

First quarter 2023

Quarterly report





Highlights in the first quarter

- Limited growth in supply of Atlantic salmon combined with strong demand for healthy and nutritious food, gave record high salmon prices, which resulted in a strong start of the year for SalMar.
- Operational EBIT for the group was NOK 1,884 million in Q1 2023. Total harvest was 48,500 tonnes. Operational EBIT per kg was NOK 38.8
- Operational EBIT for Norway¹ was NOK 1,725 million. Harvest volume was 42,000 tonnes and operational EBIT per kg was NOK 41.1 per kg.
- Fish Farming Central Norway reported strong quarter with lower costs and favourable harvest profile. Fish Farming Northern Norway delivers good results, although partly offset by a large share of harvest volumes with higher cost base from NRS.
- Sales and Industry showed strong underlying operational performance from its harvesting and processing facilities, demonstrating ability to optimise utilisation of raw materials. Contract share was 25 per cent, with negative contribution.
- Icelandic operations achieved record-high harvest volume and good results
- Low quarterly volumes from Scottish Sea Farms with improved results compared to previous quarter
- SalMar Aker Ocean's Ocean Farm 1 was transported back to its location at Frohavet and started its third production cycle early May 2023.
- NTS, NRS and SalmNor were successfully merged into SalMar's operational structure, following the successful transactions in Q4 2022. By Q1 2023, NOK 425 million in recurring annual synergies had already been captured, representing 63 per cent of the previously announced goal of NOK 671 million.
- Compulsory acquisition of all remaining shares in NTS completed in January 2023 and strategic review of ownership in Frøy ASA is ongoing.
- SalMar keeps all harvest volume guiding for 2023 unchanged.

<i>NOK million</i>	Q1 2023	Q1 2022	2022
Operating revenues	6,792	4,682	20,158
Operational EBIT	1,885	1,262	4,465
Production tax	-32	-20	-85
Fair value adjustments & onerous contracts	635	98	359
Income from investments in associates and joint ventures	27	100	66
Profit before tax from continuing operations	2,235	1,388	4,562
EPS – diluted	13.2	9.2	27.6
NIBD incl. leasing liabilities	21,054	4,829	20,505
Equity ratio %	41 %	57 %	39 %
Harvest volume (1,000 tons gw)	48.5	45.0	193.7
EBIT/kg (NOK)	38.8	28.0	23.1

¹ Results from Norway are group results excluding segments SalMarAker Ocean and Icelandic Salmon.



Financial performance

Income statement for the first quarter 2023

In the first quarter 2023, the SalMar Group reported fully consolidated results from NTS, NRS and SalmoNor for the second consecutive quarter. The acquired businesses were fully consolidated from November 2022. Frøy is classified as assets held for sale in the balance sheet and as discontinued operations in the P&L.

Fish Farming Northern Norway posted solid results, driven by high salmon prices, but the segment's margin was impacted by high share of harvest volume from NRS in the period. Fish Farming Central Norway posted strong results due to lower cost level and good price achievement

Sales and Industry delivered solid operational performance where operational structure of harvesting and processing facilities showcases its strength.

Icelandic Salmon delivered a quarter with record high harvest volumes.

SalMar Aker Ocean is developing according to plan, and its third farming cycle at its Ocean Farm 1 commenced early May 2023.

In the first quarter 2023, the SalMar Group harvested 48,500 tonnes of salmon, representing a 7.8 per cent increase from 45,000 tonnes in the first quarter 2022.

The Norskott Havbruk joint venture (Scottish Sea Farms) reported a significant improvement in its operations from the previous quarter. The company harvested 5,200 tonnes of salmon in the quarter. By comparison, the company harvested 7,800 tonnes in the corresponding period last year. SalMar owns 50 per cent of Norskott Havbruk.

In the first quarter 2023, the price of salmon (NASDAQ Salmon Index) averaged NOK 104.83 per kg up from NOK 79.52 per kg in the first quarter in 2022.

Operating revenues amounted to NOK 6,792 million in the first quarter 2023, compared with NOK 4,682 million in the first quarter 2022.

SalMar's most important key figure for measuring its performance is operational EBIT, an alternative performance measure, see note 12 for further details. This shows the result of the Group's underlying operations during the period. Specific items not associated with underlying operations are presented on separate lines.

The SalMar Group achieved an operational EBIT of NOK 1,884 million in the quarter, up from NOK 1,262 million in the corresponding quarter the year before. The increase is due to higher salmon prices and higher harvest volume.

The SalMar Group achieved an operational EBIT per kg of NOK 38.8 in the first quarter 2023, up from NOK 28.0 per kg in the first quarter 2022.

A production tax has been payable by the Norwegian operation since 1 January 2021. The production tax in Norway and the resource tax in Iceland amounted to NOK 32 million in the first quarter 2023.

The change in provisions for onerous contracts was negative with NOK 9 million in the quarter, fair value adjustments was positive with NOK 947 million and fair

value adjustment included in cost of goods sold due to business combination was negative NOK 303 million. See Note 4 for further details.

SalMar posted an operating profit of NOK 2,487 million in the first quarter 2023, an increase from NOK 35 million from the previous quarter, and up from NOK 1,340 million in the same period in 2022. Operating profit in the corresponding quarter last year, included fair value adjustments and onerous contracts totalling NOK 98 million.

Income from investments in associates and joint ventures amounted to NOK 27 million in the period, compared with negative NOK 101 million in the fourth quarter 2022 and NOK 100 million in the first quarter 2022. See note 8 for further details.

Net interest expenses totalled NOK 270 million in the quarter. This is NOK 99 million up from the previous quarter (NOK 171 million) and NOK 217 million more than in the first quarter 2022 (NOK 53 million). The increase is attributable to increased interest bearing debt and higher interest rates.

Other financial items were negative NOK 9 million in first quarter 2023, compared with NOK 16 million in the previous quarter and NOK 1 million in the first quarter 2022.

Profit before tax in the first quarter totalled NOK 2,235 million, compared with negative NOK 222 million in the fourth quarter 2022, and positive NOK 1,388 million in the corresponding quarter last year.

A tax expense of NOK 490 million has been recognised for the quarter. This gives a net profit for the period from continuing operations of NOK 1,744 million. The profit after tax from discontinued operations was NOK 108 million, resulting in a profit for the period of NOK 1,853 million. The tax expense recognised in the first quarter 2022 was NOK 285 million, while profit for the period totalled NOK 1,102 million.

Currency exchange effects through the quarter resulted in translation differences of NOK 278 million with respect to associates and subsidiaries accounted for in foreign currencies. Change in fair value of financial instruments after tax was negative NOK 228 million. This resulted in a total other comprehensive income of NOK 50 million in the quarter. These are items that may subsequently be reclassified to profit and loss and increase the period's total comprehensive income to NOK 1,902 million.



Cash flow

Cash flow from operating activities for the SalMar Group was NOK 1,486 million in the first quarter 2023, compared with NOK 1,381 million in the same period in 2022. In the first quarter NOK 234 million are related to discontinuing operations.

Net cash flow from investing activities in the first quarter totalled negative NOK 581 million, compared with negative NOK 565 million in the first quarter last year. Investments in the value chain in the quarter related to purchase and sale of non-current assets of NOK -615 million, cash flow from other investing activities at NOK 35 million and investing activities related to discontinuing operations at NOK -1 million.

The Group had a net cash flow from financing activities of NOK -2,321 million in the first quarter 2023, compared with NOK -679 million in the same period last year.

During the quarter the Group's interest-bearing liabilities decreased with NOK 1,399 million, instalments on lease liabilities and net interest paid totalled NOK -106 million, net interest paid amounted to NOK -218 million, squeeze out of non controlling interest in NTS totalled NOK -671 million and financing activities related to discontinuing operations was NOK 74 million.

SalMar had a net change in cash and cash equivalents of NOK -1,416 million in the first quarter 2023, compared with NOK 137 million in the same period in 2022. Adjusted for NOK 10 million in currency effects cash holding at the close of the quarter stood at NOK 1,625 million. Excluding cash and cash equivalents from discontinuing operations at period end, cash available at the end of first quarter 2023 was NOK 1,000 million.

Financial position

At the end of the first quarter 2023, SalMar Group's assets totalled NOK 62,481 million, down from NOK 62,501 million at the end of 2022. Total assets at the end of first quarter 2023 excluding Frøy equals NOK 50,668 million.

SalMar Group's indirect holding in Frøy are classified as assets held for sale, with a total book value of NOK 11,813 million.

Non-current assets amounted to NOK 34,243 million at the end of first quarter 2023, up from NOK 33,555 million at the end of December 2022.

Non-current intangible assets totalled NOK 18,419 million at the end of the quarter, up from NOK 18,219 million at the end of 2022.

The book value of the Group's non-current tangible assets was 11,538 million at the close of the quarter, up from NOK 11,131 million year-end 2022.

The Group's right-of-use assets totalled NOK 1,573 million, up from NOK 1,387 million at the end of 2022. The increase is driven by a new battery hybrid wellboat being put into operation at the start of 2023.

Non-current financial assets decreased from NOK 2,746 million at the end of 2022 to NOK 2,713 million at the end of the first quarter 2023.

At the end of the first quarter 2023, SalMar had current assets totalling NOK 16,425 million, down from NOK 17,474 million at the end of 2022.

The book value of inventory stood at NOK 13,176 million at the end of first quarter 2023, up from NOK 12,685 million at the end of 2022. Trade receivables totalled NOK 1,676 million, up from NOK 1,414 million at the end of 2022. Other current receivables were NOK 573 million, down from NOK 663 million at the end of 2022.

As of 31 March 2023, the SalMar Group had cash and cash equivalents of NOK 1,000 million, down from NOK 2,713 million at the end of December 2022.

As of 31 March 2023, the Group's total equity amounted to NOK 25,401 million, corresponding to an equity ratio of 41 per cent, compared to NOK 24,155 million at the end of 2022 and an equity ratio of 39 per cent. For further details, reference is made to the attached separate presentation of movements in equity.

As of 31 March 2023, the SalMar Group had total interest-bearing liabilities of NOK 20,444 million. Of this amount, non-current interest-bearing debts amounted to NOK 17,526 million, while current interest-bearing liabilities was NOK 2,918 million. By comparison, total interest-bearing liabilities at the end of 2022 was NOK 21,792 million. See notes to the financial statements for further details.

The Group's lease liabilities totalled NOK 1,609 million at the close of the first quarter 2023, compared to NOK 1,425 million at the end of 2022.

At the end of the first quarter 2023, pension liabilities, deferred tax liability, trade payables and other current liabilities totalled NOK 9,178 million, compared to NOK 9,516 million at the end of the previous quarter.

As of 31 March 2023, the SalMar Group had net interest-bearing debts, including lease liabilities of NOK 21,054 million, compared to NOK 20,505 million at the end of 2022.



Operational performance

SalMar reports its operations in five segments: Fish Farming Central Norway, Fish Farming Northern Norway, Icelandic Salmon, Sales and Industry and SalMar Aker Ocean. From November 2022 the results from NTS, NRS and SalmoNor have been included in respective segments further described below.

Fish Farming Central Norway

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

NOK million	Q1 2023	Q1 2022	2022
Operating revenues	2,326	1,914	8,872
Operational EBIT	1,109	925	3,599
Harvest volume (1,000 tgw)	22.2	24.9	114.1
EBIT/kg (NOK)	50.0	37.2	31.53

Fish Farming Central Norway harvested 22,200 tonnes of salmon in the first quarter 2023, compared with 24,900 tonnes in the first quarter 2022.

The segment generated operating income of NOK 2,326 million in the quarter, compared with NOK 1,914 million in the corresponding quarter last year.

The segment delivered strong results in the period, driven by high salmon prices, lower cost level, and a favourable harvest profile.

The results from SalmoNor are included in this segment and SalmoNor accounted for approx. 15 per cent of the harvested volume in the quarter.

EBIT per kg gutted weight was NOK 50.0 in the first quarter 2023, up from NOK 37.2 per kg in the same period last year.

The majority of the volume harvested in the quarter came from fish that were transferred to sea farms in the autumn of 2021. In addition, the segment started harvesting from the spring 2022 generation during the quarter and will continue to do so in the second quarter of 2023.

In the second quarter 2023, the segment expects higher cost level and higher volume than in the first quarter 2023.

The volume guidance for 2023 is kept unchanged at 148,000 tonnes.

Fish Farming Northern Norway

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

NOK million	Q1 2023	Q1 2022	2022
Operating revenues	1,883	1,262	4,883
Operational EBIT	837	716	2,526
Harvest volume (1,000 tgw)	19.8	16.8	63.4
EBIT/kg (NOK)	42.3	42.7	39.84

Fish Farming Northern Norway harvested 19,800 tonnes in the first quarter 2023, compared with 16,800 tonnes in the same period the year before.

The segment generated operating income of NOK 1,883 million in the quarter, compared with NOK 1,262 million in the first quarter 2022.

Most of the volume was harvested early in the quarter with relatively lower salmon prices than in the end of the quarter. The cost level rose compared to the previous quarter, mainly because the majority of the harvested volume came from NRS, which had a higher cost base than SalMar.

Fish Farming Northern Norway achieved NOK 42.3 EBIT per kg gutted weight in first quarter 2023, compared to NOK 42.7 in the same period the year before.

The autumn 2021 generation accounted for all the volume harvested in the period. The generation continued the solid trend with good performance. In the upcoming quarter, the segment will continue harvesting from the autumn 2021 generation and start harvesting of spring 2022 generation.

The segment expects a lower cost level and lower volume in the second quarter 2023.

The volume guidance for 2023 is kept unchanged at 95,000 tonnes.



Sales and Industry

The Sales and Industry segment sells all the fish the Group harvests in Norway. The harvested volume is sold primarily to markets in Europe, Asia, and America. The harvesting and secondary processing plants are InnovaMar and Vikenco in Central Norway and InnovaNor in Northern Norway.

NOK million	Q1 2023	Q1 2022	2022
Operating revenues	6,239	4,445	19,141
Operational EBIT	-81	-372	-1,286
Operational EBIT-margin (%)	-1.3 %	-8.4 %	-6.7 %

Sales and Industry generated gross operating income of NOK 6,239 million in the first quarter 2023, compared with NOK 4,445 million in the corresponding period in the year before.

The segment delivered solid operational performance with high flexibility in processing capacity, showcasing its strength to optimise utilisation of raw materials. In total it harvested 45,900 tonnes of salmon in the first quarter 2023, compared with 35,400 tonnes in the first quarter 2022.

Sales & Industry has consolidated the results from SalmoSea and sales in NRS since November 2022, which negatively impacted the results in the first quarter of 2023. However, this impact is expected to be mitigated in the upcoming quarter as NRS sales office was sold in end February 2023 and SalmoSea announced in March it will discontinue its operations.

The price achievement in the quarter was improved from previous quarters, and the fixed price contract share in the first quarter 2023 was 25 per cent. But the high spot prices in the period led to a negative contribution from the fixed price contracts.

The segment delivered an operational EBIT of NOK -81 million in the period, compared with NOK -372 million in the same period last year.

In the second quarter 2023, the contract rate is expected to be around 25 per cent. And for the full year of 2023, the contract rate is expected to be around 12 per cent. The price level on contracts for 2023 is higher than in 2022. The largest part of the contracted volume was secured before the announcement of the resource tax proposal. Sales and Industry is working to secure more volume, but the new proposed tax in Norway still creates uncertainty as a normative price council is proposed for 2024.

SalMar Aker Ocean

SalMar Aker Ocean is a partnership between SalMar (85 per cent ownership) and Aker (15 per cent) that specialise in offshore farming, defined as fish farming in exposed and semi-exposed waters. 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.

NOK million	Q1 2023	Q1 2022	2022
Operating revenues	0	-	32
Operational EBIT	-45	-34	-155
Harvest volume (1,000 tgw)	-	-	-
EBIT/kg (NOK)	-	-	-

Salmon farming in the open ocean is an important element in SalMar's strategy for sustainable growth. SalMar Aker Ocean embodies this strategy.

In the first quarter of 2023, SalMar Aker Ocean had an operational EBIT of NOK -45 million.

The Ocean Farm 1 unit was successfully transported to Frohavet in early March. The third production cycle commenced early May. The planned harvest is scheduled for early 2024.

There is a large potential for future value creation and volume growth for offshore operations. However, as a consequence of the proposed resource rent tax ("grunnrenteskatt"), timelines for new units has been delayed.



Icelandic Salmon

Icelandic Salmon is Iceland's largest producer and processor of farmed salmon. The company is vertically integrated, with its own hatchery, sea farms, harvesting plant and sales force.

NOK million	Q1 2023	Q1 2022	2022
Operating revenues	765	368	1,595
Operational EBIT	204	94	366
Harvest volume (1,000 t _{gw})	6.6	3.4	16.1
EBIT/kg (NOK)	31.0	28.0	22.7

Icelandic Salmon harvested a record high volume of 6,600 tonnes in the first quarter 2023, compared with 3,400 tonnes in the same period last year.

The business generated operating income of NOK 765 million in the quarter, compared with NOK 368 million in the same period in 2022. The rise in operating revenues related primarily to higher volume harvested and higher salmon prices than in the corresponding quarter last year.

Operational EBIT per kg in the quarter was NOK 31.0, up from NOK 28.0 per kg in the same period last year. The result was affected by biological challenges in the quarter, representing approximately NOK 3 per kg.

The 2021 generation accounted for the harvest volume with a slightly higher cost level compared the previous quarter.

The segment expects to reduce its harvest volume significantly in the second quarter 2023, to optimise biological performance.

The volume guidance for 2023 is kept unchanged at 16,000 tonnes. A significant increase in volumes is expected in 2024 following the investments in smolt capacity in 2021 and 2022.

Eliminations

Research and development (R&D) costs are included as eliminations in the segments' reported results. Of a total harvested volume of 48,500 tonnes in the first quarter 2023, R&D costs accounted for NOK 0.94 per kg.

During the period, the Group recognised one-off costs amounting to NOK 60 million, which are related to the transactions and restructuring following the transactions with NTS, NRS and SalmoNor.

Joint venture – Scottish Sea Farms

Norskott Havbruk (Scottish Sea Farms) is accounted for as a joint venture, with SalMar's share (50 per cent) of the company's profit/loss after tax (and fair value adjustment of the biomass) being included as financial income. The figures in the table below reflect the company's performance on a hundred percent basis.

NOK million	Q1 2023	Q1 2022	2022
Operating revenues	506	639	3,188
Operational EBIT	9	105	214
Harvest volume (1,000 t _{gw})	5.2	7.8	35.9
EBIT/kg (NOK)	1.66	13.35	5.96
Fair value adj. biomass	-22	182	31
Profit/loss before tax	-43	274	166
SalMar's share after tax	-17	96	41
NIBD	2,391	2,099	2,037

Norskott Havbruk harvested 5,200 tonnes in the quarter, compared with 7,800 tonnes harvested in the first quarter 2022.

Norskott Havbruk generated operating revenues of NOK 506 million in the first quarter 2023, compared with NOK 639 million in the first quarter last year. The decrease is due to lower volume harvested.

EBIT per kg gutted weight came to NOK 1.7 in the period. This is down from NOK 13.4 per kg in the same period last year, but a significant improvement from the previous quarter. The results is affected by low price achievement due to a contracts share at 61% with prices below market prices and a high cost base of harvested fish due to the biological challenges second half 2022 which has persisted in the period.

SalMar's share of Norskott Havbruk's net profit came to NOK -17 million in the first quarter 2023. Low operating results and negative fair value adjustments contributed to the loss in the quarter.

The volume guidance for 2023 is kept unchanged at 37,000 tonnes.



Markets

Supply and biomass

In the first quarter 2023, the global supply of Atlantic salmon totalled approximately 643,400 tonnes, a decrease of 3 per cent on the same period in 2022.

At 335,600 tonnes, output in Norway in the quarter was 2 per cent lower than in the same period a year before. The output increased with 18 per cent in UK and 6 per cent in the Faroe Islands while in other regions output decreased; 5 per cent in Chile, 11 per cent in North America, and 12 per cent in other producing countries.

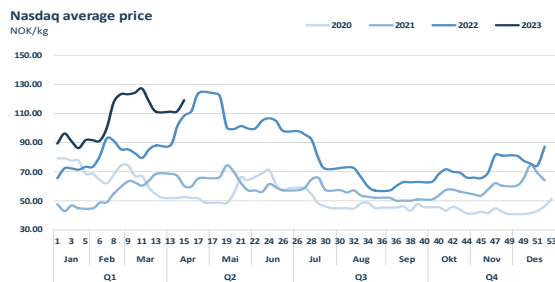
According to figures from Kontali, the standing biomass in Norway at the end of the first quarter 2023 is estimated to be 1.7 per cent higher than the end of first quarter 2022. At the same time, the standing biomass is estimated to be 2.0 per cent lower in Chile, 2.4 per cent lower in the UK and 4.3 per cent higher in the Faroe Islands.

Prices and foreign exchange rates

NASDAQ Salmon Index was traded at NOK 89.2 per kg at the start of the first quarter 2023. At the end of March, it was traded at a price of NOK 111.2 per kg.

The NASDAQ Salmon Index in the period averaged NOK 104.8 per kg in the first quarter 2023, up from NOK 79.5 per kg in the first quarter 2022.

NASDAQ Salmon Index NOK/kg



Against the most important trading currencies for salmon the Norwegian krone (NOK) weakened 8.4 per cent against EUR, 9.3 per cent against the GBP, and 6.3 against the USD through the quarter.

Norwegian exports

Norwegian export of salmon was around 302,000 tonnes (round weight) in the first quarter 2023, down 7 per cent from 324,000 tonnes in the same period last year. The value of these exports rose by 24 per cent year-on-year, from NOK 22.9 billion to NOK 28.5 billion.

A substantial secondary processing industry makes Poland the largest single market for Norwegian salmon. In the first quarter 2023, around 37,500 tonnes of salmon in total were exported to this market, an 8 per cent decrease from the corresponding quarter in 2022.

Exports increased by 15 per cent to the USA, 12 per cent to Denmark and 39 per cent to the Vietnam/China/Hong Kong. Exports to France fell by 18 per cent, fell by 15 per cent to Spain, and fell by 18 per cent to UK, compared to the first quarter 2022.

Other matters

Expansion of smolt production capacity

Access to high quality roe and smolt of the right size and quality is crucial to secure good performance in salmon farming.

Expansion of the smolt facility on Senja was completed in 2022, with first transfer of fish to sea in April 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 during summer 2023. This is the second closed net pen for SalMar, and both are located in southern parts of Central Norway.

Expanding 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 first quarter of 2023.

Currently, a project is underway to expand harvesting capacity at SalMar's facility Vikenco in Rindarøy outside Molde in Central Norway.

Updated proposal for resource tax on aquaculture in Norway

On 28 March 2023, the Norwegian government updated its proposal for resource rent tax on aquaculture in Norway with a tax rate at 35%. The updated proposal must be approved by the Norwegian Parliament. A final vote is expected before summer 2023.

Despite the few minor adjustments made in the Government's final proposal, SalMar believes that its arguments against the proposal remains highly valid. In its proposal, the government has neither addressed the concerns of those who create value on the Norwegian coast, nor reassured Norwegian and international investors who used to consider Norway as a stable and reliable country to invest in. SalMar submitted a detailed response during the public consultation process, strongly opposing the proposed tax.

The proposed tax is based on the assumption that the salmon industry generates excessive returns compared to the risk involved. SalMar argues that this is not accurate. SalMar strongly believes that the proposal should be permanently set aside, and its arguments remain valid for the updated version.

New operating structure in place following the completion of transactions with NTS, NRS and SalmoNor

Through a series of transactions, NTS, NRS and SalmoNor became part of SalMar from November 2022. The companies merged into SalMar's existing operational structure, and the new operating structure became operational as of 1 January 2023.

SalMar has identified an estimated total restructuring cost of NOK 103 million.



Strong synergy potential confirmed following the completion of transactions with NTS, NRS and SalmoNor

The combination will allow for yearly synergies in important regions with good farming conditions, identified to be NOK 671 million per annum. During the first quarter 2023, SalMar has been able to realise NOK 425 million in synergies, representing 63 per cent of the annual target.

Compulsory acquisition of all remaining shares in NTS

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

On 10 March 2023, the Board of Directors in SalmoSea AS, a subsidiary of Salmonor AS, announced that the company 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.

Strategic review for Frøy

As announced on 13 January 2023, SalMar, as Frøy's largest shareholder, decided to explore strategic alternatives in Frøy (the "Strategic Review").

Frøy's board of directors has actively engaged in the Strategic Review with the aim of maximising value for all shareholders in Frøy, and several parties have expressed an interest in engaging in a transaction including potential offers for the company's shares.

Based on the interests received SalMar and Frøy are continuing the Strategic Review with the aim of maximising value for all shareholders in Frøy.

Current discussions may be altered or terminated at any time and there can be no assurance that the Strategic Review will result in any transaction, nor as to the timing or terms of any such transaction.

SalMar will update the market further on the Strategic Review in accordance with applicable regulations.

Shares and shareholders

As of 31 March 2023, SalMar had a total of 145,138,920 shares outstanding, divided between 25,886 shareholders.

The company's largest shareholder, Kverva Industrier AS, owned 41.3 per cent of the shares at the end Q1 2023. The 20 largest shareholders owned a total of 68.4 per cent of the shares.

As at 31 March 2023, SalMar ASA owned 13,706,246 treasury shares, of which 13,691,960 were owned indirectly through the fully owned subsidiary NTS AS. This corresponds to 9.4 per cent of the total number of shares outstanding as of 31 March 2023.

SalMar's share price fluctuated between NOK 377.6 and NOK 466.0 in the first quarter 2023. The price at the close of the quarter was NOK 455.8 compared with NOK 384.8 at the close of the previous quarter.

A total of 21.5 million shares were traded in the quarter, which corresponds to 14.8 per cent of the total number of shares outstanding. The volume of shares traded daily averaged 331,059.

Events after the reporting date

No significant events after the reporting date.

Outlook

Markets

Growth in supply for Atlantic salmon is expected to be low in 2023 or to increase with 2.3 per cent from levels in 2022 according to figures from Kontali Analyse.

Compared with the same period last year, the global volume of salmon harvested is expected to increase with 2 per cent in the second quarter 2023, according to figures compiled by Kontali. The harvested volume in the second quarter is expected to increase with 3 per cent in Norway, 2 per cent in Chile, 6 per cent in UK, 1 per cent in Faroe Islands and 2 per cent in other regions. In North America it is expected to decrease with 18 per cent.

The Fish Pool forward price as of 10 May 2023 indicates an average salmon price of NOK 108 per kg and NOK 105 per kg in May and June 2023, respectively. The forward price for second half 2023 is NOK 84.2 per kg.

Company

Following completion of the transactions with NRS, SalmoNor and NTS, SalMar expects significant annual volume growth in 2023. The volume guidance for 2023 is kept unchanged in all regions, with 243,000 tonnes in Norway, 16,000 tonnes in Iceland, and 37,000 tonnes in UK.

In Norway SalMar expects slightly higher volume and similar cost level in the second quarter 2023 compared to the first quarter 2023. While in Iceland it is expected very low volume.

For the second quarter 2023 the contract rate is expected to be around 25 per cent, and 12 per cent for the full year 2023.



SalMar's ongoing investment programmes to further develop its already strong platform for growth, is currently on hold pending further clarification regarding the proposed resource rent tax. Committed and ongoing investments continue, but new large industrial projects are on hold.

SalMar has strong strategic and operational focus with dedicated employees and a corporate culture set for growth. Untapped potential for further sustainable growth within existing licenses in all regions.

SalMar has an optimistic outlook for the future of the aquaculture industry. The company expects the increase in global supply of Atlantic salmon in 2023 to be limited. The proposed new tax regime in Norway from 2023 will however have a major impact on the capacity for innovation and investments in the Norwegian aquaculture industry.

The Board of Directors and CEO of SalMar ASA
Frøya, 10 May 2023

Gustav Witzøe
Chair

Arnhild Holstad
Director

Simon Søbstad
Director (employee-elected)

Margrethe Hauge
Director

Morten Loktu
Director

Frode Arntsen
CEO

Leif Inge Nordhammer
Director

Tone Ingebrigtsen
Director (employee-elected)



Profit or Loss

<i>NOK million</i>	Q1 2023	Q1 2022	FY 2022
Total operating revenues	6,792	4,682	20,158
Cost of goods sold	3,201	2,049	9,599
Fair value adjustment included in cost of goods sold due to business combination	-303	0	-283
Salary and personnel expenses	625	419	1,894
Other operating expenses	1,042	724	3,446
EBITDA	2,227	1,490	5,502
Depreciation and write-downs	343	229	1,038
Operational EBIT	1,884	1,262	4,465
Production tax	-32	-20	-85
Onerous contracts	-9	-229	126
Fair value adjustment	947	327	516
Fair value adjustment included in cost of goods sold due to business combination	-303	0	-283
Operating profit	2,487	1,340	4,738
Income from investments in associates and joint ventures	27	100	66
Net interest expenses	-270	-53	-336
Other financial items	-9	1	93
Profit before tax	2,235	1,388	4,562
Income tax expense	490	285	954
Profit for the period from continuing operations	1,744	1,102	3,608
Profit after tax for the period from discontinued operations	108	0	107
Profit for the period	1,853	1,102	3,715
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Translation differences in associates and joint ventures	85	-53	21
Translation differences in group companies	193	-86	124
Change in fair value of financial instruments, net after tax	-228	173	169
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain on defined benefit plans, net after tax	0	0	3
Total other comprehensive income	50	35	317
Total comprehensive income	1,902	1,137	4,033
<i>Profit for the period attributable to:</i>			
Non-controlling interests	119	21	404
Shareholders in SalMar ASA	1,734	1,081	3,312
<i>Comprehensive income for the period attributable to:</i>			
Non-controlling interests	180	-4	478
Shareholders in SalMar ASA	1,722	1,141	3,555
Earnings per share	13.2	9.2	27.6
Earnings per share - diluted	13.2	9.2	27.6



Balance Sheet

<i>NOK million</i>	31.03.23	31.03.22	31.12.22
ASSETS			
Non-current intangible assets	18,419	8,496	18,291
Non-current tangible assets	11,538	7,391	11,131
Right-of-use assets	1,573	877	1,387
Non-current financial assets	2,713	1,672	2,746
Total non-current assets	34,243	18,436	33,555
Inventory	13,176	7,898	12,685
Trade receivables	1,676	1,195	1,414
Other current receivables	573	564	663
Cash and cash equivalents	1,000	1,025	2,713
Total current assets	16,425	10,681	17,474
Assets held for sale	11,813		11,472
TOTAL ASSETS	62,481	29,117	62,501
EQUITY AND LIABILITIES			
Paid-in equity	12,581	3,449	12,559
Retained earnings	8,205	10,942	6,797
Non-controlling interests	4,615	2,252	4,799
Total equity	25,401	16,644	24,155
Pension liabilities	9	-	18
Deferred tax liability	2,314	2,298	1,928
Non-current interest-bearing debts	17,526	4,714	18,350
Long-term lease liabilities	1,320	780	1,152
Total non-current liabilities	21,169	7,792	21,448
Current interest-bearing liabilities	2,918	164	3,442
Short-term lease liabilities	289	197	273
Trade creditors	2,548	1,928	3,338
Other current liabilities	4,307	2,392	4,233
Total current liabilities	10,063	4,681	11,286
Liabilities directly associated with the assets held for sale	5,849		5,612
TOTAL EQUITY AND LIABILITIES	62,481	29,117	62,501
Net interest-bearing debt (NIBD)	19,445	3,853	19,079
NIBD incl. lease liabilities	21,054	4,829	20,505
Equity share	41 %	57 %	39 %



Statement of Cash flow

<i>NOK million</i>	Q1 2023	Q1 2022	FY 2022
Profit before taxes from continuing operations	2,235	1,388	4,562
Profit before taxes from discontinuing operations	128	-	91
Profit before tax	2,363	1,388	4,654
Tax paid in the period	-106	-35	-552
Depreciation, amortisation and write-downs	343	229	1,038
Income from associated companies and joint ventures	-27	-100	-66
Gain related to remeasured shares in associated companies	-	-	-91
Onerous contracts	9	229	-126
Fair value adjustments	-644	-327	-232
Change in working capital	-834	-70	-806
Other changes	276	67	390
Cash-flow from operating activities related to discontinuing operations	106	-	16
Net cash flow from operating activities	1,486	1,381	4,223
Cash-flow from purchase and sale of PPE, licenses and other intangible assets	-615	-558	-2,453
Payments on business combinations, net of cash	-	-	-1,983
Proceeds from disposal of other financial investments	-	-	1,860
Cash-flow from other investing activities	35	-7	19
Cash-flow from investing activities related to discontinuing operations	-1	-	-80
Net cash flow from investing activities	-581	-565	-2,637
Change in interest-bearing liabilities	-1,399	-588	7,019
Payment of instalments on lease liabilities	-83	-51	-229
Payment of interest on lease liabilities	-23	-15	-65
Net interest paid financing activities	-218	-35	-211
Dividend	-	-	-2,405
Net proceeds from capital contribution	-	10	11
Change in non-controlling interests	-671	-	-3,873
Cash-flow from financing activities related to discontinuing operations	74	-	-78
Net cash flow from financing activities	-2,321	-679	168
Net change in cash and cash equivalents	-1,416	137	1,754
Currency translation of cash and cash equivalents	10	-14	7
Cash and cash equivalents as at the start of the period	2,713	902	902
Cash and cash equivalents discontinuing operations at the start of the period/acquisition	319	-	369
Cash and cash equivalents as at period end	1,625	1,025	3,031
Of which cash and cash equivalents in discontinuing operations at period end	625	-	319
Cash and cash equivalents excluding discontinuing operations at period end	1,000	1,025	2,713



Statement of Changes in Equity

2023	Share capital	Treasury shares	Share premium	Other paid-in equity	Other equity	Foreign currency translation differences	Cash flow hedges	Hedge of net investments	Cost of hedging reserve	Attributable to shareholders of the parent	Non-controlling interests	Total equity
As of 1 January 2023	36	-3	12,182	344	6,400	177	211	-35	44	19,356	4,799	24,155
Profit for the year					1,734					1,734	119	1,853
Other comprehensive income												
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>												
Translation differences in associates						85				85		85
Translation differences in subsidiaries						102				102	91	193
Change in fair value of financial instruments, net after tax							-133	-67	1	-199	-30	-228
Other comprehensive income	0	0	0	0	0	187	-133	-67	1	-12	61	50
Total comprehensive income	0	0	0	0	1,734	187	-133	-67	1	1,722	180	1,902
Transactions with shareholders												
Share-based payment, expensed				14						14	0	15
Change in non-controlling interests					12					12	-684	-671
Treasury shares in subsidiaries		0			-319					-319	319	0
Other changes				7	-7					0	0	0
Total transactions with shareholders	0	0	0	21	-314	0	0	0	0	-292	-364	-656
At 31 March 2023	36	-3	12,182	365	7,820	364	78	-102	45	20,786	4,615	25,401
2022	Share capital	Treasury shares	Share premium	Other paid-in equity	Other equity	Foreign currency translation differences	Cash flow hedges	Hedge of net investments	Cost of hedging reserve	Attributable to shareholders of the parent	Non-controlling interests	Total equity
As of 1 January 2022	29	0	3,102	295	9,658	93	58	6	-10	13,230	2,253	15,483
Profit for the year					3,312					3,312	403	3,715
Other comprehensive income												
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>												
Translation differences in associates and joint ventures						21				21		21
Translation differences in group companies						63				63	61	124
Change in fair value of financial instruments, net after tax							143	-41	54	156	13	169
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>												
Remeasurement gain on defined benefit plans, net after tax					3					3		3
Other comprehensive income	0	0	0	0	3	84	143	-41	54	243	74	317
Total comprehensive income	0	0	0	0	3,315	84	143	-41	54	3,555	477	4,033
Transactions with shareholders												
Share-based payment, expensed				52	2					53	1	54
Share-based payment, tax effect				-3						-3		-3
Share-based payment, release					0					0		0
Borrowed treasury shares		0		-12						-12	0	-12
Issue of share capital	7		9,092							9,099	0	9,099
Contribution of equity					7					7	4	11
Transaction costs related to equity in group companies				0						0		0
Dividend					-2,354					-2,354	-51	-2,405
Acquisition of non-controlling interests										0	6,268	6,268
Treasury shares in subsidiaries		-3			-4,191					-4,194	-319	-4,513
Change in non-controlling interests										-40	-3,833	-3,873
Reclassification and other changes			0	0	4		10			14	-1	13
Total transactions with shareholders	7	-3	9,080	49	-6,572	0	10	0	0	2,570	2,069	4,639
At 31 December 2022	36	-3	12,182	344	6,400	177	211	-35	44	19,356	4,799	24,155

Segments

NOK million	Farming Central Norway	Farming Northern	Sales and Industry	Icelandic Salmon	SalMar Aker Ocean	Eliminations	Group
Q1 2023							
Operating revenues (NOK million)	2,326	1,883	6,239	765	0	-4,421	6,792
Operational EBIT (NOK million)	1,109	837	-81	204	-45	-139	1,884
Operational EBIT-margin (%)	48 %	44 %	-1.3 %	27 %			28 %
Harvest volume (1,000 tons gw)	22.2	19.8		6.6			48.5
EBIT/kg (NOK)	50.0	42.3		31.0			38.8
Q1 2022							
Total operating revenues (NOK million)	1,914	1,262	4,445	368	-	-3,307	4,682
Operational EBIT (NOK million)	925	716	-372	94	-34	-68	1,262
Operational EBIT-margin (%)	47 %	57 %	-8.4 %	26 %			27 %
Harvest volume (1,000 tons gw)	24.9	16.8		3.4			45.0
EBIT/kg (NOK)	37.2	42.7		28.0			28.0
FY 2022							
Total operating revenues (NOK million)	8,872	4,883	19,141	1,595	32	-14,366	20,158
Operational EBIT (NOK million)	3,599	2,526	-1,286	366	-155	-585	4,465
Operational EBIT-margin (%)	41 %	52 %	-6.7 %	23 %			22 %
Harvest volume (1,000 tons gw)	114.1	63.4		16.1			193.7
EBIT/kg (NOK)	31.5	39.8		22.7			23.1



Key Figures

	Q1 2023	Q1 2022	FY 2022
No. of shares (diluted) - end of period (mill.)	131.509	117.828	119.979
Earnings per share (NOK)	13.2	9.2	27.6
Earnings per share - diluted (NOK)	13.2	9.2	27.6
EBITDA %	33 %	32 %	27 %
Operational EBIT %	28 %	27 %	22 %
EBIT %	37 %	29 %	24 %
Profit before tax %	33 %	30 %	23 %
Cash flow per share - diluted (NOK)	11.3	11.7	35.2
Net interest bearing debt (NOK mill.)	19,445	3,853	19,079
NIBD incl. leasing liabilities (NOK mill.)	21,054	4,829	20,505
Equity ratio %	41 %	57 %	39 %

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

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

Earnings before tax % = Earnings before tax / operating revenue

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

Equity ratio = Equity / total assets



Notes to the Financial Statements

Note 1 - Accounting policies

This report has been prepared in accordance with International Financial Reporting Standards (IFRS), including the standard for interim reporting (IAS 34). The report does not include all information required in a complete annual report and should therefore be read in conjunction with the Group's recent annual report. Please refer to the Group's latest IFRS year-end financial statements, which are published on the Group's website, www.salmar.no, for a complete description of the accounting policies.

This interim report has not been subject to external audit.

Note 2 - The company's 20 largest shareholders

Shareholder	Shares	%
KVERVA INDUSTRIER AS	59,904,476	41.27 %
NTS AS	13,691,900	9.43 %
FOLKETRYGDFONDET	4,475,958	3.08 %
State Street Bank and Trust Comp	2,495,905	1.72 %
NILS WILLIKSEN AS	1,744,647	1.20 %
CACEIS Bank	1,728,387	1.19 %
HASPRO AS	1,480,830	1.02 %
TERBOLI INVESTAS	1,425,394	0.98 %
JPMorgan Chase Bank, N.A., London	1,405,167	0.97 %
LIN AS	1,337,885	0.92 %
State Street Bank and Trust Comp	1,309,544	0.90 %
JPMorgan Chase Bank, N.A., London	1,019,935	0.70 %
State Street Bank and Trust Comp	993,707	0.68 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	975,228	0.67 %
FRØY KAPITAL AS	951,315	0.66 %
CLEARSTREAM BANKING S.A.	948,501	0.65 %
CACEIS Bank	944,343	0.65 %
RODO INVEST AS	855,413	0.59 %
CACEIS Bank	834,124	0.57 %
ANDVARI AS	810,468	0.56 %
Top 20	99,332,983	68.44 %
Others	45,805,937	31.56 %
Total	145,138,920	100.00 %

As at 31 March 2023 SalMar ASA owned 13,706,246 treasury shares.

**Note 3 - Biological assets and other inventories**

	31.03.2023	31.03.2022	31.12.2022
Carrying amount of inventory			
Raw materials	356	207	427
Biological assets	12,428	7,303	11,755
Finished goods	391	388	503
Total value of biological assets and other inventory	13,176	7,898	12,685
Carrying amount of biological assets	31.03.2023	31.03.2022	31.12.2022
Roe, fry, smolt and cleaner fish at cost	857	348	551
Biological assets held at sea farms at cost	7,016	3,953	7,295
Total carrying amount of biological assets before fair value adjustments	7,873	4,301	7,847
Fair value adjustment of biological assets	4,555	3,002	3,908
Total carrying amount of biological assets	12,428	7,303	11,755

Raw materials is mainly comprised of 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 on land and at sea, 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.

Change in the carrying amount of the biological assets:	31.03.2023	31.03.2022	31.12.2022
Biological assets - opening balance	11,755	7,281	9,132
Increase from business combination	-	-	3,254
Increase due to production	2,350	1,229	3,173
Decrease due to sale/ harvesting	-2,380	-1,522	-2,798
Decrease due to incident-based mortality	-	-20	-42
Fair value adjustment on opening balance (reversed)	-3,908	-2,646	-3,781
Fair value adjustment from business combination due to fish not sold on opening balance	813	-	-
Fair value adjustment from business combination due to fish not sold on closing balance	-510	-	-813
Fair value adjustment from business combination included in cost of goods sold in the period	-303	-	-283
Fair value adjustment on closing balance (new)	4,555	3,002	3,908
Currency translation differences	56	-21	4
Biological assets - closing balance	12,428	7,303	11,755

The accounting for live fish is regulated by IAS 41 Agriculture and biological assets are recognised at fair value in accordance with IFRS 13.

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.

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

The monthly discount factor reflects the time value of money, the risk in biological production and a hypothetical licence fees and site rental cost. The discount factor is based on expectations on profitability in the industry which impact the hypothetical license fee and can vary in different areas.

Roe, fry, smolt and cleaner fish are recognised at historic cost. Historic cost is deemed to be the best estimate of fair value for these assets, due to little biological conversion.

The calculation is based on following forward prices (NOK):

	Expected harvesting period:	31.03.2023	Expected harvesting period:	31.03.2022	Expected harvesting period:	31.12.2022
	Q2-2023	106.57	Q2-2022	81.50	Q1-2023	91.75
	Q3-2023	83.27	Q3-2022	62.27	Q2-2023	95.55
	Q4-2023	84.52	Q4-2022	66.53	Q3-2023	76.48
	Q1-2024	92.42	Q1-2023	70.05	Q4-2023	78.22
	Q2-2024	95.75	Q2-2023	68.45	1st half 2024	85.91
	2nd half 2024	79.92	2nd half 2023	60.25	2nd half 2024	75.00
Discount factor Norway		7 %		5 %		6 %
Discount factor Iceland		5 %		4 %		5 %

Note 4 - 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. The line Fair Value Adjustments comprises:

	Q1 2023	Q1 2022	FY 2022
Change in the fair value of the biological assets	947	359	446
Change in fair value adjustment due to business combination - included in cost of goods sold	-303	-	-283
Change in unrealised value of Fish Pool contracts	-0	-32	70
Total fair value adjustments	644	327	232



Note 5 - Business combinations

Business combinations in 2023

No business combinations have been completed in 2023.

Business combinations in 2022

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.

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 had several overlapping industrial activities in all the areas where 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 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 valued 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 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 valued at a share price of NOK 338,87 which represent volume-weighted average price the last 3 trading days before 31 October 2022.

After completion of the voluntary offer transaction, SalMar owned 66,235,009 shares in NTS, corresponding to a shareholding of 52.69 per cent. SalMar owned no shares in the company prior to the transaction. After completion of the merger and the offer, NTS owns 13,691,960 shares in SalMar, equivalent to a shareholding of approximately 9.4 per cent. Following completion of the merger and settlement of the offer, SalMar had registered share capital of NOK 36,284,730 divided into 145,138,920 shares each with a par value NOK 0.25.

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 assumed all assets, rights and obligations in NRS. For accounting purposes, the transactions has been treated as a business combination and the companies are consolidated into the SalMar group with effect from 1 November 2022. Shares in SalMar owned by NTS are, as mentioned above, treated as treasury shares in the SalMar Group. The Group elected to measure the non-controlling interests in the acquiree at fair value. Acquisition-related costs of NOK 82.2 million are recognised as other operating expenses in the income statement in 2022.

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 was the starting point for valuation assessments of assets and liabilities resolutions associated with the offer and the merger. For technical reasons, the transactions was completed sequentially with some days in between. For accounting purposes, the total consideration for the offer and the merger was 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. No changes has been made in the purchase price allocation in Q1 2023. The purchase price allocation is not considered to be final.

Acquisition's effect on the balance sheet:	Fair value recognised on
Assets	
Licenses	7,266
Property, plant & equipment	12,485
Right-of-use assets	1,059
Biological assets and other inventory	3,489
Investment in associates	1,146
Investment in SalMar shares (treasury shares)	4,513
Other financial investments	2,026
Trade receivables and other current receivables	824
Cash and cash equivalents	3,297
Total identifiable assets at fair value	36,104
Liabilities	
Deferred tax liabilities	2,210
Interest-bearing liabilities	14,199
Trade payables	1,086
Other current liabilities	417
Total identifiable liabilities at fair value	17,912
Total identifiable net assets at fair value	18,193
Non-controlling interest measured at fair value	-6,268
Goodwill	2,085
Total consideration	14,010

Purchase consideration	Acquisition NTS	Merger NRS	Total
Shares issued	3,215	5,884	9,099
Cash consideration	1,807	3,104	4,911
Total consideration	5,022	8,987	14,010

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.

Eldstøðin Isthor Ehf (Isthor)

With effect from 17 August 2022, the Group acquired 50% of the shares in the smolt facility Isthor on Iceland. The transaction was approved by the Icelandic Competition Authorities. Prior to the transaction SalMar Group owned 50% of the shares in Isthor through SalMars 51.02% ownership in Icelandic Salmon AS. Icelandic Salmon AS owns 100% of the shares in Arnarfax Ehf, which owns the shares in Isthor.

The Groups holdings prior to the acquisition date, was remeasured at fair value at time control was obtained. The fair value of the equity interest was NOK 107,2 millions, and a gain of NOK 90,8 millions was recognised as other financial items in the profit or loss in 2022.

After the transaction the Group owns 100% of the shares in Isthor. The purpose of the transaction was to increase the flexibility in size of smolt and increased number of smolt supporting the company's growth plans. For accounting purposes, the transaction are 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 millions.

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 :	Fair value recognised on
Property, plant & equipment	197
Current assets	1
Deferred tax	-12
Non-current liabilities	-49
Other current liabilities	-14
Net identifiable assets and liabilities	122
Goodwill	156
Fair value of intercompany long-term liability	-64
Fair value of the investment at the time of acquisition	-107
Cash consideration	107



Note 6 - Changes in non-controlling interests

Changes in non-controlling interests 2023

NTS

Following the completion of the mandatory offer for to acquire all shares in NTS in December 2022, SalMar owned 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 has reduce the equity attributable to shareholders in SalMar accordingly.

After the compulsory acquisition, the remaining non-controlling shareholders have made a formal complaint about the redemption sum.

Changes in non-controlling interests 2022

NTS

On 22 November 2022 SalMar announced that the settlement of the voluntary offer, where SalMar became a 52,69 per cent owner 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, and after completion of the offer SalMar owned 92,93 per cent of the shares in NTS. The total consideration for the remaining shares was NOK 3 836 millions. For accounting purposes, the effect of the transaction was recognised directly to equity. As a consequence of the transactions, the non-controlling interest related to treasury shares owned by NTS was reduced by NOK 1 816 millions and the equity attributable to shareholders in SalMar was reduced accordingly.

Mariculture AS

With effect from 19 April 2022, SalMar Group 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.

Note 7 - Discontinued operations

Through the acquisition of NTS in 2022, Frøy ASA became a subsidiary of the SalMar group. SalMar owns 100 per cent of the shares in NTS, which owns 72,11 per cent of the shares in Frøy ASA. On 13 January 2023, SalMar announced that, based on incoming interest regarding Frøy ASA, the group has decided to explore strategic alternatives in Frøy with the aim of maximizing value for its shareholders. 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 completion of the voluntary offer of all outstanding shares in NTS ASA with effect from 1 November 2022.

	Q1 2023	01.11.2022- 31.12.2022
Total operating revenues	519	379
Cost of goods sold	107	86
Salary and personnel expenses	170	111
Other operating expenses	122	71
EBITDA	120	111
Operating profit	120	111
Income from investments in associates and joint ventures	7	1
Net interest expenses	-21	-15
Other financial items	21	-6
Profit from discontinued operation before tax	128	91
Income tax expense from the ordinary activities for the period and corrections in income tax for previous year	20	-16
Profit for the period from discontinued operations	108	107
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	-1	-5
Total comprehensive income from discontinued operations	108	102
Profit for the period from discontinued operations attributable to equity holders of Salmar ASA	78	66
Earnings per share		
Diluted profit for the period from discontinued operations	0.59	0.52
Profit for the period from discontinued operations	0.59	0.52

The major classes of assets and liabilities of Frøy ASA as held for sale are as follows:

	31.03.2023	31.12.2022
ASSETS		
Non-current tangible assets	10,284	10,201
Right-of-use assets	521	489
Non-current financial assets	112	120
Total non-current assets	10,917	10,811
Inventory	13	15
Trade receivables	206	257
Other current receivables	52	71
Cash and cash equivalents	625	319
Total current assets	897	661
TOTAL ASSETS	11,813	11,472
LIABILITIES		
Deferred tax liability	939	919
Non-current interest-bearing liabilities	3,720	3,608
Non-current lease liabilities	323	314
Total non-current liabilities	4,982	4,842
Current interest-bearing liabilities	491	515
Current lease liabilities	101	91
Other current liabilities	275	165
Total current liabilities	867	771
TOTAL LIABILITIES	5,849	5,612

**Note 8 - Financial assets – investments where the equity method is applied**

	Norskott Havbruk	Hellesund Fiskeoppdrett	Wilsgård Fiskeoppdrett	Others	Total
Carrying amount at 1 January 2023	1,153	433	572	213	2,372
Income from associated companies	-17	16	26	2	27
Items recognised in other comprehensive income	83	-	-	3	85
Dividend received	-	-10	-	-	-10
Carrying amount at 31 March 2023	1,219	439	598	218	2,473

Note 9 - Interest-bearing debts

	31.03.2023	31.03.2022	31.12.2022
Non-current interest-bearing debt			
Non-current interest bearing debt	19,390	4,875	21,297
Next year's instalment on non-current interest bearing debts	-1,864	-161	-2,947
Total	17,526	4,714	18,350
Lease liabilities			
Next year's instalment on lease liabilities	1,609	977	1,425
	-289	-197	-273
Total	1,320	780	1,152
Total carrying amount	18,846	5,494	19,502
Current interest bearing debt			
Debts to credit institutions	1,054	2	495
Next year's instalment on debts to credit institutions	1,864	161	2,947
Current interest bearing liabilities ex. lease liabilities	2,918	164	3,442
Next year's instalment on lease liabilities	289	197	273
Total carrying amount	3,207	360	3,715
Total interest-bearing debts	22,054	5,854	23,217
Cash and cash equivalents	1,000	1,025	2,713
Lease liabilities	1,609	977	1,425
Net interest-bearing debts (NIBD)	19,445	3,853	19,079

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

	NOK	EUR	JPY	USD	GBP	Other	Total
Non-current debts	17,035	492	0	0	0	0	17,526
Lease liabilities	1,569	0	0	0	0	40	1,609
Current debts to credit institutions	2,661	180	83	-10	3	1	2,918
Total interest-bearing liabilities	21,264	672	83	-10	3	41	22,054
Cash and cash equivalents	790	19	50	68	16	58	1,000
Lease liabilities	1,569	0	0	0	0	40	1,609
Net interest-bearing debts (NIBD)	18,906	653	33	-78	-13	-57	19,445

Financing activities - change in liabilities:

	31.12.2022	Not cash-generating effects				31.03.2023
		Cash flow from financing activities	Currency effects	Change in next year's instalments on long-term debt	Other effects	
Non-current debts	18,350	-1,956	40	1,083	9	17,526
Current debts to credit institutions	3,442	557	2	-1,083	0	2,918
Total debts to credit institutions	21,792	-1,399	42	0	9	20,444
Non-current and current lease liabilities	1,425	-83	4	0	263	1,609
Total interest-bearing debts	23,218	-1,482	46	0	272	22,054

Note 10 - Interest and other financial items

	Q1 2023	Q1 2022	FY 2022
Gain related to remeasured shares in associated companies	0	0	91
Interest income	18	2	28
Interest expenses, ex. interest on lease liabilities	-264	-40	-300
Interest expenses relating to lease liabilities	-23	-15	-65
Net exchange differences	-1	2	0
Net other financial items	-7	-1	2
Net interest and other financial items	-279	-52	-243

Note 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. 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.

The effect of the tax proposal is not recognized in the financial statement in Q1 2023, as the tax proposal has not been adopted by the Norwegian parliament and the tax rates has not yet been enacted by the end of March 2023.



Note 12 - Alternative performance measures

The SalMar Group prepares its financial statements in accordance with international accounting standards (IFRS). In addition, management has established alternative performance parameters to provide useful and relevant information to users of its financial statements. Alternative performance parameters have been established to provide greater understanding of the company's underlying performance, and do not replace the consolidated financial statements prepared in accordance with international accounting standards (IFRS). The performance parameters have been reviewed and approved by the Group's management and Board of Directors. Alternative performance parameters may be defined and used in other ways by other companies.

The 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.

	Q1 2023	Q1 2022	FY 2022
Operating profit	2,487	1,340	4,738
Production tax	32	20	85
Onerous contracts	9	229	-126
<i>Fair value adjustment:</i>			
Change in the fair value of the biological assets	-947	-359	-446
Change in the fair value adjustment included in cost of goods sold due to business combination	303	-	283
Change in unrealised value of Fish Pool contracts	0	32	-70
Operational EBIT	1,885	1,262	4,465

EBITDA

EBITDA is another alternative performance measure used by the Group. EBITDA is operational EBIT plus depreciation, write-downs and amortization.

	Q1 2023	Q1 2022	FY 2022
Operational EBIT	1,885	1,262	4,465
Depreciation and write-downs	343	229	1,038
EBITDA	2,227	1,490	5,502

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.

Q1 2023	Farming		Icelandic Salmon	SalMar Group
	Central Norway	Northern Norway		
Operational EBIT (NOK mill.)	1,109	837	204	1,884
Volume harvested (tonnes)	22.2	19.8	6.6	48.5
EBIT/kg gw (NOK)	49.97	42.30	31.03	38.82
Q1 2022	Farming		Icelandic Salmon	SalMar Group
	Central Norway	Northern Norway		
Operational EBIT (NOK mill.)	925	716	94	1,262
Volume harvested (tonnes)	24.9	16.8	3.4	45.0
EBIT/kg gw (NOK)	37.16	42.65	27.98	28.02
FY 2022	Farming		Icelandic Salmon	SalMar Group
	Central Norway	Northern Norway		
Operational EBIT (NOK mill.)	3,599	2,526	366	4,465
Volume harvested (tonnes)	114.1	63.4	16.1	193.7
EBIT/kg gw (NOK)	31.53	39.84	22.67	23.05

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

Net interest-bearing debt is an alternative performance measure used by the Group. The performance measure is used to express the Group's working capital, and is an important performance measure for investors and other users, because it shows net borrowed capital used to finance the Group. Net interest-bearing debt is defined as long-term and short-term debt to credit institutions, less cash & cash equivalents. Leasing liabilities under IFRS 16 are not included in the calculation of net interest-bearing debt. To highlight total interest bearing debt including leasing liabilities, this is presented as a separate measure.

	31.03.2023	31.03.2022	31.12.2022
Non-current interest-bearing debts	17,526	4,714	18,350
Current interest-bearing liabilities	2,918	164	3,442
Cash and cash equivalents	-1,000	-1,025	-2,713
Net interest-bearing debt (NIBD)	19,445	3,853	19,079
Lease liabilities	1,609	977	1,425
NIBD incl. lease liabilities	21,054	4,829	20,505

Cash flow per share - diluted

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

	Q1 2023	Q1 2022	FY 2022
Cash flow from operating activities	1,486	1,381	4,223
Average no. of shares outstanding (diluted) in the period (1,000 shares)	131,509	117,828	119,979
Diluted cash flow per share (NOK)	11.30	11.72	35.20

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.