS	Torsken	37.5 %	559,000	0
Hellesund Fiskeoppdrett AS	Høvåg	33.5 %	420,000	0
Total			1,447,287	468,287

With effect from 01.11.2022, Wilsgård Fiskeoppdrett AS and Hellesund Fiskeoppdrett AS were recognised as associates in SalMar ASA following the merger with NRS. For further description of the transaction, see Note 20 and Notes 3.5 and 4.5 in the group financial statement.

Company (NOK 1,000):	Recognised dividend	Equity in latest annual financial statements	Year's net profit in latest annual financial statements
Norskott Havbruk AS	0	2,306,080	82,984
Wilsgård Fiskeoppdrett AS	0	672,601	36,831
Hellesund Fiskeoppdrett AS	0	615,305	83,430

NOTE 12 Other non-current receivables

NOK 1,000	2022	2021
Market value of derivatives	231,964	0
Other non-current receivables	34,218	31,842
Total	266,182	31,842

Other non-current receivables includes a loan to Gyda EHF with a carrying amount of NOK 34.1 million at 31 December 2022. The loan is a seller's credit arise from sale of a tranche of shares in Icelandic Salmon AS in 2019 with the total amount of NOK 35.7 million. The loan, including interest are repaid in 2023.

The market value of derivatives was classified as current per 31.12.2021. For further description regarding derivatives see note 13.

NOTE 13 Derivatives

Forward currency contracts:

Forward currency contracts with changes in market value over profit and loss in 2022 (NOK 1,000):	Currency amount	Average volume-weighted hedging rate	Carrying amount 31.12.2022
Forward Sale EUR	18,467	10.2	-4,991
Forward Sale GBP	912	12.018	150
Forward Sale USD	15,657	10.79	14,633
Total			9,792

All forward currency contracts mature in 2023.

Financial contracts on Fish Pool

A realised net loss of NOK 13.4 million and an unrealised gain of NOK 13.3 million on Fish Pool contracts were recognised in 2022. The company has no positions on Fishpool per 31.12.2022.

Interest and currency derivatives

Interest derivatives with changes in value through equity (NOK 1,000):	Nominal value hedge instruments (NOK 1,000)	Book value hedge object (NOK 1,000)	Hedging efficiency	Carrying amount 31.12.2022
Market value excl. Interest, (Cash flow hedge reserve)	2,250,000	2,250,000	100%	133,887
Accrued net interest				1,780
Sum				135,667

Cross Currency Interest Rate Swaps with change in value through profit and loss (NOK 1,000):				
Market value excl. Interest	1,000,000			92,597
Accrued net interest				3,701
Sum				96,297
Total				231,964

Cross Currency Interest Rate Swaps with change in value through profit and loss (NOK 1,000):	Nominal value hedge instruments (NOK 1,000)	Carrying amount 31.12.2021
Cross Currency Interest Rate Swaps	1,000,000	22,917
Accrued value of net interest		1,970
Total		24,887

Specification of Cash flow hedge reserve in the equity 2022:	As of 1 January	As of 31 Dec	Changes over equity
Changes in Cash flow hedge reserve	0	133,887	133,887
Tax	0	-29,455	-29,455
Total	0	104,432	104,432

In 2021, a cross currency interest rate swap agreement was entered into in which NOK 1,000 million of the company's bond loan (note 3.11) with floating interest rates was swapped to EUR 98,335 million with fixed interest rates (the agreement is divided between three banks). The agreement matures in January 2027.

With effect from 4 February 2022, the company entered into fixed rate interest swap contracts with a total principal of NOK 2,250 million. 750 million has a duration of 7 years starting 22 April 2022, 750 million has a duration of 7 years starting 22 January 2025, and 750 million has a duration of 10 years starting 22 January 2024. The interest swap contracts are establish with the purpose to reduce the interest rate risk related to long-term loan.

NOTE 14 Trade and other receivables

NOK 1,000	2022	2021
Trade receivables	286,060	1,523
Provisions for bad debts	-4,765	0
Total trade receivables at 31 December	281,295	1,523

NOK 1,000	2022	2021
Provisions for bad debt 1 Jan	0	0
Provisions for bad debts 31 Dec	4,765	0
Change in provisions for bad debts during the period	4,765	0
Actual bad debts	-1,548	0
Provisions for bad debts acquired through merger with NRS ASA	6,591	0
Change in provisions for bad debts	-1,827	0
Bad debts charged to expenses during the period	3,217	0

Trade receivables had the following maturity profile:	Not due	<30 d	30-45d	45-90d	>90d	Total
12/31/22	112,860	147,912	17,493	829	6,965	286,060
12/31/21	1,252	271	0	0	0	1,523

Transferred receivables

SalMar ASA has entered into an agreement with a credit institution for the purchase of trade receivables that meet certain specified criteria. SalMar transfers trade receivables that meet these criteria as and when they arise and receives immediate settlement thereof. Normal maturity of trade receivables is 30-45 days. The material part of the credit risk is transferred when the trade receivables is transferred to the credit institution. The receivables are derecognised in the balance on the date the transfer takes place. As at 31 December 2022, a total of NOK 299.6 million in outstanding receivables has been transferred and derecognised. The change in trade receivables deriving from this derecognition is included under operating activities in the statement of cash flow.

NOTE 15 Cash and cash equivalents

Cash and cash equivalents (NOK 1,000)	2022	2021
Cash at bank	1,392,390	377
Restricted cash - withholding tax	17,663	9,222
Other restricted cash	1,227	1,215
Cash and cash equivalents	1,411,280	10,814

NOTE 16 Share capital and shareholders information

Share capital and number of shares 31.12.2022 (NOK 1,000):	Total number of shares	Nominal value	Total share capital
Cash at bank	145,138,920	0.25	36,285

As of 31 December 2022, SalMar ASA has 145 138 920 shares with a nominal value of NOK 0.25 per share. All shares issued by the Company are fully paid. There is one class of shares and all shares have the same rights.

See Note 4.2 to the consolidated financials statements for a list of the company's largest shareholders and the shareholdings of senior executives.

Share issue related to acquisition and merger

On 7 November 2022, SalMar ASA's share capital was increased by 17 851 550 shares (nominal value of NOK 0.25 per share), from 117 799 999 shares to 135 651 549 shares. On 10 November 2022, SalMar ASA's share capital was further increased by 13 691 960 shares (nominal value of NOK 0.25 per share), from 135 651 549 shares to 145 138 920 shares. The share capital was thus increased by a total of NOK 6.835 million, from NOK 29.450 million to NOK 36.285 million. The total amount of the capital contribution was NOK 9,098.8 million.

See Note 4.5 to the consolidated financials statements for information.

Dividend

Provision has been made for a dividend payment of NOK 20.00 per share, totalling NOK 2,628.7 million, as at 31 December 2022. No provision is made with respect to treasury shares.

NOTE 17 Tax

SalMar ASA was merged with NRS ASA with effect from 7 November 2022. For accounting purposes, the merger will be treated in accordance with group continuity method with accounting effect from 1 November 2022. For tax purpose the merger is carried out with full tax continuity in accordance with the Norwegian Tax Act. Loss before tax in NRS ASA for the period 1 January till 31 October are included as a permanent difference in the tax calcualtion.

NOK 1,000

Specification of this year's tax expense	2022	2021
Tax payable	0	493,505
Change in deferred tax	80,833	11,325
Adjustment of previous year taxes	544	0
Total income tax expense in the statement of profit and loss	81,377	504,830

Basis for tax payable	2022	2021
Profit before tax	2,866,448	2,297,328
Dividends recognised in profit and loss	-2,460,200	0
Profit before tax in NRS ASA for the period 1 January till 31 October	-226,337	0
Other permanent differences	-38,824	-2,647
Other permanent differences with tax effect against equity	12,962	-27,169
Change in temporary differences	-119,190	-24,306
Utilisation of previously unrecognised tax losses	-34,859	0
Taxable profit	0	2,243,206

Tax payable in the Balance sheet	2022	2021
Tax payable on this year's profit	0	493,505
Tax payable	0	493,505

Specification of temporary differences:	2022	2021
Non-current assets	-2,456	-1,415
Derivatives	241,756	24,887
Current assets	-5,909	0
Other differences	23,704	-6,333
Total basis for deferred tax	257,095	17,139
Deferred tax liabilities (+) / deferred tax assets (-)	56,561	3,771

Change in carrying amount of net deferred tax:	2022	2021
Deferred tax liability (+)/ deferred tax assets (-) at 1 January	3,771	-1,372
Change in deferred tax liability	80,833	11,325
Deferred tax assets associated with merger	-51,992	0
Deferred tax liability associated with equity transactions	30,328	-6,182
Adjustement for deferred tax assets related to prior year	-6,379	0
Deferred tax liabilities (+) / deferred tax assets (-) at 31 December	56,561	3,771

Reconciliation between nominal and effective tax rates	2022	2021
Profit before tax	2,866,448	2,297,328
Tax calculated with nominal tax rate	630,618	505,412
Dividends	-541,244	0
Other permanent differences	-8,541	-582
Adjustment of previous year taxes	544	
Total income tax expense in the statement of profit and loss	81,377	504,830
Effective tax rate	2.8 %	22.0 %

NOTE 18 Non-current interest bearing debt

Non-current interest bearing debt

NOK 1,000	2022	2021
Green bond	3,500,000	3,500,000
Non-current loan	12,734,567	705,882
Non-current revolver credit facility	1,100,000	200,000
Amortized cost	-67,194	-40,898
Total non-current interest bearing debt	17,267,373	4,364,984

Maturity profile - non-current interest bearing debt

NOK 1,000	2023	2024	2025	2026	2027	Total
Green bond	0	0	0	0	3,500,000	3,500,000
Non-current loan	258,824	11,084,567	1,391,176	0	0	12,734,567
Non-current revolver credit facility	0	0	1,100,000	0	0	1,100,000
Amortized cost	-32,812	-17,620	-8,046	-8,046	-670	-67,194
Total	226,011	11,066,946	2,483,131	-8,046	3,499,330	17,267,373

With effect from 24 February 2021, SalMar ASA has entered into a new sustainability linked credit facility in the amount of NOK 4,000 million, and, at the same time, increased its overdraft cap from NOK 500 million to NOK 1,000 million. The new sustainability linked credit facility is a five-year agreement, with four sustainability KPIs included in the assessment of margin.

With effect from 22 April 2021, SalMar ASA has issued an unsecured green bond totalling NOK 3,500 million. No installments on the loan are payable during the period of the agreement, which matures on 22 January 2027. The bond carries an interest rate at 3-months NIBOR + 1.35 % per annum, due quarterly.

The loan is capitalised at amortised cost using the effective interest rate method. The loan's net book value as at 31 December 2022 is NOK 3,499 million. The bond loan is listed on the Oslo Stock Exchange under the ticker SALM01 ESG.

SalMar has an annually renewable multicurrency cash pooling arrangement limited to NOK 1,000 million. As of 31 December 2022, the Group had no drawdown on this arrangement. Deposits and drawdowns in various currencies relating to the group account scheme are recognised net in the Group's financial statements.

With effect from 29 October 2022, SalMar ASA entered into term loan and guarantee facilities of NOK 11,500 million to finance the transactions with NTS, NRS and SalmoNor. At the same time the sustainability linked credit facility in SalMar ASA was increased with NOK 3,000 million. These facilities both have a duration of 18 months with an option of extension with 6 months.

At 31 December 2022 SalMar (through the merged company NRS) has credit facilities to banks in Norway of a total NOK 2,800 million. NOK 1,000 million is a revolving credit facility (RCF) that is instalment-free, expires 17 March 2025. The carrying amount of the RCF at 31 December is NOK 650 million. NOK 1,200 million is a sustainability term loan that has an 8.5 year instalment profile with a duration until 31.12.2025. The carrying amount of the sustainability term loan at 31 December is NOK 1,024 million of which NOK 142 million is classified as current interest-bearing liabilities. In addition a multi-currency overdraft facility of NOK 600 million. The carrying amount at 31 December was NOK 436 million. The credit facilities covers NRS Farming and Arctic Offshore Farming, both 100 per cent owned companies of SalMar, and Nor Seafood, a 82,49 per cent owned company of SalMar.

Financial covenants

The most important financial covenants for the long-term financing of SalMar ASA are, respectively, a solvency requirement, which stipulates that the Group's recognised equity ratio shall exceed 35 %, and a profitability requirements which stipulates that the interest coverage rate (EBITDA/net financial expenses) shall not exceed 4.0.

The green bond has a financial convenant requiring an equity ratio of 30 % in the agreement period.

NOTE 19 Security pledges and contingent liabilities

Carrying amount of interest bearing debt secured by mortgages and pledges

NOK 1,000	2022	2021
Non-current interest bearing debt	13,834,567	905,882
Current interest bearing debt	423,354	356,240
Total	14,257,920	1,262,122

Carrying amount of assets pledged as security for recognized debt

NOK 1,000	2022	2021
Property, plant and equipment	8,868	9,545
Investments in subsidiaries	13,772,615	3,498,366
Trade receivables	281,295	1,523
Current and non-current receivables	20,066,907	9,619,002
Total	34,129,685	13,128,437

Through the group cash pooling arrangement, SalMar ASA has joint liabilities limited to NOK 1 000 million.

SalMar ASA has issued a guarantee in the amount of NOK 95 million with respect to a long-term loan to SalMar AS. The loan has been granted by Innovasjon Norge.

SalMar ASA has issued a guarantee to NTE in the amount of NOK 5 million on behalf of SalMar Settefisk AS. The guarantee was issued on 1 January 2004, and is reduced stepwise by NOK 250 000 per year. As of 31 December 2022, the outstanding amount guaranteed totalled NOK 250 000.

SalMar ASA has issued a guarantee to Frøya Industrieiendom AS with respect to any and all amounts which SalMar AS has an obligation to pay Frøya Industrieiendom AS under the terms of a lease, with supplementary agreement, between SalMar AS and Frøya Industrieiendom AS. The guarantee is valid during the leasing period, as specified in the lease, plus three months.

SalMar ASA has issued a guarantee to HENT AS in the amount of NOK 544.1 million. The guarantee has been issued as security for SalMar AS's liabilities to the creditor in respect to an engineering, procurement and construction contract for a new harvesting and processing plant - InnovaNor.

NOTE 20 Acquisition and merger of NTS ASA and Norway Royal Salmon ASA (NRS)

On 17 March 2022, SalMar ASA made a voluntary tender offer to acquire all outstanding shares in NTS ASA. The acceptance period for the offer was from 18 March to 29 April 2022. The voluntary offer was conditional on amongst other things approval by the competition authorities in both Norway and the EU. At the end of the acceptance period, 52.69 per cent of NTSs shareholders, corresponding to 66,235,009 shares and votes in NTS, had accepted the offer.

In parallel with the voluntary offer, a merger plan between SalMar ASA and Norway Royal Salmon ASA with SalMar as the acquiring entity was entered into. The merger plan was approved by both companies' general meetings on 30 June 2022. Completion of the merger was conditional, among other things, on all conditions for the completion of the voluntary offer being fulfilled or waived.

The transactions were approved by the Norwegian Competition Authority on 15 July 2022. The European Commission granted its final approval on 31 October 2022.

The merger with NRS was completed on 7 November 2022. The shareholders of NRS received a merger consideration consisting of a cash consideration of NOK 3 104 million, and a total share consideration of NOK 5 884 million. The share consideration consisting of 17,851,550 shares valued at a share price of NOK 329,60 which represents the share price at the time of completion of the merger.

The voluntary offer was completed 10 November 2022. The total cash consideration payable in the transaction was NOK 1 807 million, and total share consideration amounts to NOK 3 215 million. The share consideration consisted of total of 9,487,371 new SalMar shares valuated at a share price of NOK 338,87 which represent volume-weighted average price the last 3 trading days before 31 October 2022.

Purchase consideration	Acquisition NTS ASA	Merger NRS ASA	Total
Shares issued	3,214,959	5,883,871	9,098,830
Cash consideration	1,807,393	3,103,565	4,910,958
Total consideration	**5,022,352**	**8,987,436**	**14,009,788**

In connection with the clearance by the European Commission, SalMar undertook a commitment to divest the shares in Arctic Fish Holding AS, assumed by SalMar at the time of completion of the merger. The sales transaction of the shares was completed on 29 December 2022, with at total contribution net of transaction cost amounted to NOK 1 859,9 million. On 22 November 2022 SalMar announced that the settlement of the voluntary offer of NTS triggered an obligation to make a mandatory offer for all the remaining shares in NTS. With effect from 29 December 2022, the mandatory offer was completed. SalMar acquired additional 40,24 per cent of the shares in the company, and owns after completion of the offer 92,93 per cent of the shares in NTS. The total consideration for the remaining shares was NOK 3 818,6 million.

Investment of shares in NTS are recognised according to the cost method with a total amount of MNOK 8 840,9 million. In addition, transaction costs related to the acquisition are added to the consideration with NOK 41,6 million.

For accounting purposes, the merger will be treated in accordance with the acquisition method with accounting effect from 1 November 2022. From this time, SalMar ASA has assumed all assets, rights and obligations in NRS ASA. The assets and liablities in NRS ASA shall be accounted for at fair value i SalMar ASA at the time of the merger. The total consideration of shares issued and cash was NOK 5 022,4 million. In addition, transaction costs related to the merger are added to the consideration with respectively NOK 40,7 million.

Effect on the balance sheet (NOK 1,000):	Total
Assets	
Other non-current assets	4,125,326
Investment in subsidiaries	1,327,737
Investment in associates	979,000
Other financial investments	1,859,885
Current assets	3,506,715
Total identifiable assets at fair value	**11,798,663**
Liabilities	
Interest-bearing liabilities	1,889,340
Other non-current liabilities	11,734
Other current liabilities	869,455
Total identifiable liabilities at fair value	2,770,528
Total consideration including transaction costs	**9,028,135**

The share consideration of 17,851,550 shares related to the merger represents a total of 12.3 per cent of the total number of shares in SalMar ASA.

See Note 4.5 to the consolidated financial statements for further details of the transactions.

NOTE 21 Financial risk

See Note 4.1 to the consolidated financial statements for further details concerning the management of the company and the Group's financial market risk..

NOTE 22 Events occuring after the reporting period

Compulsory acquisition of all remaining shares in NTS

Following the completion of the mandatory offer for to acquire all shares in NTS, SalMar owns 92,93 per cent of the shares in the company. On 3 January 2023 SalMar publicly announced that they resolved to carry out a compulsory acquisition of all remaining shares in the company not owned by SalMar and with effect from 3 January 2023, SalMar became 100 per cent owner of all shares in NTS. The total consideration for the remaining shares was NOK 674,3 millions.

Divestment of NRS Sales office

NRS ASA merged with SalMar ASA with effect from 7th of November 2022, see further information in note 17. With effect from 28th of February 2023 the sales office for former NRS ASA in Kristiansand was sold to Visscher Seafood. With effect from March 2023 sales activities in SalMar will take place through the legal entity SalMar AS and all sales activities in SalMar ASA will cease from the same time. The transaction will not have significant effect on the statement of profit or loss or the balance sheet.

Statement by the Board of Directors and CEO

We confirm, to the best of our knowledge, that:

The Group financial statements for the period from 1 January to 31 December 2022 have been prepared in accordance with IFRS, as adopted by the EU.

The financial statements of SalMar ASA for the period from 1 January to 31 December 2022 have been prepared in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

The financial statements give a true and fair view of the Group and the Company's consolidated assets, liabilities, financial position and results of operations.

The Report of Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company, together with a description of the key risks and uncertainty factors that the Group and the Company is facing.

Frøya, 17 April 2023
The Board of Directors of SalMar ASA

Gustav Witzøe
Chair of the Board

Margrethe Hauge
Vice-Chair of the Board

Morten Loktu
Board Member

Arnhild Holstad
Board Member

Leif Inge Nordhammer
Board Member

Simon Andre Søbstad
Employees representative

Frode Arntsen
CEO

Tone Ingebrigtsen
Employees representative

Independent Auditor's Report

To the Annual Shareholders' Meeting of SalMar ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SalMar ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2022 and the statement of profit or loss, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as at 31 December 2022, the statement of profit or loss, statement of other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements section of our report*. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 10 years from the election by the general meeting of the shareholders on 5 June 2013 for the accounting year 2013.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of biological assets

Basis for the key audit matter

The Group measures biological assets at fair value less costs to sell in accordance with IAS 41 and IFRS 13. At 31 December 2022 the biological assets amounted to NOK 11 754.7 million. The difference between the fair value of the biological assets and the related cost is recognized as a fair value adjustment. In 2022, the recognized fair value adjustment amounted to NOK 446.2 million. The fair value adjustment included in the carrying amount was NOK 3 908.1 million. For fish in sea the fair value less costs to sell was calculated using a model based on a net present value methodology. This is calculated based on assumptions of biomass volumes, quality, market prices at the harvest dates, remaining expenses to produce, harvest and sell the biomass and time in sea until harvest mature. The market prices are based on observable forward prices for the period when harvesting is expected. The fair value of biological assets was a key audit matter due to the significant amount, the level of judgements involved in the valuation and the assumptions used in the calculation.

Our audit response

We evaluated the valuation and the model against the requirements in IAS 41, IFRS 13 and industry practice. We observed the routines and tested controls related to the calculation of the fair value adjustment of the biomass. We compared the prices applied against observable market prices at the expected harvesting dates. In addition, we evaluated the estimated remaining expenses to produce the harvest mature fish, including assumptions on size distribution of the biomass, time in sea until harvest mature, mortality and quality of the live fish in sea. Furthermore, we evaluated the historical accuracy in prior periods' estimates and the sensitivity analysis of changes in expected prices, biomass and discount rate. We recalculated the model used to calculate fair value for the relevant weight classes. We refer to note 1.7, note 2.8 and note 3.6 to the consolidated financial statements.

Acquisition of NTS ASA and merger with Norway Royal Salmon ASA

Basis for the key audit matter

In 2022 SalMar ASA merged with Norway Royal Salmon ASA and acquired 52.69 % of the shares of NTS ASA. Management made, in accordance with IFRS 3, a purchase price allocation in which the consideration was allocated to the identified assets and liabilities of the acquired group based on the evaluated fair values. The evaluation and identification of assets and liabilities and the assumptions used in the allocation of the purchase price require significant judgement by management. The audit of the purchase price allocation was a key audit matter due to the size of the transaction and the significant judgements and assumptions involved in the recognition and measurement of the allocated values in the consolidated financial statement.

Our audit response

We, supported by specialists, evaluated the management purchase price allocation. We had meetings with management to understand their process, valuation methods and their assumptions used in the purchase price allocation, including understanding their identification of and valuation of acquired assets and liabilities. Our audit procedures included evaluation of the appropriateness of the acquisition accounting applied, assessment of when control was deemed to have passed, recalculation of the model used to calculate fair value of biological assets, evaluation of the fair value of licenses to observable market prices and appropriateness of the fair values ascribed to other assets and liabilities of the acquired business. We refer to note 4.5 in the consolidated financial statements.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and chief executive officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of SalMar ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name salmarasa-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Building a better working world

Trondheim, 17 April 2023
Ernst & Young AS

Christian Ronæss
State Authorised Public Accountant (Norway)

To the Board of Directors of SalMar ASA

Independent Accountant's Assurance Report

Scope

We have been engaged by SalMar ASA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on SalMar ASA 's sustainability reporting as defined in the SalMar ASA's GRI Index (see the document GRI content index 2022 on p. 63) (the "Subject Matter") as of 31 December 2022 and for the period from 1 January to 31 December 2022.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual report 2022, and accordingly, we do not express a conclusion on this information.

Criteria applied by SalMar ASA

In preparing the Subject Matter, SalMar ASA applied the relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards as well as own defined criteria (the "Criteria"). The Criteria can be accessed at globalreporting.org and are available to the public. SalMar ASA has also applied relevant criteria from the reporting standards of the Global Salmon Initiative (GSI). Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the Subject Matter information may not be suitable for another purpose.

SalMar ASA's responsibilities

Management (The Board of Directors and Chief Executive Officer) are responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000').* This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with key personnel to understand the business and the reporting process
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Checked on a sample basis the calculation Criteria against the methodologies outlined in the Criteria
- Performed analytical review procedures of the data
- Identified and tested the assumptions supporting the calculations
- Tested, on a sample basis, the underlying source information
- Checked the presentation requirements outlined in the Criteria

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.

We have performed these procedures on the following indicators that also form the scope of our conclusion:

GRI/GSI	Custom
GRI 303-5	Certification of marine ingredients in fish feed
GRI 305-1	Certification of soya ingredients in fish feed
GRI 305-2	Forage fish dependency ratio (FFDR) for fish meal
GRI 305-3	Forage fish dependency ratio (FFDR) for fish oil
GRI 305-4	Economic feed conversion ratio
GRI 403-9	Share of secondary processing
GRI 403-10	MOM-B score
GSI Fish Mortality	Fresh water intensity (liter per kg produced)
GSI Antibiotic UseGRI	
GSI Wildlife interactions	
GSI Fish Escapes	
GSI Certifications	

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2022 and for the period from 1 January 2022 to 31 December 2022 in order for it to be in accordance with the Criteria.

Trondheim, 17th of April 2023
Ernst & Young AS

Christian Ronæss
State Authorised Public Accountant

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