

TO THE GENERAL MEETING OF NORWAY ROYAL SALMON ASA (“NRS”)

REPORT FROM THE BOARD OF DIRECTORS REGARDING THE MERGER BETWEEN SALMAR ASA (“SALMAR”) AND NRS

1. ABOUT THE MERGER WITH SALMAR

This report regarding the merger is prepared by the board of directors in NRS based on Section 13-9 of the Norwegian Public Limited Liability Companies Act. The report is prepared in connection with the merger of SalMar and NRS proposed in the merger plan dated 30 May 2022 (the “Merger”).

In the merger, NRS’ assets, right and obligations shall be transferred in their entirety to SalMar. NRS shall be dissolved at completion of the merger.

2. REASONS FOR THE MERGER

The purpose of the merger is to establish an even stronger company within current business areas and at the same time strengthen the opportunities for joint investment in new areas. NRS and SalMar have a lot of joint industrial interests; in Northern Norway, in the Westfjords in Iceland and offshore. A combination of the parties offers the opportunity to realise significant synergies:

- Both parties have long-standing presence in, and considerable competence from, salmon farming in Norway. The Merger will allow for improved utilisation of the combined available MAB and site portfolio as well as improvements in operations and cost structure.
- NRS’ new smolt facility in Dåfjord outside Tromsø, together with SalMar’s development of the Senja 2 and Tjuin facilities will, together with existing smolt capacity, be valuable resources that can ensure delivery of the right smolt at the appropriate time, which in turn will facilitate improved biological results throughout the value chain.
- SalMar’s new processing plant on Senja, InnovaNor, will secure large additional volumes through the Merger. This will allow economies of scale through improved capacity utilisation and logistics and reduce biological risk.
- SalmoNor has operations throughout the value chain and has delivered solid results over several years. SalmoNor is in Rørvik, in production area 7, and will thus complement SalMar’s operation in Mid-Norway.
- Both parties have significant expertise in sales and logistics, and the Merger will improve access to customers worldwide.
- Both SalMar and NRS have made significant investments in offshore related farming technology, creating a large synergy potential. The parties will jointly be a strong force in the further development and realisation of offshore farming.
- Both parties operate in the West Fjords of Iceland through Icelandic Salmon (controlled by SalMar) and Arctic Fish (controlled by NRS). Together the parties may realise significant synergies through e.g., improved operations at sea and an optimal structure in the onshore value chain, including smolt, processing and sales.

- A combination will strengthen the competence and capacity of the parties and position them for further sustainable growth. The parties have strong company cultures, and the anticipated production growth they expect going forward will strengthen the company's position as an attractive employer requiring competent, rurally based employees.
- The Merger will create an entity that may be stronger financially, driven by increased revenue and expected cost synergies.

In addition to the above, a merger could also enable positive ripple effects in the stock market, not least for the minority shareholders in NRS who will receive consideration in a share with a significantly better liquidity, but also gets access to the above-mentioned synergy potential.

3. RATIONALE FOR THE CONSIDERATION TO SHAREHOLDERS IN NRS

As consideration for the merger, the shareholders in NRS shall receive:

1. 0.303933 shares in SalMar; and
2. an additional consideration of NOK 52.84 in cash,

for each share they own in NRS. This entails that the shareholders in NRS will obtain a total ownership of 12.3 % (before an adjustment for own shares) in SalMar following completion of the merger based on outstanding shares in SalMar, on the date of the merger plan including the shares issues as considerations for the merger, and the shares which will be issues as consideration to the shareholders of NTS ASA who has accepted the voluntary offer from SalMar.

Should the proposed dividend of NOK 20 per share in SalMar, announced on 31 March 2022, not be resolved with a record date prior to completion of the merger shall the merger consideration to NRS shareholders be:

1. 0.295475 shares in SalMar; and
2. an additional consideration of NOK 52.84 in cash,

for each share they own in NRS. This entails that the shareholders in NRS will obtain a total ownership of 12.0 % (before an adjustment for own shares) in SalMar following completion of the merger based on outstanding shares in SalMar, on the date of the merger plan including the shares issues as considerations for the merger, and the shares which will be issues as consideration to the shareholders of NTS ASA who has accepted the voluntary offer from SalMar.

The exchange rate is calculated based on negotiations between the board of directors in NRS and SalMar, where the parties have agreed to base one price share in NRS at NOK 265.19 and a price per share in SalMar at NOK 718.64. Further, the exchange rate assumes that NTS ASA has transferred all shares in SalmoNor AS to NRS' subsidiary NRS Farming AS and that NRS before the merger becomes effective issues 15,360,452 shares to NTS ASA as partial consideration.

Fraction of shares will not be issued. For each shareholder a rounding down to the nearest whole number of shares will be made. Any surplus shares following such rounding that will not be issued to shareholders in NRS will be sold by Arctic Securities AS. Proceeds from such sales will be distributed pro-rate between shareholders who would have been entitled to fractions of shares.

Based on volume-weighted average closing price of SalMar at the Oslo stock exchange in the period between 4 April 2022 and 20 May 2022, and a negotiated exchange ratio, the consideration constitutes a value of NOK 265.18 per share in NRS. This results in a premium of 12.1 % in relation to NRS' volume-weighted average closing price the last 30 trading days until and including 27 May 2022.

4. IMPACT OF THE MERGER ON EMPLOYEES

The merger will have no immediate consequences for the employees in NRS and its subsidiaries in the NRS group. Information has however been given, and consultations with the employee representatives and other union representatives in the NRS group has been carried out, in connection with the Merger.

In line with the principle of continuity, all of NRS' obligations to its employees in the NRS group are transferred to SalMar.

Norwegian version signed by the board of directors in Norway Royal Salmon ASA on 30 May 2022