GREEN BOND

Investor Presentation

SalMar

7 April 2021

SALMAR
Passion for Salmon

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Summary of risk factors

STRATEGIC RISK AND RISK RELATED TO THE INDUSTRY IN WHICH THE GROUP OPERATES

- The Group may not be successful in managing and/or eliminating risks
- Risks related to food safety and health concerns
- The Group's business depends on goodwill, reputation and maintaining good relationships
- Risks related to existing and increasing competition in the farmed salmon market
- The Group may be exposed to activism

RISKS RELATED TO THE GROUP'S OPERATIONS

- The Group's operations are subject to several biological risks
- The Group is dependent on favorable salmon prices, which may be affected by a number of factors, to sustain or expand its operations
- The outbreak of the COVID-19 may reduce demand for salmon and disrupt global supply chains
- Risks related to feed costs and supply
- Uncertainties regarding the effects of UK's departure from the EU

RISKS RELATED TO CLIMATE CHANGES AND LOSS OF NATURE

- The Group is exposed to physical risks from climate change
- The Group is exposed to regulatory risk related to climate change
- The Group is exposed to market risks related to climate change
- The Group is exposed to technology risks related to climate change
- The Group is exposed to reputational risks related to climate change
- Risk related to the loss and degradation of nature

RISKS RELATED TO THE GROUP'S FINANCING AND FINANCIAL SITUATION

- Funding may not be available on favorable terms in the future or at all
- The Group's obligations arising from debt arrangements impose restrictions on operations and may be defaulted
- The Group is exposed to currency risk
- The Group is exposed to liquidity risks
- The Group is exposed to interest rate risk

RISKS RELATED TO LAWS AND REGULATIONS

- The Group is currently under investigation by the European Commission and US competition authorities, and several lawsuits have been filed against the Group, and there can be no assurances regarding the outcome of such investigations and/or lawsuits
- The Group is subject to extensive regulations
- Risks relating to the Group's current and future expected licenses
- Risks related to international trade restrictions imposed on the Group
- Environmental risks
- Changes in tax laws of any jurisdiction in which the Group operates, and/or any failure to comply with applicable tax legislation may have a material adverse effect for the Group

RISKS RELATED TO THE BONDS AND LISTING OF BONDS

- The Bonds may not qualify as green bonds under the EU Taxonomy and EU Green Bond Standard
- The Bonds are unsecured obligations of the Issuer and rank behind certain lenders
- Defaults or insolvency of subsidiaries
- The terms and conditions of the Bond Terms allow for modification of the Bonds or waivers or authorizations of breaches and substitution of the Issuer which, in certain circumstances, may be affected without consent of all bondholders
- Enforcement of rights as a bondholder across multiple jurisdictions may prove difficult

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Key credit highlights

One of the largest salmon farmers in the world, with a fully integrated value chain	• SalMar is the world's second largest salmon farmer with a 2020 production of 173.5kt[1] and revenue and EBITDA of NOK ~12.9bn and NOK ~3bn, respectively • Fully integrated across the value chain from genetics via smolt production, farming, harvesting, value added processing to sales & distribution • Diversified farming footprint across attractive regions in Norway, Iceland and Scotland
Superior operational performance and a clear and consistent leader in profitability	• Strong track record of profitable growth since foundation in 1991 with continued focus on operational excellence • Through strict governance and strong corporate culture, SalMar has become an industry leader in terms of profitability with average EBIT/kg of NOK 24.2 in Norway for the period 2016-2020 versus an industry average of NOK 17.7 in the Norwegian market during the same period • Operations proved resilient through 2020 with solid profitability despite an ongoing pandemic – 2020 EBIT/kg of NOK 18.6 for the Group, down only 7% from NOK 20 in 2019 despite significantly lower market prices
Innovation pioneer with strong commitment to ESG	• SalMar has been a pioneer in the use of new technology, always on terms with the salmon – ongoing expansion into offshore farming with the Ocean Farm and Smart Fish Farm technology and the biggest and most modern processing facility in northern Norway under construction • Demonstrated strong commitment to ESG with ambitious targets on key KPIs – 100% of active sites certified, targeting 35% reduction in Scope 1+2 GHG emissions from 2018 to 2030 and excellent scores on safety and sick leave demonstrating the strong corporate culture • Green bond second party opinion from CICERO Shades of Green with a "Medium Green" shading and "Excellent" governance score
Solid financial position with a prudent capital structure	• Prudent capital structure with solid equity buffer – year end 2020 equity ratio of ~50% and NIBD/EBITDA (including leasing) of ~1.5x • Recently received A- (stable) corporate rating from Nordic Credit Rating, reflecting strong relative profitability due to cost-efficient production and excellent farming locations – committed to maintaining investment grade credit profile throughout the cycle • Listed on Oslo Stock Exchange with market capitalization of NOK ~64bn[2] and strong majority owner in Kverva which has significant industrial and financial experience

1) Gutted weight equivalent 2) Market cap as at 25 March 2021

Agenda

- Company Overview
- Sustainability at SalMar & Green Bond Framework
- Financials
- Market Overview
- Appendix
- Risk Factors

This is SalMar

North-Atlantic production with global reach

- Founded in 1991 – celebrating 30 years
- Listed on Oslo Stock Exchange with a market cap of ~NOK 64bn[1]
- 1,700 employees with presence along the coast of Norway & 5 sales offices in Asia
- Significant operations in Iceland and Scotland
  - Icelandic Salmon listed on Euronext Growth
- The world's 2nd largest Atlantic salmon producer and the world's largest producer of organic salmon
- Fully integrated in the value chain
- Pioneered, and will lead the way offshore

2020

Production **173,500** tons

Norway	Scotland	Iceland
150,300 tons	**24,000** tons[2]	**11,200** tons[3]

2021E

Production **195,000** tons

Norway	Scotland	Iceland
163,000 tons	**36,000** tons[2]	**14,000** tons[3]

1) Market cap as at 25 March 2021 2) SalMar share is 50% (associated company volumes not consolidated) 3) SalMar share is 51% (volumes fully consolidated)

SalMar's development is based on two overarching principles…

minimal footprint
in the areas we operate

maximize value creation
of the salmon

…delivering 30 years of growth and excellent operational performance




Two core strategic principles…

- Minimal footprint in the areas we operate…
- …while maximizing the value creation of the salmon

…has delivered a strong track record of growth…

- 11 to 1,700 employees
- From operations on Frøya in Norway to operations in 8 countries across the globe
- 800 tons produced in 1991 to 195,000 estimated tons in 2021

…with significant opportunities ahead.

- Pioneering use of new technology
- Higher utilization of the ocean's potential to produce more healthy food

"Passion for Salmon"

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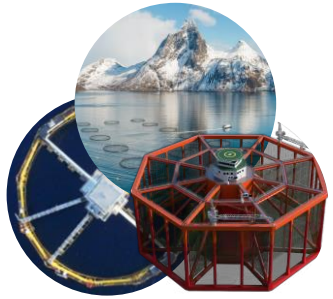
Strong strategic and operational focus throughout the value chain

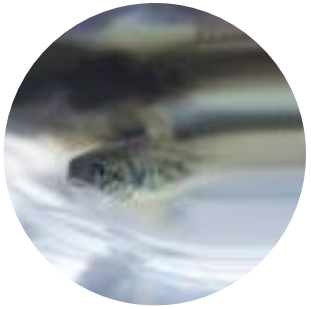
Always on terms with the salmon

Flexibility and capacity to deliver the **right smolt** at the **right time** …



… to deliver the **best fish** through good fish welfare…

… for local processing with the **right capacity** at strategic locations…



… for production at the **optimal locations** with minimal footprint…

… with **flexibility** to handle the volume when the fish is ready for harvest…

… to **maximize value creation** of the salmon…

… all handled by **fantastic dedicated employees** with **strong competence & culture** and a **passion for salmon**

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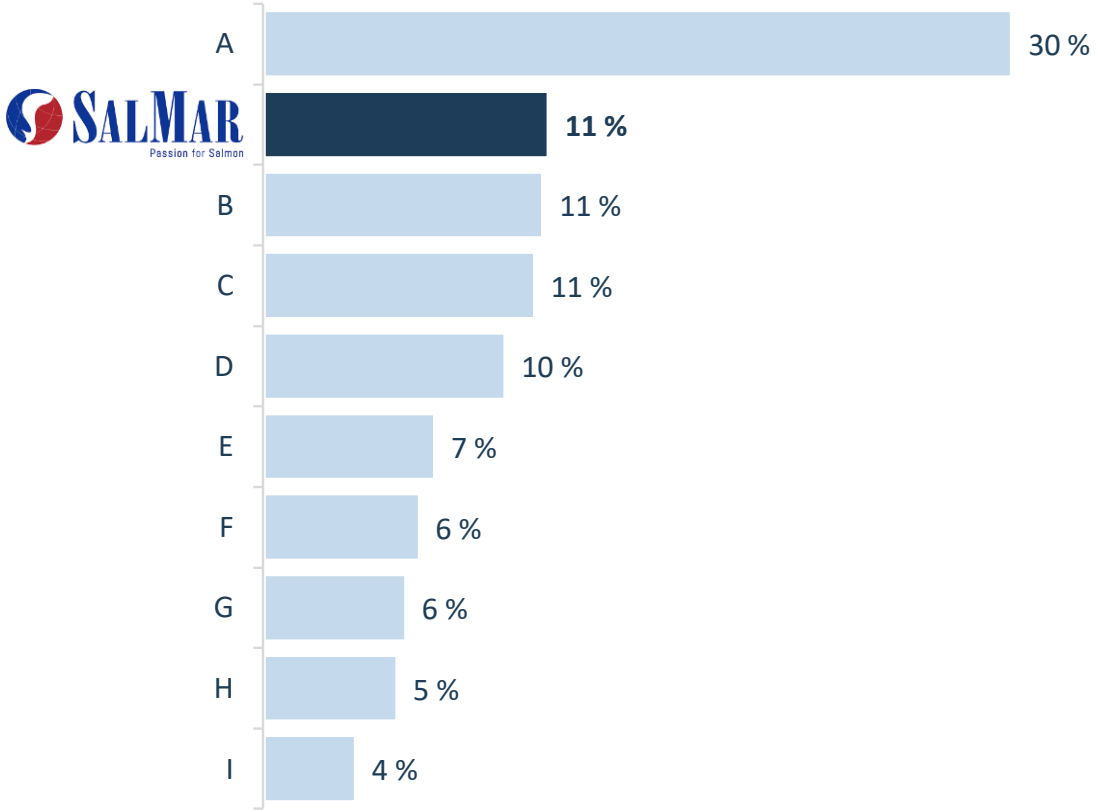
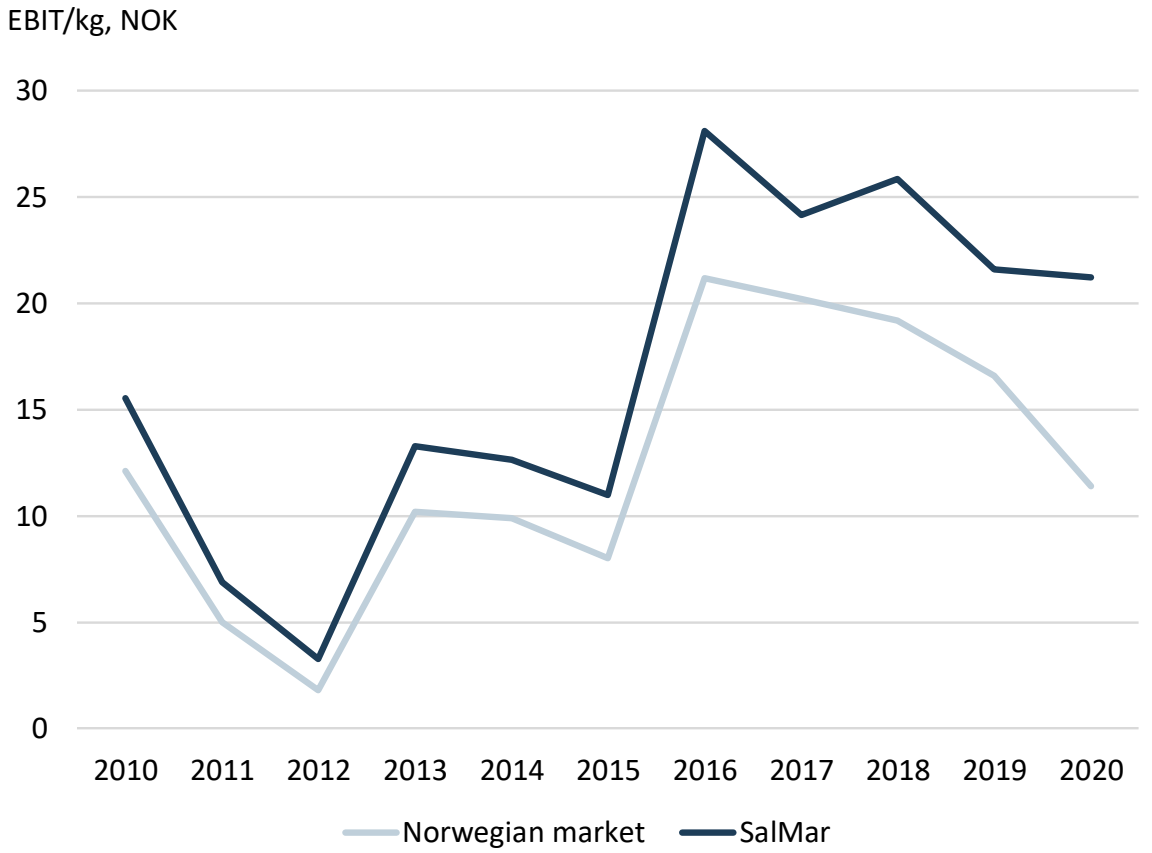
Second largest Atlantic salmon producer in the world with consistently higher profitability than average in the Norwegian market

Second largest salmon farmer in the world[1]...



...with consistently higher profitability than average in the Norwegian market[2]



1) Based on 2019 harvesting figures, SalMar figures include Icelandic Salmon and Scottish Sea Farms 2) SalMar: Weighted average reported EBIT/kg from Central Norway and Northern Norway, Market source: Norwegian Directorate of Fisheries 2010-2019, 2020 figure based on 2020 full year reported figures for listed Norwegian salmon farmers

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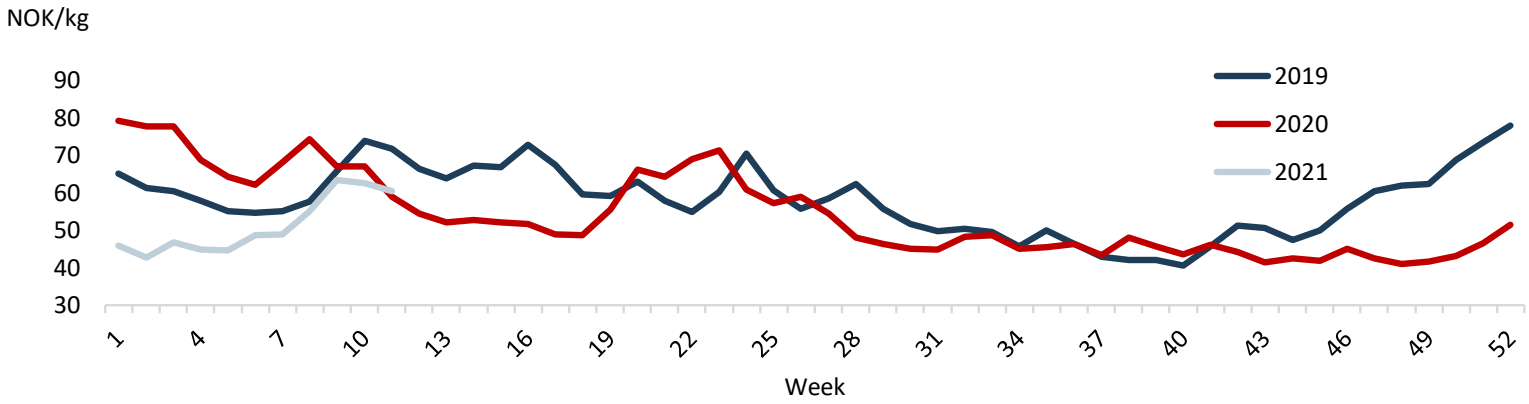
2020 showcasing SalMar's ability to handle a challenging situation

Strong performance through Covid-19

Key performance metrics

	FY 2020	FY 2019	Δ YoY
Group			
Harvest volume (1,000 tons gwt)	161.5	153.1	+8.4
Operational EBIT (NOKm)	3,007	3,068	-60
EBIT/kg (NOK/kg)	18.62	20.04	-1.42
Norway			
Harvest volume (1,000 tons gwt)	150.3	143.3	+7.0
Operational EBIT (NOKm)	3,058	2,967	+91
EBIT/kg (NOK/kg)	20.35	20.71	-0.36
Nasdaq spot price (NOK/kg)	54.34	57.98	-3.64

Nasdaq weekly spot index



Comments

- Covid-19 has led to significant market uncertainty
- Nasdaq average spot price down to NOK 54.34 in 2020 from 57.98 in 2019 per kg
- Strict disease prevention measures implemented
- Strong strategic and operational focus throughout the value chain resulting in solid biological and operational performance
- Dedication, passion and strong culture

Operating segments covering the value chain from roe to plate

Diversified farming footprint with strategically located harvesting and processing facilities supported by a sales operation with global span

	NORWAY			ICELAND
Segment	**FISH FARMING CENTRAL NORWAY**	**FISH FARMING NORTHERN NORWAY**	**SALES & INDUSTRY**	**ICELANDIC SALMON[1]**
Value chain covered				
Key info	PO 5-7: 64,038 MAB tons 5 smolt facilities 1 cleaner fish facility	PO 10-13: 38,251 MAB tons 1 smolt facility	2 harvesting and processing facilities in Central Norway 1 harvesting and processing facility in operation in Northern Norway from summer 2021	Westfjords: 25,200 MAB tons 1 harvesting facility 2 smolt facilities
Key metrics Harvest volume, k gwt Revenue, NOKbn	k gwt 71 (2016) 88 (2017) 100 (2018) 95 (2019) 100 (2020) 107 (2021E)	k gwt 45 (2016) 48 (2017) 42 (2018) 48 (2019) 50 (2020) 56 (2021E)	NOKbn 9 (2016) 11 (2017) 11 (2018) 12 (2019) 12 (2020)	k gwt 10 (2019) 11 (2020) 14 (2021E)
Q4 2020 operational update	• Continuing trend with solid results • Autumn 2019 generation accounted for the volume during Q4 2020 • Expect slightly lower volume and costs at same level in Q1 2021 • Expect to harvest 107,000 tons in 2021	• Continuing the positive development • Spring 2019 generation accounted for 80% of the volume and was finished during Q4 2020 • Autumn 2019 generation harvest started in the quarter with good biological performance • Expect lower volume and higher cost level in Q1 2021 compared to Q4 2020 • Expect to harvest 56,000 tons in 2021	• Satisfactory results in Q4 2020 with challenging market and low salmon prices • Positive contribution from fixed price contracts • Current market situation underlines the importance of our strategic focus on local processing • Contract share currently at 30% for Q1 2021 and 20% for full year 2021 • Construction work on new processing facility in Troms progressing according to plan	• Successful private placement and listing on Euronext Growth in October 2020 • As expected, negative result in Q4 2020 due to low price achievement • Positive cost development driven by improved biological performance • Expect slightly higher volume and stable cost level in Q1 2021 compared to Q4 2020 • Expect to harvest 14,000 tons in 2021 • Positive signals for new licenses in Ísafjarðardjúp, 10,000 MAB tons

Genetics & Smolt | Fish Farming | Harvesting & Processing | Sales

Value chain legend

1) 51% ownership post IPO in October 2020. Consolidated results from February 2019, full company figures

SALMAR Passion for Salmon

Agenda

- Company Overview
- Sustainability at SalMar & Green Bond Framework
- Financials
- Market Overview
- Appendix
- Risk Factors

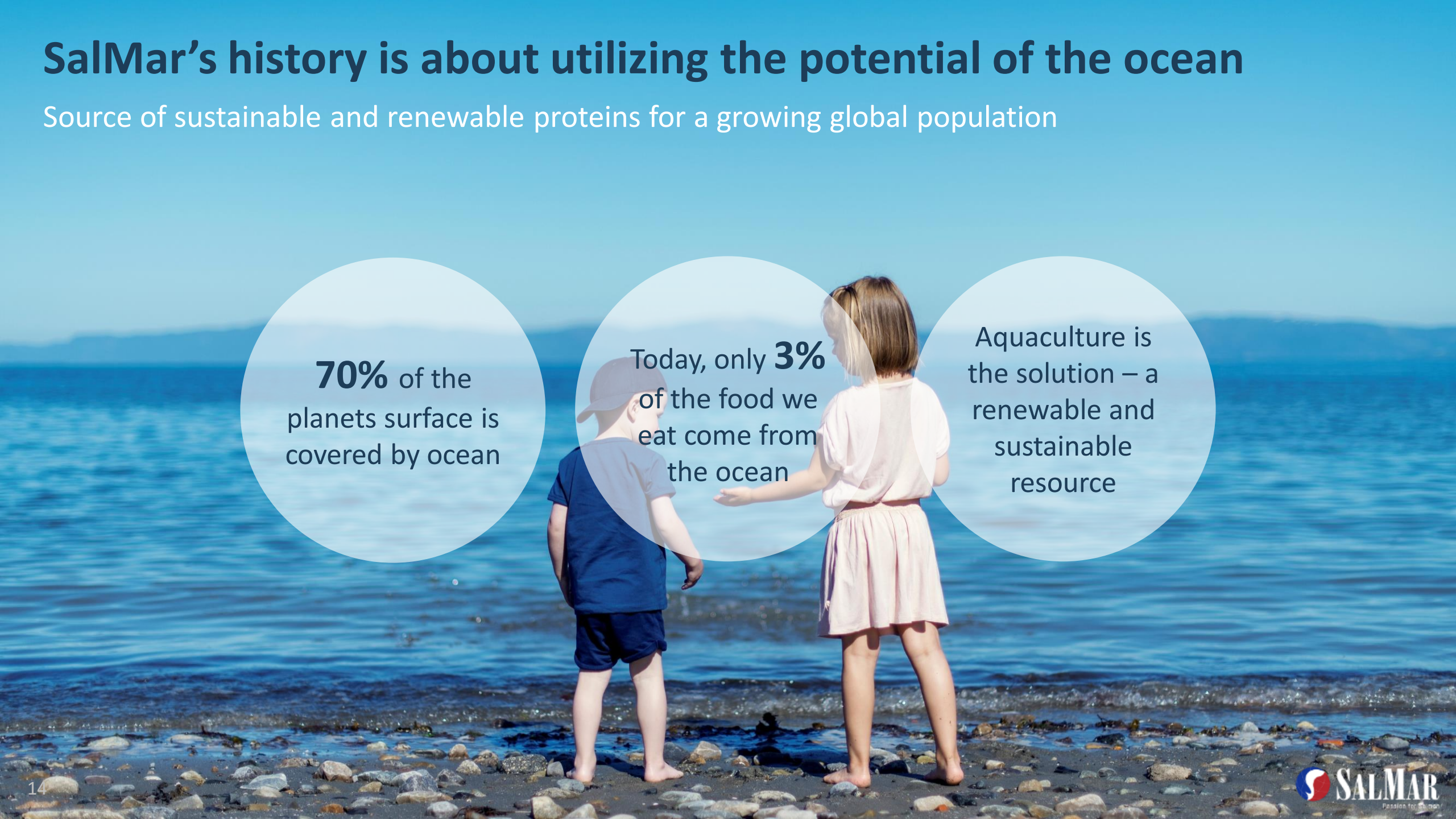
SalMar's history is about utilizing the potential of the ocean

Source of sustainable and renewable proteins for a growing global population

70% of the planets surface is covered by ocean

Today, only **3%** of the food we eat come from the ocean

Aquaculture is the solution – a renewable and sustainable resource



Sustainability in everything SalMar do

Has been a key postulate for SalMar for over 20 years

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.

ENVIRONMENT & TECHNOLOGY

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

PEOPLE & SOCIETY

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

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SalMar's commitment to sustainability is showcased in its targets

Select reported KPIs[1]

FISH

	Target	2020	2019	2018
Survival rate (12M rolling survival[2])	>97%	95.6%	95.3%	94.1%
Economic FCR	<1.13	1.16	1.19	1.18
# Escaped Fish[6]	0	9,135	5,907	15,903
Antibiotics (g active substance / tons produced)	0	0	0.07	0.05
Certifications (share of active sites with certifications[4])	100%	100%	100%	100%

ENVIRONMENT & TECHNOLOGY

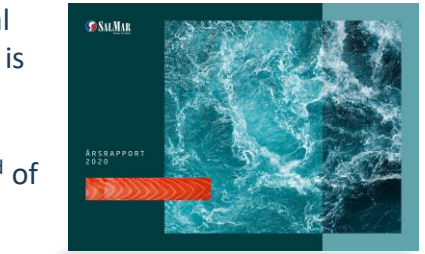
	Target	2020	2019	2018
GHG emissions (Scope 1+2 tCO2e)	35% reduction from 2018 to 2030[3]	16,306	15,141	16,173
GHG emissions intensity (Scope 1+2 kgCO2e/tons produced)		87	90	96
GHG emissions (Scope 3 tCO2e)[5]	35% reduction from 2020 to 2030[3]	619,805	n.a.	n.a.
Share of local processing	>42.5%	42.0%	39.3%	37.6%
Site environment (MOM-B Score ≤ 2)	100%	93%	97%	85%
Locations with onshore power or hybrid technology	100%	47%	44%	40%
Smolt (Smolt production from RAS)	100%	86%	82%	73%

PEOPLE & SOCIETY

	Target	2020	2019	2018
Safety & sick leave - Deaths	0	0	0	0
- LTI	0	24	20	27
- H-number	<6	9.1	7.7	11.9
- Sick leave	<4.5%	5.3%	5.3%	5.5%

Sustainability report

SalMar publishes an annual sustainability report which is integrated as part of the annual report. Report for 2020 will be published 23rd of April 2021



1) SalMar only, excl. Icelandic Salmon 2) According to Global Salmon Initiatives' methodology 3) Pending approval from Science Based Targets Initiative 4) Facilities certified according to GlobalGap, Debio or ASC 5) Prior to 2020, Scope 3 only included well boat transportation and business travel where SalMar had operational control 6) Incidents with final escape figures only, 1 incident is pending final figure

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Investing in state-of-the-art RAS smolt facilities

Securing flexibility and capacity to deliver the right smolt at the right time

Increasing capacity with new RAS facilities in both Central and Northern Norway

- Expanding around two strong competence clusters
- Senja 2 in Northern Norway in operation from 2022, construction started in May 2020
- Tjuin in Central Norway, final investment decision in Q2 2021

Gives flexibility and capacity to deliver the right smolt

- Smolt with the right size and quality
- Delivered at the right time to the right location
- Foundation for future growth in production

Reducing environmental footprint by use of RAS technology and handling of sludge

- Reducing freshwater consumption with more than 97% compared to flow-through facilities
- Ensuring circular economy - all sludge collected for use in fertilizer- or biogas production

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Investing for further growth within coastal farming

Always targeting production at the optimal locations with minimal environmental footprint

Investing in increased MAB capacity

- Growth in both Central and Northern Norway
- MAB increased through conversion of development licenses and purchases through traffic light auction
- Seeking attractive M&A opportunities

Optimizing our own production

- Increasing site and MAB utilization
- More production at our best locations
- Utilizing new technology
- Continuing our cost development programs

Sustainability in everything we do

- The salmon always comes first
- Constantly improving the fish welfare
- Optimizing the feed, utilizing only certified ingredients
- Minimizing our impact in the local environment
- Electrifying our value chain

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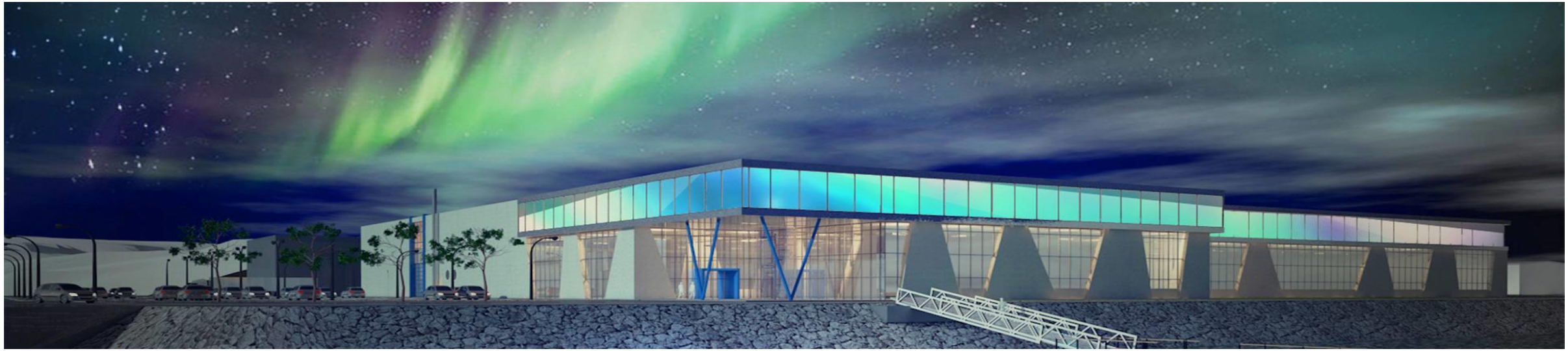
InnovaNor – a new cutting edge harvesting and processing facility

Strengthening our processing capacity in order to maximize the value creation



Biggest and most modern processing facility in northern Norway

- Located on Senja
- In operation from the summer of 2021
- 17,000 square meters with a capacity of 75,000 tons harvest volume of salmon per year
- NOK ~1bn CAPEX and an expected 1 NOK/kg in reduced cost in the value chain

Utilizing the latest technology

- Rigged with the latest cutting-edge technology for value added processing built with scalability in mind
- Incorporates landing, harvesting, processing, packaging and storage capabilities including an office wing
- Box-factory built in connection with the facility

Local processing is a key factor for sustainable growth

- Significant local value creation in the local community through jobs created
- Large harvesting capacity in close proximity to farming operations reduces biological risk in sea and optimizes production
- Local processing reduces weight of volume transported, reducing climate gas emissions
    - 46,000 tons CO2e reduced due to SalMar's local processing activities today

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Offshore – a new era in sustainable aquaculture

Sustainable growth on terms with the salmon

Utilizing the potential of the ocean to produce healthier food

- Salmon is one of the most resource efficient protein sources
- Sustainable production to feed a growing world population

Targeting sustainable growth through new technology since 1991

- Technological development on terms with the salmon
- Always seek minimal environmental footprint
- Consistently delivering excellent operational performance

SalMar pioneered and will lead the way offshore

- Build on 30 years of operational experience
- Natural habitat of the Atlantic salmon
- Optimal biological conditions
- Unlock vast areas for sustainable production – world-wide
- Technology is not only limited to Norwegian waters, but can be deployed closer to the core markets

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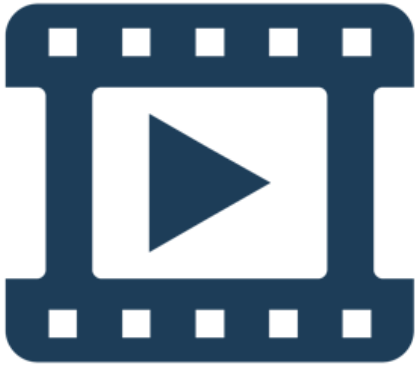
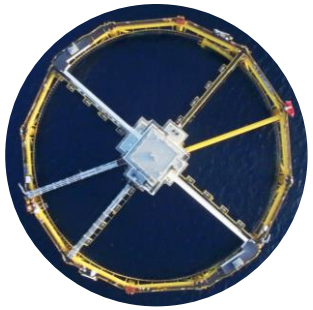
Captain’s log

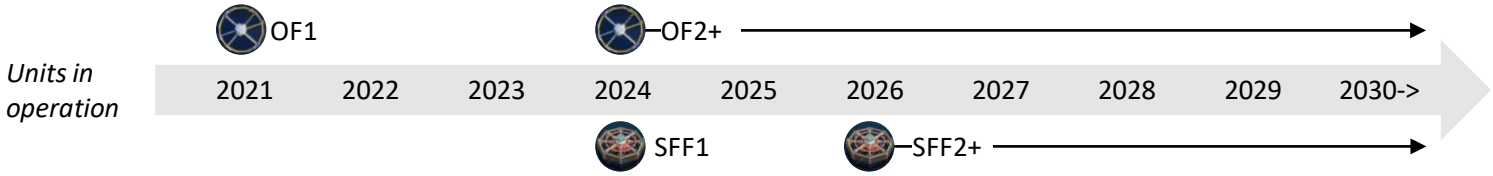


Serial expansion of both Ocean Farm and Smart Fish Farm technology

EXPOSED
Ocean Farm (OF)



	First unit OF1	Additional units OF2->
Volume[1]	7,500 rwt	10,000 rwt
CAPEX	NOK 1bn	NOK 0.6-0.8bn
Production cost[2]	NOK 35/kg	NOK 33/kg
Construction time	18 months	18 months
In operation	Since Q3 2017	From 2024->



OPEN OCEAN
Smart Fish Farm (SFF)

	First unit SFF1	Additional units SFF2->
Volume[1]	23,000 rwt	23,000 rwt
CAPEX	NOK 2.3bn	NOK 1.5-2.0bn
Production cost[2]	NOK 37/kg	NOK 34/kg
Construction time	23 months	20 months
In operation[3]	From Q2 2024	From 2026->

- Speed of expansion subject to government approval and regulatory framework
- Attractive cost level
  - Lesson learned from OF1 reducing CAPEX
  - Strong biological performance and capacity utilization results in low production cost
- Significant positive ripple effects to the entire value chain and supplier industry
- Combine unique SalMar farming competence with OF exposed experience and Norwegian offshore construction know-how

1) rwt = tons round weight 2) Based on full capacity utilization and current estimates based on today's cost structure 3) subject to government approval H2 2021

SalMar green bond framework (1/3)

"Medium Green" shading received from second party opinion provider CICERO Shades of Green

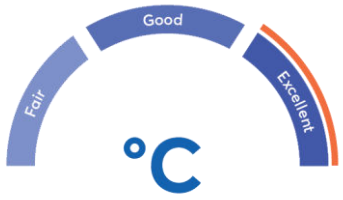
Medium Green shading

- Based on CICERO's review, SalMar's framework was found in alignment with ICMA's Green Bond Principles and rated with a "Medium Green" shading

°CICERO
Medium Green

Governance score of "Excellent"

- CICERO assessed the governance structure of the green bond framework and the policies and goals of SalMar as "Excellent"



SalMar ASA
Green Bond Second Opinion

SHADES OF GREEN

GREEN BOND PRINCIPLES

Medium Green

Framework strengths

- *"The framework includes two technological development projects that have the potential to mitigate the local environmental impacts of coastal aquaculture. The first is offshore salmon aquaculture, where SalMar is a leading innovator. The second are closed net-pens, which are closed systems placed in the sea."*
- *"A substantial share of the Green Bond proceeds will finance fish farms certified, or in preparation to become certified, by the Aquaculture Stewardship Council (ASC). The ASC is regarded as the strictest voluntary certification scheme on environmental criteria (excluding feed)."*
- *"Debio's organic label requires minimizing impacts on the local marine environment and wild salmon. Feed ingredients must come from organic agriculture, off-cuts from sustainably managed fisheries, or fish that is not suitable for human consumption."*

Source: SalMar Green Bond Second Opinion 6 April 2021

SALMAR
Passion for Salmon

SalMar green bond framework (2/3)

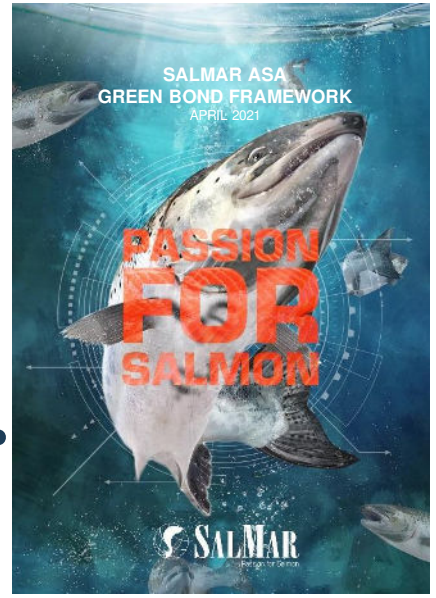
Use of proceeds, project for evaluation, management of proceeds and reporting

Use of proceeds

- Green Bond net proceeds will finance or refinance, in whole or in part, investments that promote the transition towards a low-carbon and environmentally sustainable society ("Green Projects")
- Investments qualify for refinancing with a maximum 5 years look-back period prior to the bond issuance
- Net proceeds will not be allocated towards excluded activities[1], fossil fuel machinery and/or equipment (such as diesel generators) or operating expenditures

Process for evaluation and selection

- Experts and representatives within SalMar evaluate potential Green Projects, their compliance with the Green Project Categories, and their environmental benefits
- A list of the potential Green Projects are presented to SalMar's Green Bond Committee which is solely responsible for the decision to acknowledge the project as green, in line with the Green Project categories. Green Projects will be marked as green in a dedicated "Green Portfolio" and a decision to allocate net proceeds will require a consensus decision by the committee



Management of proceeds

- SalMar will use a Green Portfolio to track the allocation of net proceeds from Green Bonds to Green Projects
- Unallocated Green Bond net proceeds may temporarily be placed in the liquidity reserve (but not in entities engaged in excluded activities[1]) and managed accordingly by SalMar

Reporting and transparency

- SalMar will annually and until maturity of the Green Bonds issued, publish a Green Bond Report describing the allocation of proceeds and the environmental impact of the Green Projects

1) Fossil and nuclear energy production, weapons and defense, potentially environmentally harmful resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco

SALMAR Passion for Salmon

SalMar green bond framework (3/3)

Net proceeds will promote the transition towards a low-carbon and environmentally sustainable society

Green Project Category	Eligible investments	SDG[1]
Sustainable food production Medium Green	• Sustainable coastal fish farms (ASC/Debio certified) • Sustainable offshore fish farms • Local and sustainable processing (ASC CoC certified) • Sustainable facilities for smolt production (RAS facilities and closed net pens) • Environmental management and fish welfare • R&D aimed at improving the environmental performance of feed, fish farms and processing	14 LIFE BELOW WATER
Renewable energy Dark Green	• Electrification and renewable energy, such as the electrification of fish farms and the installation of renewable energy technology and battery packs to power fish farms	7 AFFORDABLE AND CLEAN ENERGY
Clean transportation Medium Green	• Fully electric or hybrid aquaculture vessels or the upgrading of vessels with battery packs • Infrastructure supporting low-carbon transportation, such as electric charging points	11 SUSTAINABLE CITIES AND COMMUNITIES
Water and wastewater management Medium Green	• Wastewater treatment solutions leading to reduced volumes of wastewater and improved water quality • Water-use efficiency solutions, such as RAS facilities, leading to reduced freshwater use (min. 30% efficiency improvement)	6 CLEAN WATER AND SANITATION
Waste management & circular economy adapted products, production technologies and processes Medium to Dark Green	• Efficient management of waste through improvements in the sorting of materials, reductions in biological and plastic waste, and by reusing packaging and used fish farming equipment • Resource efficient products and solutions, such as new net and packaging designs with a significantly higher rate of recycled plastic or significantly higher rate of material with a lower carbon impact compared to conventional alternatives	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1) Sustainable Development Goals

SALMAR Passion for Salmon

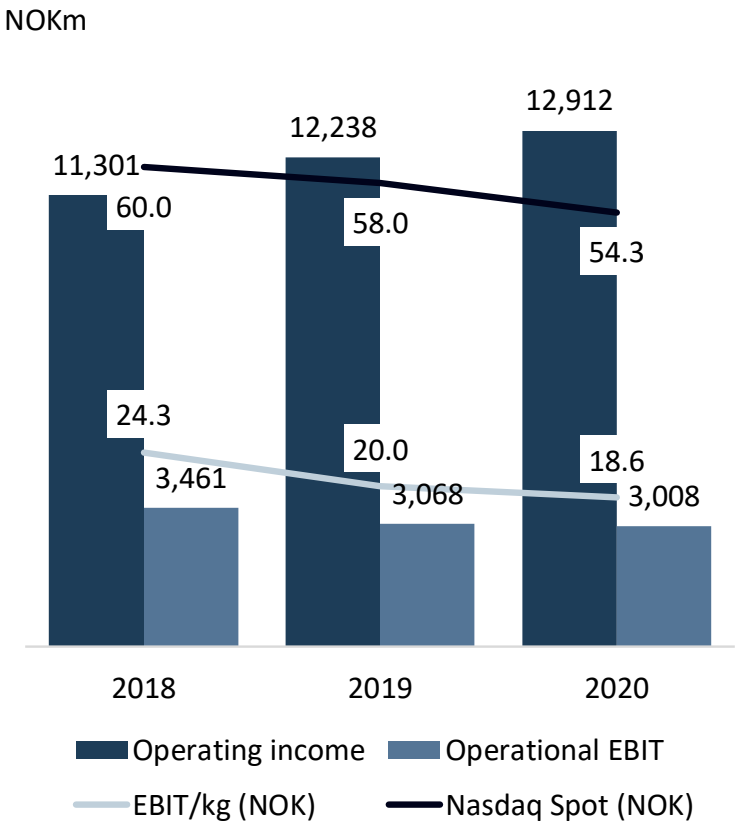
Agenda

- Company Overview
- Sustainability at SalMar & Green Bond Framework
- Financials
- Market Overview
- Appendix
- Risk Factors

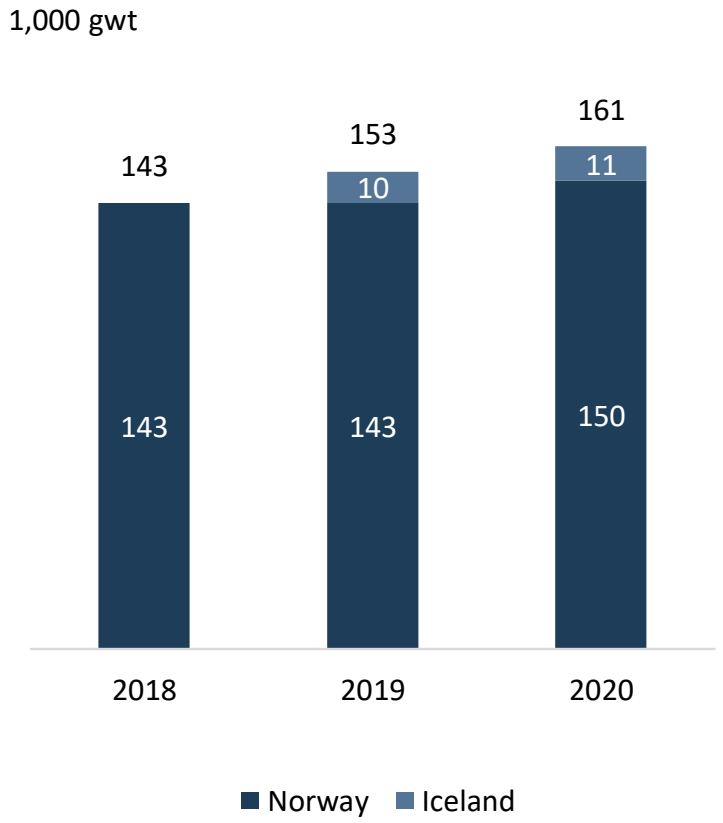
Increasing production and a prudent financial structure

Historical development of key figures and ratios

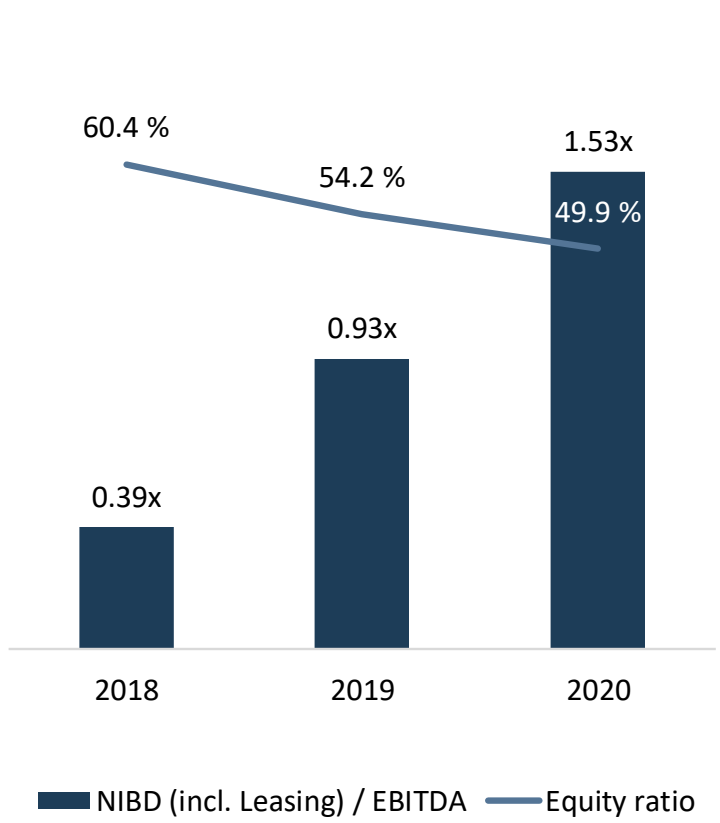
Headline financials



Harvest volumes[1]



Capital structure[2]



1) Iceland included from 2019 2) IFRS 16 from 2019, 2018 figure does not include operating leases

Revenues driven by volume growth and strong price achievement

Group profit and loss

FY 2020 vs. FY 2019

- Revenue increased following higher volume and stronger price achievement
- Operational EBIT only reduced 2% due to lower cost
- Fair value adjustment negative due to lower forward prices
- Reduced income from associates
- Other financial items in 2019 positively impacted by gain from acquisition of increased shareholding in Icelandic Salmon

NOK million	Q4 2020	Q4 2019	Δ%	FY 2020	FY 2019	Δ%
Operating income	3,049.0	3,186.7	-4 %	12,912.3	12,237.6	6 %
EBITDA	**648.1**	**863.9**	**-25 %**	**3,819.6**	**3,786.0**	**1 %**
Depreciations and write-downs	234.3	205.7		812.1	718.4	
Operational EBIT	**413.8**	**658.1**	**-37 %**	**3,007.5**	**3,067.6**	**-2 %**
Fair value adjustment	-328.6	218.4		-179.5	-33.0	
EBIT	**85.2**	**876.5**	**-90 %**	**2,828.0**	**3,034.6**	**-7 %**
Income from investments in associates	8.9	77.8		42.2	118.7	
Net financial items	-17.5	-62.9		-298.5	5.1	
Net interest costs	*-30.2*	*-42.9*		*-139.6*	*-157.7*	
Other financial items	*12.7*	*-20.0*		*-158.9*	*162.8*	
Profit before tax	**76.6**	**891.4**	**-91 %**	**2,571.6**	**3,158.4**	**-19 %**
Tax	24.9	168.2		563.4	613.9	
Net profit for the period	**51.7**	**723.2**	**-93 %**	**2,008.3**	**2,544.5**	**-21 %**
Other comprehensive income	-85.6	14.6		212.1	39.9	
Total comprehensive income	**-33.9**	**737.8**	**-105 %**	**2,220.4**	**2,584.4**	**-14 %**
Earnings per share (NOK)	0.22	5.93	-96 %	17.52	22.06	-21 %
Harvested volume (k gwt)	43.6	40.3	8 %	161.5	153.1	6 %
EBIT per kg (NOK)	9.50	16.31	-42 %	18.62	20.04	-7 %
Nasdaq spot price (average)	43.69	57.67	-24 %	54.34	57.98	-6 %

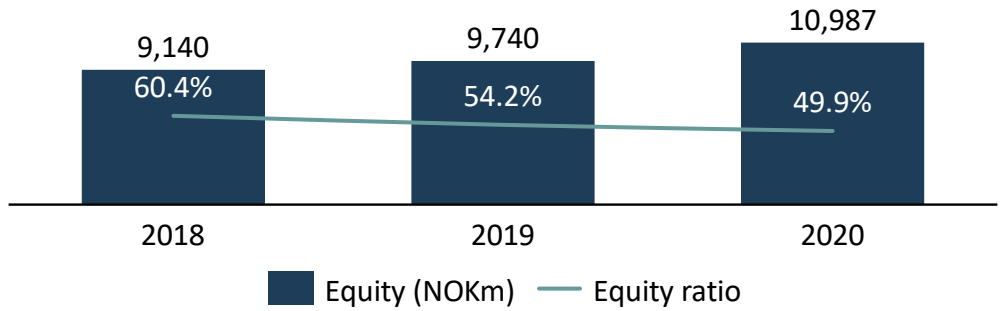
SALMAR Passion for Salmon

Prudent capital management and a solid financial position

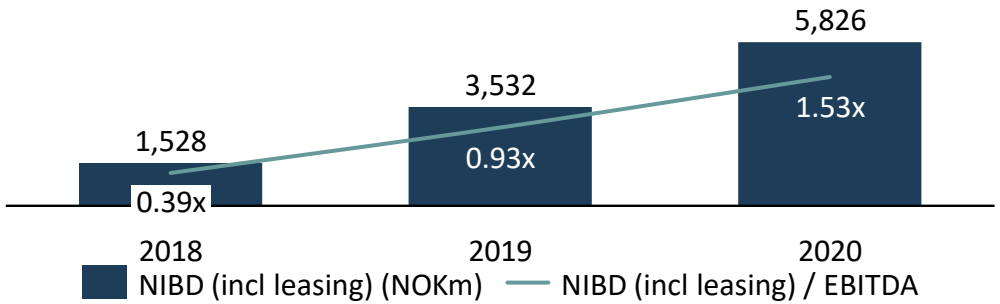
Group capital structure

- Solid equity cushion at NOK 10,987 million at year end 2020
  - Equity ratio at 49.9%
- Net Interest-bearing debt including leasing liabilities increased with NOK 2,294 million during 2020
  - NIBD including leasing at NOK 5,826 million at the end of 2020
  - NIBD including leasing /EBITDA at 1.53x
- Balanced leverage in line with financial policy

Equity and equity ratio



NIBD and NIBD/EBITDA[1]



1) IFRS 16 from 2019, 2018 figure does not include operating leases

Existing credit facilities secure financial flexibility

Financing overview

- Refinanced credit facilities in February 2021
  - Increasing total credit facilities by NOK 1,000 million
- Senior secured sustainability-linked revolving credit facility of NOK 4,000 million
  - Duration 5 years
  - 4 ESG KPIs linked to the RCF
    1. Survival rate
    2. Economic feed conversion ratio
    3. Share of local processing in Norway
    4. Greenhouse gas emission intensity
- Senior secured overdraft facility of NOK 1,000 million
  - Duration 1 year with annual renewal
- Covenants
  - Equity ratio at least 30%
  - Interest cover[1] greater than 4.0x

NIBD (NOKm)	December 2020
Overdraft[4]	1,000
Revolving credit facility (SL) [4]	2,708
Term loan	824
Other interest-bearing facilities	150
IBD subsidiaries (Icelandic Salmon + Vikenco)	435
IBD before leasing	**5,116**
Leasing liabilities	934
Total IBD	**6,050**
Bank deposits, cash and cash equivalents	223
NIBD incl. Leasing	**5,826**
NIBD (incl. Leasing) / EBITDA	1.53x

Debt facilities SalMar as of Dec 2020	Currency	Amount (m)	Drawn (m)	Repayment	Maturity
Overdraft[4]	NOK	1,000	1,000		2022[2]
Sustainability-linked RCF [4]	NOK	4,000	2,707		2026
Term loan	NOK		824	118m p.a.	2022[3]
Innovasjon Norge – AS	NOK		39	7.5m p.a.	2025
Innovasjon Norge – OF	NOK		110	10m p.a.	2032
Working capital financing SalMar	**Currency**	**Amount (m)**	**Drawn (m)**		**Maturity**
Vendor financing	NOK	1,200	n.a.		Uncommitted facility
Customer financing	NOK	800	n.a.		Uncommitted facility

1) Interest cover = EBITDA / Net finance charges 2) Annual refinancing 3) Excluding 1+1 extension option 4) New agreement signed in February 2021, sustainability-linked RCF replacing old RCF and CAPEX facility. As at 31.12.2020 overdraft stood at NOK 1,067m and RCF+CAPEX facility stood at NOK 2,640m totaling NOK 3,708m

Manageable near-term capex requirements

Long-term future capex requirements expected to be partially supported by surplus cash

Already sanctioned investments:

- Estimated maintenance capex of around NOK 2.0 per kg harvest volume
- InnovaNor in operation from summer 2021
- The expansion of smolt facility in Northern Norway, Senja 2, started construction in 2020, will be finished early 2022
- Expect NOK 1.6bn for the Norwegian operations in 2021

New investments:

- Final investment decision for new smolt facility in Central Norway, Tjuin expected in Q2 2021 with start of construction summer 2021
- New licenses assumed to entail capex every other year following the traffic light regime
- Further, SalMar has several expansions related to both Ocean Farm (OF) and Smart Fish Farm (SFF) technology in the pipeline, though speed of expansion is subject to government approval and regulatory framework
- First OF unit already in operation, additional OF and SFF units expected to be in operation from 2024

High-level capex overview

Maintenance	New facilities	Licenses	New facilities	Offshore
Ongoing	Ongoing	2020→	2021→	2022→
• NOK 2.0 per kg harvest volume	• InnovaNor • Senja 2	• Traffic light auction every other year	• Tjuin	• Future OF and SFF technology expansions

Committed to maintain an IG credit profile through the cycle

Financial policy and corporate credit rating from Nordic Credit Rating

Financial policy and credit profile

- SalMar's dividend policy is based on the company at all times having a solid balance sheet and a liquidity reserve that is sufficient to handle future liabilities
- Long-term financing targets are set at a NIBD[1]/EBITDA level in the range 1.0-2.5x
- Provided that SalMar is within this range, and also taking into account future investments, intention is to pay out its surplus liquidity in the form of cash dividends and/or share buybacks
- SalMar has received an A- long-term issuer credit rating with a stable outlook from Nordic Credit Rating
    - The A- rating reflects the company's strong relative profitability due to cost-efficient production and excellent farming locations, as well as the company's strong cash flow and moderate financial leverage
- SalMar is committed to maintain an investment grade credit profile through the cycle

SalMar is rated A- (stable) by Nordic Credit Rating

SALMAR RATING SCORECARD		
SUBFACTORS	**Impact**	**Score**
Operating environment	20%	bb+
Market position	10%	bbb-
Size and diversification	10%	a-
Operating efficiency	10%	aa-
Business risk assessment	**50%**	**bbb**
Ratio analysis		a+
Risk appetite		a
Financial risk assessment	**50%**	**a**
INDICATIVE CREDIT ASSESSMENT		**a-**
Peer comparisons		Neutral
ESG		Adequate
Liquidity		Adequate
STAND-ALONE CREDIT ASSESSMENT		**a-**
Support analysis		Neutral
ISSUER RATING		**A-**
Outlook		Stable
SHORT-TERM RATING		**N- 1+**

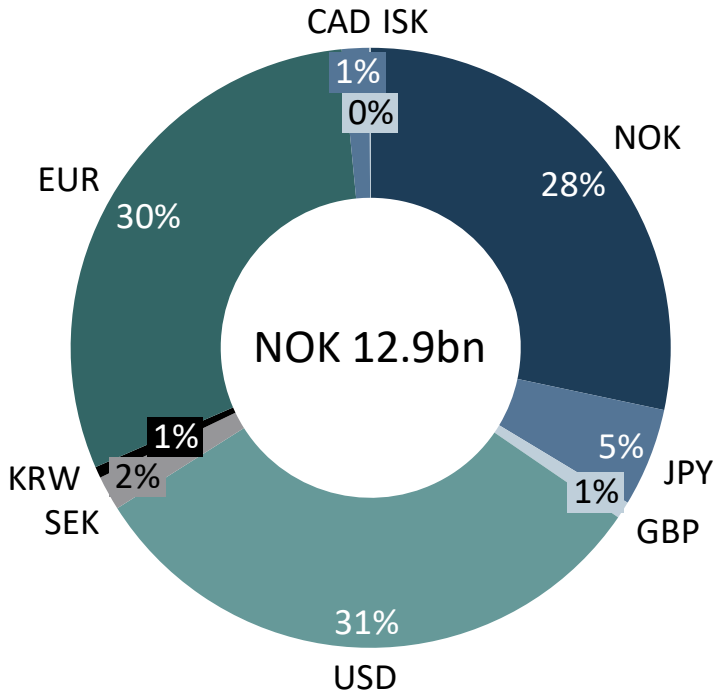
Source: Nordic Credit Rating 1) NIBD including lease liabilities

Underlying risk is mitigated by use of derivatives

Hedging policy

- The Group makes use of derivatives to hedge its underlying risk, where instruments used are forward currency contracts and salmon price hedging (including FishPool contracts)
- The bulk of the Group's output is sold internationally, with accounts settled largely in EUR, USD, GBP and JPY, and is hedged through currency futures. SalMar also uses hedge accounting to reduce volatility
- Further, current credit facilities enable to draw on overdraft and RCF facilities in other currencies than NOK, thus mitigating currency risk
- Existing loans are with floating rate interest rates, SalMar is regularly assessing whether fixed rate interest agreements should be entered into
- To mitigate risk of short-term fluctuations in the salmon price, SalMar is targeting to have approximately 25% of own production at fixed price contracts
- The share of production volumes on fixed price contracts are closely monitored and is periodically increased by adding on Fish Pool contracts

Currency exposure by revenues – year-end 2020



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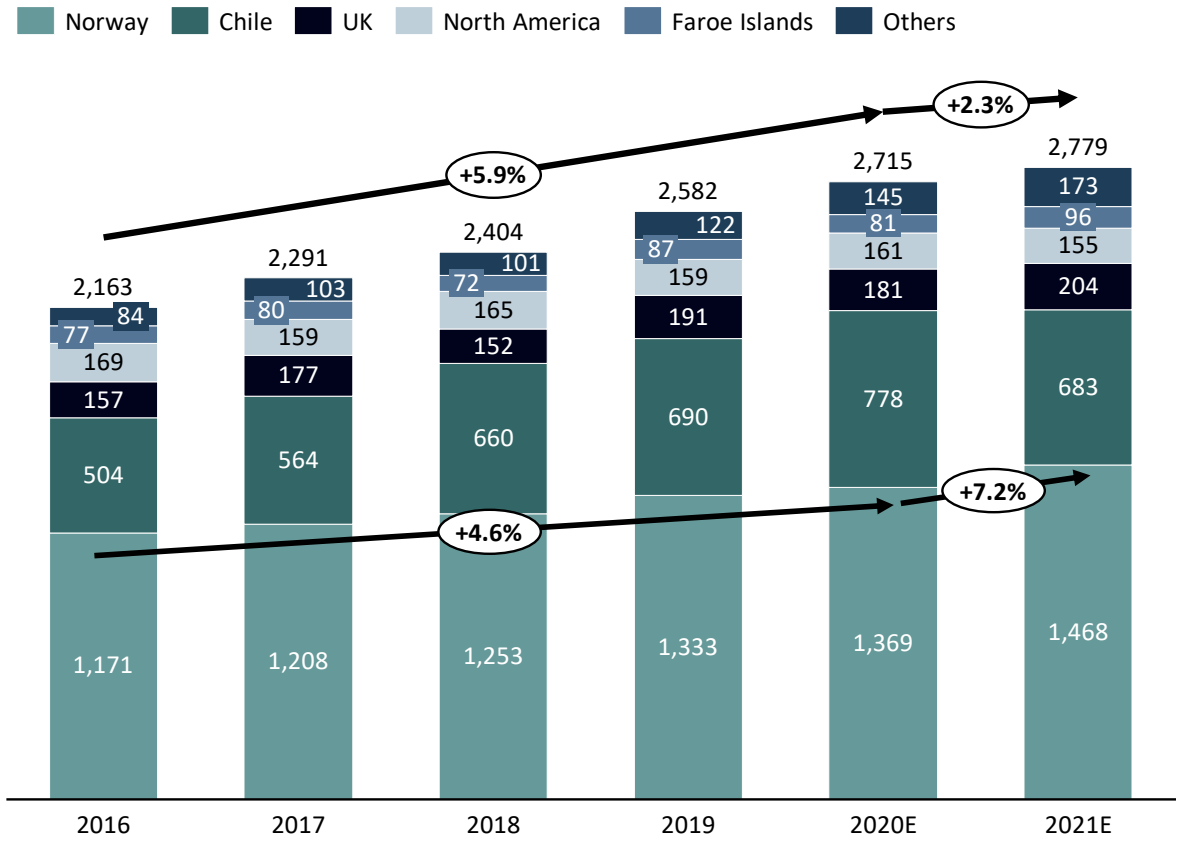
Steady supply growth – 5.9% CAGR last five years

Norway expected to be the main driver of supply growth in 2021 (+7.2%)

Atlantic Salmon supply development (k tons WFE)



Comments

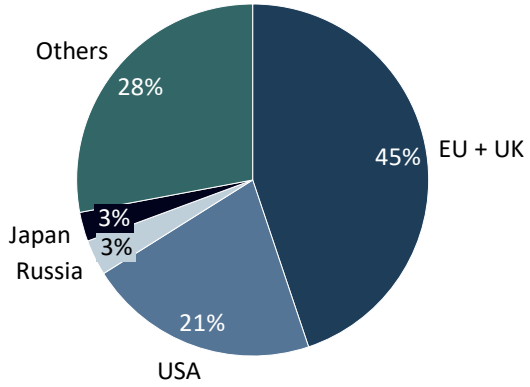
- Steady supply growth in recent years driven by Norway and Chile – global 2016-2020E CAGR of 5.9%
- For 2021, Kontali expects a supply growth of 2.3%, driven by Norway, UK and other smaller regions including Iceland - strong supply growth from the European regions in the beginning of 2021
- The high supply growth in Norway is largely driven by postponed volumes from 2020 due to lower prices
- Supply from Chile is expected to drop ~12% in 2021 due to high harvest volumes in 2020
- At year end 2020, biomass in the sea in Norway was estimated to be up 10.9% from the same point in 2019. Chile was down 12.3%, Faroe Island up 12.4% and UK up 10.8% according to Kontali

Source: Kontali

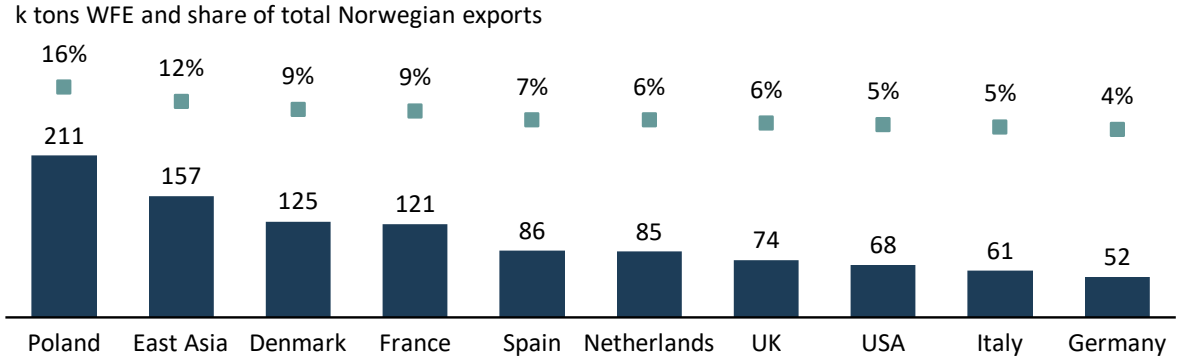
Reduced HoReCa demand offset by increased retail consumption

Poland, East Asia and Denmark the three largest markets for Norwegian salmon

Global Atlantic salmon consumption 2020E



Top 10 markets for Norwegian Atlantic salmon 2020E



Comments

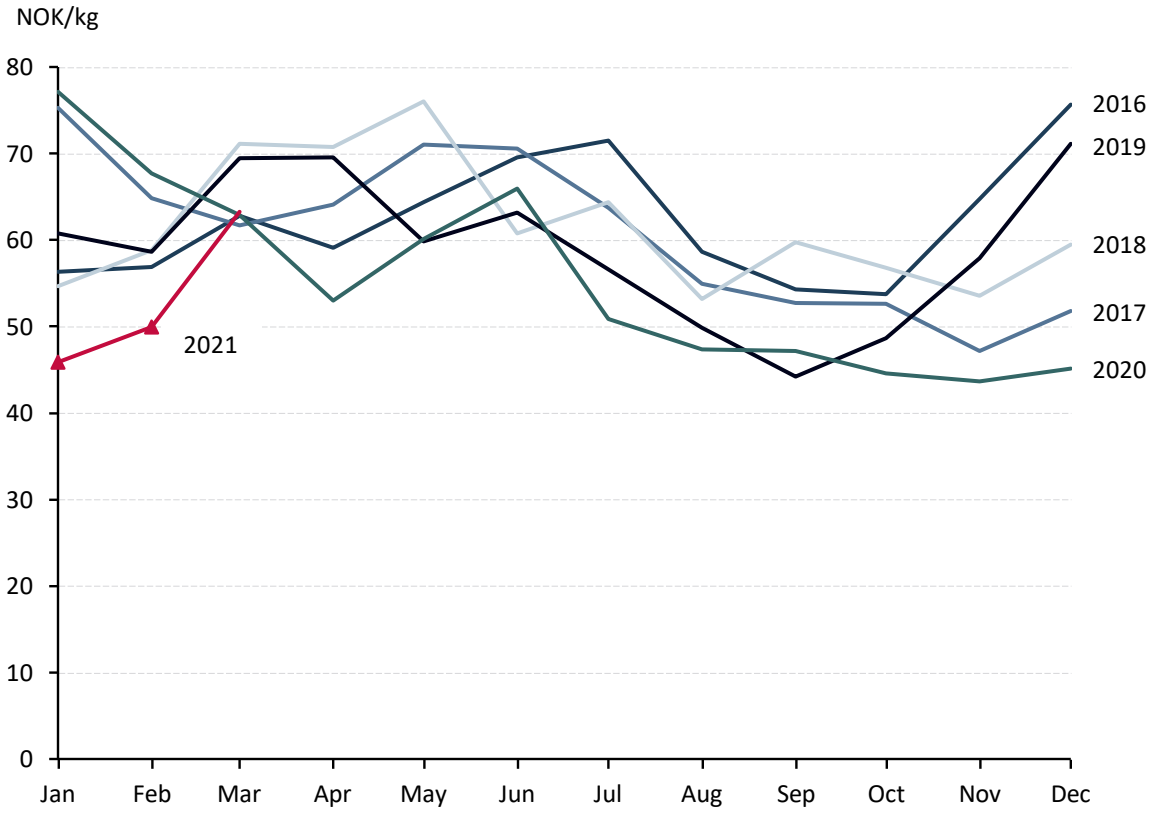
- EU and UK represent the largest market for Atlantic salmon, representing 45% of consumed volume in 2020E, followed by USA with 21%
- Over the last year, consumers, intermediates, processors, and retailers have adapted to the Covid-19 situation that has temporarily closed down the HoReCa segment
- The out-of-home segment represented 30% of the total European market prior to Covid-19 according to Kontali, and supply to the EU market in 2020 is estimated up 5.4% from 2019 to 2020 despite the significant demand reduction from HoReCa – after a first half of 2020 with negative supply growth into Europe, the second half showed a double-digit growth rate
- Norway's market share for salmon into the EU market was flat at 83% for 2020, followed by UK with 13% and Chile at 3%
- A large secondary processing industry makes Poland the largest individual market for Norwegian salmon, followed by other European markets like Denmark, France, Spain and Netherlands – key non-European markets include USA, South Korea, China, Taiwan and Japan

Source: Kontali

Attractive salmon prices despite Covid-19 demand effects

Reopening of societies in key markets expected to support prices in 2021

Fish pool index (monthly)[1]



Comments

- Over the last five years, Norwegian salmon prices have been in the NOK ~50-80/kg range, typically following a seasonal pattern with lower prices during the summer (Norwegian harvest season) and increasing prices in the fall and towards Christmas (lower supply and stronger demand)
- Rising supply volumes and limitations in certain market segments driven by the Covid-19 situation have put pressure on salmon prices during 2020 and into 2021
- Sales from Norway to southern European markets have started to increase in the beginning of 2021, signaling increased demand in countries like Spain and Italy
- Spot prices have trended upwards so far in 2021
- The Fish Pool forward price for Q3-Q4 2021 is currently at NOK 54.74/kg, increasing to NOK 57.70/kg for 2022 and NOK 58.50/kg for 2023

Source: Kontali, Fish Pool. 1) The Fish Pool Index is the monthly settlement price used for financial settlement of contracts at Fish Pool ASA, and is composed of two index elements: Nasdaq Salmon Index (exporter's selling prices) and Statistics Norway customs statistics (Norwegian export statistics)

Key credit highlights

One of the largest salmon farmers in the world, with a fully integrated value chain	• SalMar is the world's second largest salmon farmer with a 2020 production of 173.5kt[1] and revenue and EBITDA of NOK ~12.9bn and NOK ~3bn, respectively • Fully integrated across the value chain from genetics via smolt production, farming, harvesting, value added processing to sales & distribution • Diversified farming footprint across attractive regions in Norway, Iceland and Scotland
Superior operational performance and a clear and consistent leader in profitability	• Strong track record of profitable growth since foundation in 1991 with continued focus on operational excellence • Through strict governance and strong corporate culture, SalMar has become an industry leader in terms of profitability with average EBIT/kg of NOK 24.2 in Norway for the period 2016-2020 versus an industry average of NOK 17.7 in the Norwegian market during the same period • Operations proved resilient through 2020 with solid profitability despite an ongoing pandemic – 2020 EBIT/kg of NOK 18.6 for the Group, down only 7% from NOK 20 in 2019 despite significantly lower market prices
Innovation pioneer with strong commitment to ESG	• SalMar has been a pioneer in the use of new technology, always on terms with the salmon – ongoing expansion into offshore farming with the Ocean Farm and Smart Fish Farm technology and the biggest and most modern processing facility in northern Norway under construction • Demonstrated strong commitment to ESG with ambitious targets on key KPIs – 100% of active sites certified, targeting 35% reduction in Scope 1+2 GHG emissions from 2018 to 2030 and excellent scores on safety and sick leave demonstrating the strong corporate culture • Green bond second party opinion from CICERO Shades of Green with a "Medium Green" shading and "Excellent" governance score
Solid financial position with a prudent capital structure	• Prudent capital structure with solid equity buffer – year end 2020 equity ratio of ~50% and NIBD/EBITDA (including leasing) of ~1.5x • Recently received A- (stable) corporate rating from Nordic Credit Rating, reflecting strong relative profitability due to cost-efficient production and excellent farming locations – committed to maintaining investment grade credit profile throughout the cycle • Listed on Oslo Stock Exchange with market capitalization of NOK ~64bn[2] and strong majority owner in Kverva which has significant industrial and financial experience

1) Gutted weight equivalent 2) Market cap as at 25 March 2021

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Profit & loss

NOK million	Q4 2020	Q4 2019	FY 2020	FY 2019	FY 2018
Operating income	3,049.0	3,186.7	12,912.3	12,237.6	11,342.6
EBITDA	**648.1**	**863.9**	**3,819.6**	**3,786.0**	**3948.6**
Depreciations and write-downs	234.3	205.7	812.1	718.4	487.8
Operational EBIT	**413.8**	**658.1**	**3,007.5**	**3,067.6**	**3460.8**
Fair value adjustment	-328.6	218.4	-179.5	-33.0	845.8
EBIT	**85.2**	**876.5**	**2,828.0**	**3,034.6**	**4306.6**
Income from investments in associates	8.9	77.8	42.2	118.7	252.9
Net financial items	-17.5	-62.9	-298.5	5.1	-107.0
Net interest costs	*-30.2*	*-42.9*	*-139.6*	*-157.7*	*-105.1*
Other financial items	*12.7*	*-20.0*	*-158.9*	*162.8*	*-1.9*
Profit before tax	**76.6**	**891.4**	**2,571.6**	**3,158.4**	**4452.5**
Tax	24.9	168.2	563.4	613.9	873.3
Net profit for the period	**51.7**	**723.2**	**2,008.3**	**2,544.5**	**3579.2**
Other comprehensive income	-85.6	14.6	212.1	39.9	-0.7
Total comprehensive income	**-33.9**	**737.8**	**2,220.4**	**2,584.4**	**3578.5**
Earnings per share (NOK)	0.22	5.93	17.52	22.06	31.70
Harvested volume (k gwt)	43.6	40.3	161.5	153.1	142.5
EBIT per kg (NOK)	9.50	16.31	18.62	20.04	24.29
Nasdaq spot price (average)	43.69	57.67	54.34	57.98	59.97

SALMAR
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Balance sheet

Assets

NOK million	FY 2020	FY 2019	FY 2018
ASSETS			
Non-current intangible assets	6,826	4,742	3,404
Non-current tangible assets	5,554	4,370	3,591
Right-of-use assets	849	570	0
Non-current financial assets	851	814	1,216
Total non-current assets	**14,080**	**10,496**	**8,211**
Inventory	6,670	6,190	5,766
Trade receivables	589	739	630
Other short-term receivables	436	330	289
Cash and cash equivalents	223	231	240
Total current assets	**7,918**	**7,490**	**6,925**
TOTAL ASSETS	**21,998**	**17,986**	**15,136**

Equity and liabilities

NOK million	FY 2020	FY 2019	FY 2018
EQUITY AND LIABILITIES			
Paid-in equity	689	645	597
Other equity	9,163	8,363	8,451
Minority interests	1,136	732	92
Total equity	**10,987**	**9,740**	**9,140**
Provisions	1,828	1,758	1,541
Non-current interest-bearing liabilities	3,678	2,752	690
Long-term leasing liabilities	769	489	329
Total non-current liabilities	**6,275**	**4,998**	**2,561**
Current interest-bearing liabilities	1,438	382	734
Short-term leasing liabilities	165	141	15
Other current liabilities	3,133	2,726	2,687
Total current liabilities	**4,736**	**3,248**	**3,435**
TOTAL EQUITY AND LIABILITIES	**21,998**	**17,986**	**15,136**

SALMAR Passion for Salmon

Cash flow

NOK million	Q4 2020	Q4 2019	FY 2020	FY 2019	FY 2018
Profit before tax	77	891	2,572	3,158	4,453
Tax paid in the period	-562	-668	-589	-691	-673
Depreciation	234	206	812	718	488
Share of profit/loss from associates	-9	-78	-42	-119	-253
Realized gains on exit of associate	0	0	0	-226	0
Change in fair value adjustments	329	-218	180	33	-846
Change in working capital	-99	97	-2	-50	-501
Other changes	54	53	242	205	113
Net cash flow from operating activities	**24**	**283**	**3,172**	**3,029**	**2,782**
Net cash flow from investing activities	**-506**	**-355**	**-3,748**	**-1,317**	**-834**
Change in interest-bearing liabilities	1,626	152	1,902	1,173	367
Change in leasing liabilities	-55	0	-184	0	0
Dividend paid out	-1,482	0	-1,493	-2,617	-2,147
Capital contribution - net	480	0	480	0	0
Interest paid	-30	-43	-140	-158	-105
Acquisition of non-controlling interests	-3	-7	-4	-119	-5
Net cash flow from financing activities	**535**	**102**	**561**	**-1,720**	**-1,890**
Net change in cash for the period	**53**	**30**	**-15**	**-8**	**58**
Foreign exchange effects	1	3	7	0	5
Cash at the start of the period	169	198	231	240	177
Cash at the close of the period	**223**	**231**	**223**	**231**	**240**

Share information

20 largest shareholders[1]

Name	Shares	%
Kverva Industrier AS	59,436,137	52.46%
Folketrygdfondet	6,553,443	5.78%
AllianceBernstein LP	3,308,488	2.92%
DnB Asset Management AS	2,102,343	1.86%
BNP Paribas SA	1,693,211	1.49%
Vanguard Group Inc	1,654,653	1.46%
LIN AS	1,274,620	1.12%
Alfred Berg Kapitalforvaltning AB	1,234,699	1.09%
Svenska Handelsbanken	988,642	0.87%
Storebrand Asset Management AS	956,609	0.84%

Share price performance[1]

1) Source: Bloomberg (24 March 2021)

Executive management

Gustav Witzøe
President & CEO

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

Trine Sæther Romuld[1]
CFO & COO

Trine Sæther Romuld took over as CFO & COO on 1 July 2019. Romuld has extensive experience from a broad range of management positions within seafood, consulting and auditing, from both Norwegian and international companies. In addition, Romuld has significant experience as board member and leader of audit committee for listed companies. Romuld is a state authorized public accountant from Norwegian school of economics (NHH).

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

Frode Arntsen
COO Industry and Sales

Frode Arntsen took the position as COO, Industry and Sales on 1 December 2017. 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.

Ulrik Steinvik
Director Business Improvement

Steinvik started in the position as Director Business Improvement in August 2017. 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.

1) Moves to new role as CFO & Director of Strategy at SalMar Ocean from 1 September 2021. Recruitment process for a new Group CFO has started as per stock exchange message 25 February 2021

Board of directors

Atle Eide
Chairman of the Board

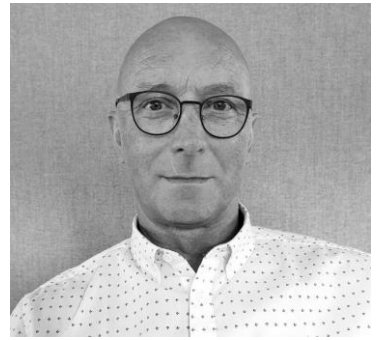
Margrethe Hauge
Deputy chair of the Board
Leader of the Audit and Risk Committee

Leif Inge Nordhammer
Member of the Board

Brit Elin Soleng
Employee representative

Tonje E. Foss
Member of the Board
Member of the Audit and Risk Committee

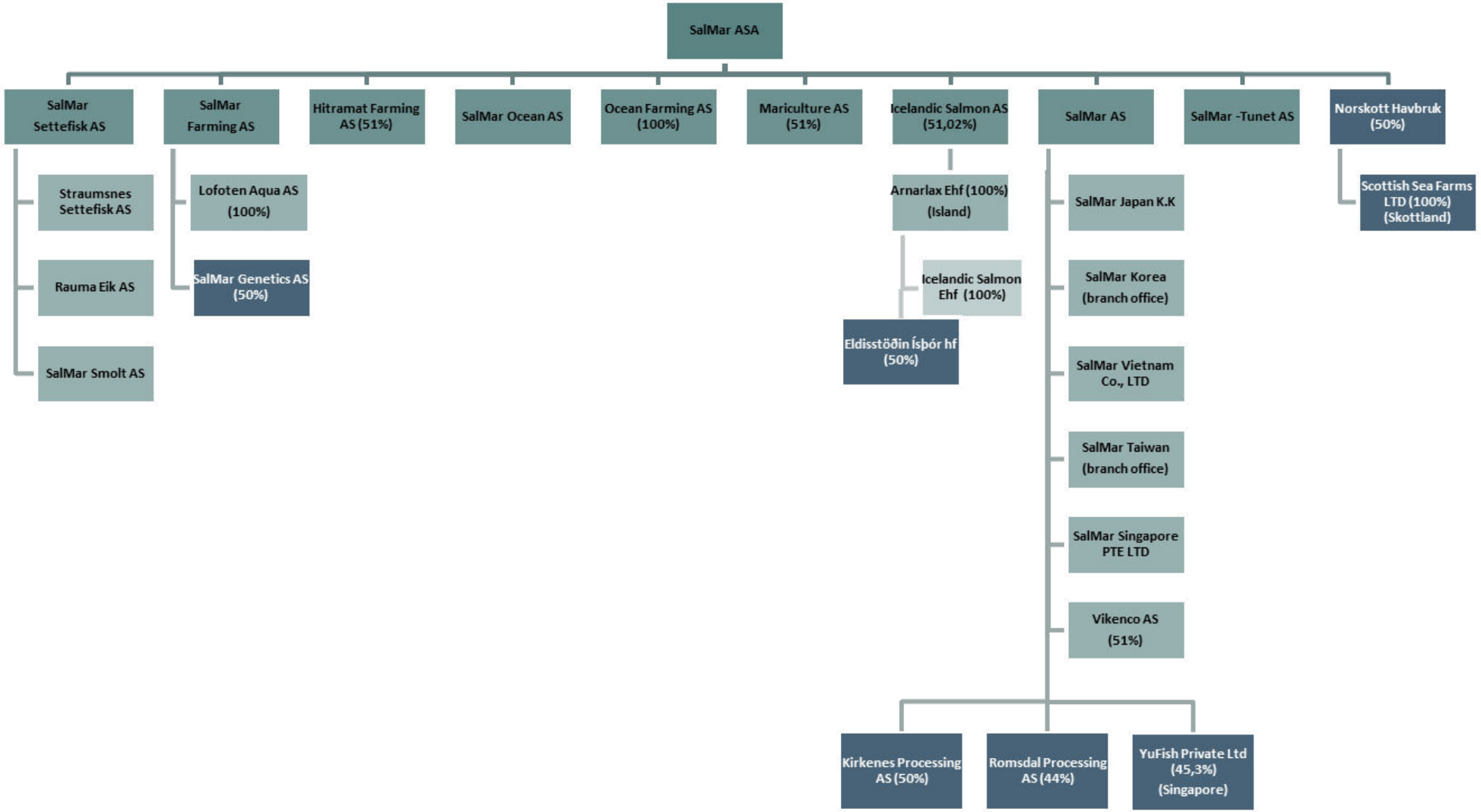
Linda Litlekalsøy Aase
Member of the Board



Jon Erik Rosvoll
Employee Representative

Legal structure

As at 28.02.2021



- Green boxes = subsidiaries
- Blue boxes = associated companies

ESG questionnaire: General industry

Please list the industry's three biggest sustainability-related challenges	▪ **Sustainable sourcing of feed:** ensuring that the feed content is based on marine ingredients with a low dependency on wild fish stocks and vegetable ingredients that are not associated with deforestation ▪ **Low impact on marine ecosystems and biodiversity:** ensuring limited interaction with wild species (preventing fish escapes) and a low impact on the sea bed underneath the farming sites (low benthic impact) ▪ **Fish welfare:** ensuring a good health of the salmon while limiting the use of antibiotics and sea lice treatments, which may have negative impacts on both the salmon and the environment
How does the firm compare to industry peers regarding sustainability initiatives? Above, on par, or below?	SalMar has set emission reduction targets, which are in the process to become validated by the Science-Based Targets initiative, as well as ambitious targets for all relevant marine environmental impacts. Our reported results on progress towards the targets demonstrate that SalMar generally compare favorably in relation to industry peers. Overall, SalMar is on par with industry peers on sustainability initiatives, and above in terms of results on fish welfare KPIs
Is the company a signatory of the UN Global Compact or Science Based Targets, report to the CDP or engage in any other relevant sustainability initiatives?	• SalMar is not a signatory of the UN Global Compact • SalMar has put forward goals for GHG emissions reductions, covering the full value chain (Scope 1, 2 and 3), which will be validated by the Science Based Targets initiative during 2021 • SalMar is reporting climate and environmental data to the CDP and our annual sustainability reports are prepared based on the GRI framework.

ESG questionnaire: Environment (1/2)

Please list, if any, the firm's climate-related opportunities	Farming of Atlantic salmon is one of the most environmentally friendly ways of producing food, with substantial savings in land use, freshwater consumption, resource utilization and GHG emissions. SalMar aims to be in the forefront of developing an even more sustainable aquaculture industry through the opportunities provided by e.g.: ▪ **Innovation:** SalMar has a strong focus on innovation and new technology with the potential to address both climate and local environmental impacts of aquaculture. Examples of such technologies include (i) offshore salmon farming, where SalMar is a leading innovator, and (ii) closed net-pens, which are closed systems placed in the sea. The environmental benefits of offshore farming include improved fish welfare, lower sea lice levels, improved water quality, reduced impact on the benthic ecosystem, and the potential to locate farms closer to market – reducing transport related emissions. The environmental benefits of closed net-pens include reduced energy use and reduced risk of interaction with the marine environment. ▪ **Feed sustainability:** the majority of farmed salmon's carbon footprint is associated with the production of feed ingredients. Achieving a high feed efficiency (amount of feed required to produce 1kg of fish) is therefore crucial in order to reduce the footprint of salmon. SalMar has achieved a very efficient use of feed in recent years (and targets a rate of 1.13 by 2025), which is mainly linked to reaching the highest fish survival rate among our competitors in Norway. This, while at the same time phasing out antibiotics completely. We are also investing in R&D projects aiming to develop new and innovative feed ingredients. ▪ **Circular economy models:** Waste management and circularity are integral parts of SalMar's operations. Wastewater from our hatcheries is sent to external facilities for use in the production of fertilizers and biogas, by-products from our harvesting and processing activities are utilized in the production of ingredients for aquaculture feed, used fish farming equipment is reused, and we are working on developing packaging solutions of reusable and recycled material.
Please list the firm's three primary risks related to climate change	Climate risk analysis is an integrated part of SalMar's risk assessments, including resilience to the physical impacts from climate change. Key risks related to climate change relevant for the aquaculture sector to consider in the future include: • **Increased water temperatures**, with negative effects on all forms of production parameters in the fresh water and sea water phases, including optimal dietary macronutrient composition, feeding regimes, as well as frequency and type of bacterial and parasitic outbreaks • **Extreme weather events** becoming more frequent and intense, such as storms causing material damage or the flooding of fish farms • **Climatic effects** on agricultural production and fish populations exploited for feed production may affect salmon aquaculture production economics, raw material sourcing logistics and eventually final product nutritional quality
Does the firm anticipate any climate-related investments?	Reaching our 2030 climate targets will require significant investments to reduce the emissions of our operations and value chain: • Reducing Scope 1 and 2 emissions will require further electrification of sea facilities via onshore power and the upgrading of our fleet of aquaculture vessels to electric and hybrid drive. We are also taking active measures to increase the use of renewable energy and exploit local power sources such as heat in wastewater from nearby industries. • For scope 3, the most important measures are to further improve feed efficiency and reduce the footprint of feed ingredients, in addition to reducing transportation related emissions through a higher degree of local processing, new freezing technology, and new freight routes. • Climate change may also require increased investments related to the design and adaptation of facilities and equipment for future climate conditions

SALMAR Passion for Salmon

ESG questionnaire: Environment (2/2)

Does the firm rely on any scarce resources for its operations? If so, what efforts are made to mitigate the risk of those resources becoming even more scarce in the future, e.g. recycling, reusing, substitutes or improved resource efficiency?	• The aquaculture industry rely on marine and vegetable ingredients for aquaculture fish feed production. The world's fish stocks are already fully exploited, hence increasing the use of wild caught fish as ingredients is no longer possible, while agricultural land is under pressure globally. Developing new and sustainable substitutes to these feed ingredients is thus important and SalMar has R&D licenses in operation where innovative feed ingredients are tested in collaboration with our feed suppliers. Moreover, by-products from our production is also utilized as ingredients in the production of new aquaculture feed. • Freshwater is another finite resource that the aquaculture industry depend on. Salmon farming generally has a low freshwater consumption compared to other types of food production but it is nevertheless important for the sector to improve its freshwater efficiency so that water resources are not depleted. Transitioning to recirculating aquaculture systems technology is an important part of SalMar's sustainability path to improve the freshwater efficiency of our facilities. In addition all fresh water used by SalMar is sourced from regions where there is low risk for both water stress and depletion.
Transition-related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the firm's offer being negatively effected? If yes, is the firm well positioned to handle that risk?	Transition-related risks relevant for the aquaculture industry include: • Increasing costs related to the sourcing of feed ingredients as a result of a reduced supply of marine ingredients, increased competition for vegetable ingredients, and/or increased use of novel feed ingredients which may be more expensive than conventional ingredients. SalMar is well-positioned to manage this risk through our highly efficient use of feed. Moreover, SalMar invests in R&D projects aiming to develop new and innovative feed ingredients. • Increasing costs of transport to market as a result of increased price on carbon emissions. SalMar is working on several new transport projects involving combinations of sea, rail, and road transport, and became the first aquaculture company to trial transport to the European market by sea. We are also engaged in R&D projects on new freezing technology, which is key to serving the Asian and North American markets without airfreight. Our strategy is also to increase local processing before shipment, which reduces the transport volume and hence emissions. In 2020, 46 000 tons CO2e or 21% was reduced due to our local processing activities.
Please list the firm's (1-2) primary means of making a positive environmental impact or minimizing negative environmental impact. (If applicable, please list the corresponding most relevant UN Sustainable Development Goals) How are they tracked and communicated?	• **SDG 2 and 3:** SalMar contributes with sustainable food. Salmon is a healthy source of protein, an important source of omega 3 and a good source of vitamins and minerals By exploiting the potential of the sea, we also contribute to food security. • **SDG 12:** Sustainable and efficient exploitation of our natural resources is a precondition for our operations. We contribute to responsible production by reducing our consumption of resources and minimizing food waste. • **SDG 13:** Food production accounts for a large part of the world's GHG emissions. Salmon has a low carbon and water footprint compared with other sources of protein. We contribute to further reductions in our supply chain's carbon footprint and take our responsibility by ensuring that climate considerations are an integral part of our strategy and planning processes. • **SDG 14:** We utilize the sea areas we operate in a sustainable manner and we contribute to the reduction of marine waste, both by reducing and handling our own waste properly, but also through our engagement in all the local coastal communities of which we are a part of.

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ESG questionnaire: Social

Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?	Working at SalMar shall be safe. The company works systematically with risk management and training to protect its workforce. All serious accidents 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 personal injuries occurring. Day to day, internal procedures, instructions and checklists are all drawn up on the basis the risk analyses performed. HSE performance is followed up systematically through targets and action plans. On the basis of 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 systematic 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.
Does the company conduct any other community engagement activities aside from those directly connected to the business?	SalMar actively support our local communities . The local communities along the coasts of Norway and Iceland are important bases for SalMar's employees and our business. Thus, it is of great importance for us that we give something tangible back – something which brings a wider impact to these communities. Through the SalMar Fund, we support both sporting and cultural initiatives and we always make sure to purchase from local businesses.
Circular economy: How are purchases and waste managed? Please list the firm's demands on its suppliers, if applicable	Waste management and circularity are integral parts of SalMar's operations and we are taking measures to increase the reuse of equipment and materials, reduce the use of plastic material across the value chain, and develop packaging solutions of reusable and recycled material. Our procurement policy aims to ensure sustainable sourcing of input materials that we use in our production and operations, including demands on feed ingredients to originate from sustainable fisheries and deforestation-free soy. We also engage in dialogue with our suppliers on sustainability issues and partner with them on initiatives to develop new and more sustainable products.
Are there any goals, policies, or codes of conduct applicable to the firm's suppliers? How often does the firm conduct audits of its suppliers?	SalMar has procurement principles in the contracts towards its suppliers, where there are clear goals and policies towards ESG related topics included in each contract. Supplier audits are carried out when necessary and for suppliers who are deemed as critical there are more strict procedures for follow-up and how often the audits occur.

SALMAR
Passion for Salmon

ESG questionnaire: Governance (1/2)

Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?	All 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 for all employees on important HSE and governance topics. All employees shall have received training in how to report wrongdoing or causes for concern within the company, and shall know that they are safe from reprisal if they do so. The procedure for reporting concerns is described in the management system, which is available to all employees. SalMar has ongoing cases related to allegations of price fixing (see annual report for more details). SalMar is of the opinion that the company has not participated in any form of illegal price fixing.
Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen	SalMar ASA pays tax in the country where we have operations (Norway).
Are there independent members on the Board of Directors?	Yes, the majority of SalMar's Board of Directors are independent. 60% of the 5 shareholder elected representatives.
Please state if and to what extent, the company has transactions with related parties	All related party transactions are disclosed in SalMar's Annual Reporting.
Is the remuneration of the CEO and other members of the management team in line with industry peers? Which KPIs dictate the remuneration (particularly if sustainability and gender diversity are included)?	Relevant ESG KPIs are incorporated in the incentive structure for SalMar's corporate management, where they should at least account for 30% of the score
Please indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team	• **Board of Directors:** 57% women, 43% men • **Executive management:** 20% women, 80% men • **Personnel:** 26% women, 74% men

ESG questionnaire: Governance (2/2)

Is the Head of Sustainability a member of the management team? If not, who does that person report to?	Sustainability/ESG is part of the CFO organization and responsibility is to Head of Investor Relations who reports to the CFO & COO

	Union agreement	**Code of conduct**	**Diversity policy**	**Anti-corruption policy**
Please state whether the firm has the following policies or agreements in place:	The collective bargaining agreements (LO and NHO) consists of a three-level hierarchy; • Basic Agreement (high level); • Business Sector Agreement; and • Special agreements - Local Agreements SalMar has naturally implemented and follow both the basic and business sector agreements as these is are regulated by law. SalMar also has an active and inclusive dialogue with the relevant parties and has the necessary agreements with the local unions in place.	• SalMar has a Code of Conduct[1] including ethical guidelines that apply for all company employees and contract workers and in which sustainability and the environment is a key pillar.	• The Diversity Policy is part of the Code of Coduct.	• The Anti-corruption Policy is part of the Code of Conduct.

1) SalMar Code of Conduct, salmar.no/en/ethical-guidelines/

Agenda

- Company Overview
- Sustainability at SalMar & Green Bond Framework
- Financials
- Market Overview
- Appendix
- Risk Factors

Risk factors (1/7)

An investment in bonds involves inherent risks. The risk and uncertainties described is not exhaustive, but merely intended to highlight the main risks and uncertainties faced by the Issuer and the Issuer's subsidiaries (together with the Issuer, the "Group" or "SalMar") as at the date hereof, that the Issuer believes are relevant to an investment in the bonds. An investment in the bonds is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described are not a genuine potential threat to an investment in the bonds. If any of the following risks were to materialize, individually or together with other circumstances, they could have a material adverse effect on the Group's results of operations, cash flow and financial condition and/or prospects, which may cause the value of the bonds to deteriorate and/or the Issuer being unable to fulfil its payment obligations under the bonds, resulting in the loss of all or part of an investment in the same.

The order in which the risks are presented do not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, results of operations, cash flow, financial condition and/or prospects. The risks mentioned herein may materialize individually or cumulatively.

STRATEGIC RISK AND RISK RELATED TO THE INDUSTRY IN WHICH THE GROUP OPERATES

The Group may not be successful in successfully managing and/or eliminating risks:

The Group is exposed to risks in numerous areas, such as biological production, the effects of climate change, compliance risk, the risk of accidents, changes in salmon prices, the risk of political trade barriers, etc. The current COVID-19 outbreak poses a material risk, affecting most of the Group's operational areas. The Group's internal controls and risk exposure are subject to continuous monitoring and improvement, and efforts to reduce risk in different areas have a high priority. Management has established a framework for managing and eliminating most of the risks that could prevent the Group from attaining its goals. However, there can be no assurances that the Group will be able to, in a satisfactory manner, effectively manage or eliminate the risks described herein and other risks which cannot be foreseen as at the time of this Presentation.

Risks related to food safety and health concerns:

Food safety issues and perceived health concerns may in the future have a negative impact on the reputation of and demand for the products and services of the Group. It will be of critical importance to the Group that its future products are perceived as safe and healthy in all relevant markets. The food industry in general experiences increased customer awareness with respect to food safety and product quality, information and traceability. A failure by the Group to meet new market or governmental requirements may reduce the demand for our products which, in turn, may have a material adverse effect on the Group.

The Group's business depends on goodwill, reputation and maintaining good relationships:

The Group's business depends on goodwill, reputation and on maintaining good relationships with clients, partners, lenders, suppliers, employees, governments and local communities. Negative publicity related to the Group and/or its customers could, regardless of its truthfulness, adversely affect the Group's reputation and goodwill. The Group is exposed to the risk that negative publicity may arise from activities of legislators, pressure groups and the media, for instance that fish and other commodities are being bred only to generate profit, which may tarnish the industry's reputation in the market. Loss of certification may lead to reputational risks. Negative reputational publicity may arise from a broad variety of causes, including incidents and occurrences outside the Group's control. No assurance can be given that such incidents will not occur in the future, which may cause negative publicity about the operations of the Group, which in turn could have a material adverse effect on the Group. Negative publicity could further jeopardize the Group's relationships with customers and suppliers or diminish the Group's attractiveness as a potential investment opportunity, thus causing a potential lower trading value of the Bonds on the secondary market. In addition, negative publicity could cause any customers of the Group to purchase products from the Group's competitors, i.e. decrease the demand for the Group's products. Any circumstances that publicly damage the Group's goodwill, injure the Group's reputation or damage its business relationships, may lead to a broader adverse effect in addition to any monetary liability arising directly from the damaging events by way of loss of business, goodwill, clients, partners and employees.

Risks related to existing and increasing competition in the farmed salmon market:

The market for farmed salmon in general is global and highly competitive, and the Group faces strong competition from both domestic and international players within the farmed salmon market. The competitive landscape for traditional coastal farming may intensify due the addition of new farming technologies such as land-based and offshore. If the Group is unable to compete efficiently, e.g. due to overcapacity, consolidation, increased competition and price pressure in the market, this may have a material adverse effect on the business, financial condition, results of operations or cash flow of the Group.

The Group may be exposed to activism:

Certain global environmental organizations aim to eradicate salmon farming. Therefore, salmon farming companies such as the Group may be targets for activism of various kinds with the aim to cause reputational damage or damage to production facilities (spread of information, sabotage, etc.), which may have a material adverse effect on the business, financial condition, results of operations, prospects or cash flow of the Group.

Risk factors (2/7)

RISK RELATED TO THE GROUP'S OPERATIONS

The Group's operations are subject to biological risks:

The Group's operations are subject to biological risks which could have a negative impact on profitability and cash flows. Biological risks include for instance oxygen depletion, diseases, viruses, bacteria, parasites, algae blooms, jelly fish and other contaminants, which may adversely affect fish survival, health, growth and welfare and result in reduced harvest weight and volume, downgrading of products and claims from customers. An outbreak of a significant or severe disease represents a cost for the Group through e.g. direct loss of fish, loss of biomass growth, accelerated harvesting and poorer quality on the harvested fish, but may also be followed by a subsequent period of reduced production capacity, increased cost or loss of income. The most severe diseases may require culling and disposal of the entire stock, disinfection of the farm and a long subsequent fallow period as preventative measures to stop the disease from spreading. Market access could be impeded by strict border controls, not only for salmon from the infected farm, but also for salmon originating from a wider geographical area surrounding the site of an outbreak. Continued disease problems may also attract negative media attention and public concerns. Salmon farming has historically experienced several episodes with extensive disease problems and no assurance can be given that this will not also happen in the future.

The Group collaborates actively with the authorities and other aquaculture players to implement measures and initiate activities to reduce biological risk. Should the Group, however, be unsuccessful in its efforts to mitigate these risks, it may have a material adverse effect on the Group's reputation, operations, revenues, financial condition and business.

The Group is dependent on favorable salmon prices, which may be affected by a number of factors, to sustain or expand its operations:

Salmon price developments are highly volatile, with major fluctuations within relatively short time spans. There has been a stable rise in demand for salmon over recent years, while the growth in supply has been limited. This development is expected to continue going forward. Supply is also impacted by other factors, such as government regulations, sea temperatures, sea lice, outbreaks of disease, and other indirect and direct factors, which affect production and hence also supply. Low market prices may have a material adverse effect on the Group's results, financial condition, cash flow and prospects.

The outbreak of the Covid-19 may reduce demand for salmon and disrupt global supply chains:

After the outbreak of the Covid-19 pandemic, authorities worldwide have implemented strict measures to reduce and slow its spread. These measures are likely to impact global economic activity, which might also affect global demand for salmon. Furthermore, SalMar might experience disruptions to its supply chain upstream or downstream. Air traffic restrictions with respect to jurisdictions heavily hit by the Covid-19 outbreak may impact the aquaculture industry's capacity to transport products to end-markets globally, which may have different impacts on salmon prices in different markets, and on SalMar's operations, e.g. by causing a reduction in the price and/or volume of salmon export due to e.g. severe delays on border areas because of passport and custom checks as well as increases in transportation cost. There are great uncertainties regarding the definite consequences of the Covid-19 outbreak and should the global demand for salmon and/or the Group's supply chain experience disruptions, it may adversely affect the Group's revenue, operations, financial condition and business.

Risks related to feed costs and supply:

Feed costs account for a significant portion of the Group's total production costs, and an increase in feed prices could, thus, have a major impact on the Group's future profitability. The feed industry is characterized by large global suppliers operating under cost plus contracts, and feed prices are accordingly directly linked to the global markets for fishmeal, vegetable meal, animal proteins and fish/vegetable/animal oils which are the main ingredients in fish feed. Increases in the prices of these raw materials will accordingly result in an increase in feed prices. The Group may not be able to pass on increased feed costs to its customers in the future. Due to the long production cycle for farmed salmon, there may be a significant time lag between changes in feed prices and corresponding changes in the prices of farmed salmon and finished products to customers. As the main feed suppliers normally enter into fixed contracts and adapt their production volumes to prevailing supply commitments, there is limited excess of fish feed available in the market. If one or more of the feed contracts the Group has entered into were to be terminated on short notice prior to their respective expiration dates, the Group could not be able to find alternative suppliers in the market. Shortage in feed supply may lead to starving fish, accelerated harvesting, loss of biomass and reduced income.

Uncertainties regarding the effects of the UK's departure from the EU:

The UK's departure from the European Union (Brexit) represents an uncertainty for the Scottish salmon farming industry and for Norwegian exporters. Once the Brexit transition period comes to an end, the salmon industry will experience operational and economic changes in trade between the UK and the rest of the world. Brexit could lead to a higher supply of salmon than demand in the UK market, negatively impacting salmon prices, affecting the Group's results.

Risk factors (3/7)

RISK RELATED TO CLIMATE CHANGES AND LOSS OF NATURE

The Group is exposed to physical risks from climate change:

The climate plays an important in SalMar's operations. SalMar recognizes that climate change is likely to present a range of challenges to the aquaculture industry. Without proactive adaptation, salmon farming may become more vulnerable to acute physical risks caused by extreme weather events such as damages to production facilities and infrastructure, increase employee accident rates and increase in downtime due to harsh weather and higher risks of escapes due to facility impairment. These risks might result in decreased harvest due to loss of fish, or lost opportunity to farm in the most exposed areas. In addition, extreme weather conditions in locations where our suppliers source feed raw materials may impact the price and availability of fish feed. Sea water salmon farming may also become exposed to chronic physical risk such as increased water temperatures, which can lead to elevated risk of algae bloom, lower oxygen levels and impact disease and mortality rates. An increase in deviating weather conditions resulting from climate change may have a detrimental impact on the Group's operations, business, financial conditions and prospects and disease due to higher seawater temperature.

The Group is exposed to regulatory risk related to climate change:

SalMar is increasingly transporting products by air freight, particularly to the US and Asian markets. The largest direct source of emissions comes from the use of fuels for boats, vehicles and on-site energy production from generators. Carbon taxes will increase the costs of consumption of fossil fuels and may have a significant financial impact while also making the products less competitive. In addition, increasing cost of carbon may change market dynamics in favor of local, land-based production or closed-containment technologies, leaving SalMar with an obsolete business model and mode of production. SalMar's resilience to emerging climate related regulations is also dependent on the suppliers' ability to adapt to new climate-related regulations that affect them. If suppliers are not prepared to face these risks, it is highly likely that their increased operating costs would be passed on to SalMar. These risks may have a detrimental impact on the Group's operations, business, financial conditions and prospects.

SalMar sees opportunities in shifting from fossil fuels to electrical power at its Norwegian locations in order to reduce emissions and lower costs. Fuels from generators from on-site energy production is one of the largest direct sources of emissions in sector in which the Group operates, and SalMar is testing new technologies to reduce the carbon footprint from these sources, such as switching diesel engines used on sites with battery packs or hybrid solutions. By switching power sources on certain locations from diesel to electricity, the Group will reduce emissions from these locations by 90%, and even more in the future with more renewable sources in the power grid. SalMar has also tried to find more sustainable ways to store fish for transportation. The opportunity to reduce the amount of ice in boxes that fish are transported in, can decrease both cost and emissions. Sub- chilling entails bringing the salmon to low temperatures without freezing more than 20% of its water. Approximately 10% of the overall weight in salmon transport is ice. Sub-chilling makes ice redundant and reduces emissions and transportation costs. Sub-chilling does not just have economic benefits with a longer shelf life, but also gives the opportunity to transport the fish in shipping containers instead of airfreight, which is considerably cheaper and more environmentally friendly. Increased shelf life provides further market opportunities. This technology challenges existing regulations and definitions of fresh and frozen fish.

Risk factors (4/7)

The Group is exposed to market risks related to climate change:

SalMar relies heavily on access to good quality, sustainably sourced feed raw materials. If climate change causes acute or chronic physical changes, the availability of these raw materials may become scarcer and hence more expensive. SalMar is also reliant on suppliers to find more sustainable production and transportation methods as these could become more heavily regulated in the future. Climate change and increased consumer attention to climate-related issues can have a multitude of effects on the demand for protein sources. One of the main changes is the risk from shifts in consumer preferences of preferring certified fish. Certified products, such as ASC certified fish, can become a common customer demand. These risks may have a detrimental impact on the Group's operations, business, financial conditions and prospects.

The Group is exposed to technology risks related to climate change:

Development of new farming technologies such as land-based and offshore, closer to end-consumer markets, could give a disadvantage to traditional coastal farming. R&D efforts in land-based farming technologies may increase as the cost of carbon rises, making this more competitive and placing SalMar at a competitive disadvantage. Furthermore, developments within the markets for alternative protein production, such as plant based protein, edible insects, cultured meats, algal protein, and microbial protein may reduce the demand for the Group's products and have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to reputational risks related to climate change:

SalMar is increasingly transporting products by air freight. Extensive use of air freight may see growing reputational pressure as climate awareness increases. This may impact attractiveness to consumers, employees, and investors. Investor and consumer interest may decrease if SalMar fails to develop and effectively communicate the approach to sustainable and climate-friendly solutions. Negative reputation may have a detrimental impact on the Group's operations, business, financial conditions and prospects.

Risks related to the loss and degradation of nature:

Biodiversity, the diversity within species, between species and of ecosystems, is declining globally, faster than at any other time in human history. Nature and ecosystems provide basic building blocks of the global economy, and biodiversity loss and ecosystem collapse will also affect SalMar's operations, supply chains and markets. Changes in biodiversity may affect access to feed raw materials, impacting feed prices and availability. It may also limit access to medicines, as some medicines are derived from rainforest plants, or natural or synthetic products inspired by nature, which may impact the fish health of salmon. Local businesses are also dependent on nature for local value creation, where loss of nature may impact where people can or decide to live, which can affect access to employees or expertise in the local communities where SalMar operates. Further loss of nature and biodiversity may have a detrimental impact on the Group's operations, business, financial conditions and prospects.

Risk factors (5/7)

RISKS RELATED TO THE GROUP'S FINANCING AND FINANCIAL SITUATION

General on financial risks

The Group is exposed to various types of financial risk: market risk, foreign exchange risk credit risk and liquidity risk. Management has an ongoing assessment of these risks and sets guidelines for how these should be handled. The Group uses financial derivatives to hedge against certain risks. The Board of Directors has defined financial risk appetite that sets overall rules. The Group has draw-for-all facilities with banks (syndicate) that ensure attractive flexibility both operationally as well as financing investments in the company's operations. In addition, the Group has financial instruments such as trade receivables, accounts payable, etc. that are directly related to its day-to-day operations. For hedging purposes, the Group uses currency futures contracts. The Group does not use financial instruments, including financial derivatives, for speculation purposes.

Funding may not be available on favorable terms in the future or at all:

The Group's business and future plans are capital intensive and, to the extent the Group does not generate sufficient cash from operations in the long term, the Group may need to raise additional funds through public or private debt or equity financing to execute the Group's growth strategy and to fund capital expenditures. Adequate sources of capital funding might not be available when needed or may only be available on unfavorable terms. If funding is insufficient at any time in the future, the Group may be unable to fund maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's results, financial condition, cash flow and prospects.

The Group's obligations arising from debt arrangements impose restrictions on operations and may be defaulted:

The Group has leasing liabilities, revolving credit and overdraft facilities and has entered into long-term loan agreements. The Group will incur additional debt through the issuance of the Bonds. The agreements in connection with the above-mentioned arrangements may impose severe operating restrictions. The Issuer will incur debt from the contemplated Bond Issue. Should the Issuer and/or the Group fail to fulfill its obligations arising from such agreements, this may have an adverse effect on the Group's reputation, financial condition, business and prospects.

The Group is exposed to currency risk:

The Group operates internationally and is exposed to currency risk in several currencies. This risk is particularly relevant in relation to USD, EUR, GBP and JPY. Currency risk arises from future trading transactions, capitalized assets and liabilities and net investments in foreign operations. Currency risk related to income and assets nominated in foreign currency is partially reduced by the use of futures and currency accounts. Based on the financial instruments that existed as of 31 December 2020, a 10% reduction in the krone exchange rate will increase the Group's pre-tax profit by MNOK 284.8 (2019: MNOK 232.3). The main currencies for the Group are USD, EUR, and JPY.

The Group is exposed to liquidity risks:

Liquidity risk is the risk that the Group will not be able to service its financial obligations as they mature. Cash flow forecasts are prepared on an ongoing basis, and management monitors rolling forecasts of the Group's liquidity requirements to ensure that the Group has sufficient cash equivalents to meet operating obligations, while maintaining sufficient flexibility in the form of unused loan facilities at all times. The Group's objective is to have sufficient cash, cash equivalents or credit opportunities in the medium term to meet the loan requirements in the short term. If the Group is unsuccessful in managing its liquidity reserves, it may have a material adverse consequence on the Group's financial results and business.

The Group is exposed to interest rate risk:

As the Group has no significant interest-bearing assets, the Group's profit and cash flow from the operating operations is mainly independent of changes in the market rate. The Group's interest rate risk is related to long-term loans. Floating rate loans entail an interest rate risk for the Group's cash flow, which is partially reduced by the opposite effect from cash equivalents receiving floating interest. Fixed-rate loans expose the Group to fair value interest rate risk. The loan portfolio currently has a floating interest rate which means that the Group is affected by changes in interest rates. The loans are capitalized at amortized cost.

Limited counterparty risk

The risk that counterparties do not have the financial ability to meet their obligations is considered low. As a principle, the Group has to credit insecure material trade receivables and historically there has been little loss on trade receivables. The Group has guidelines to ensure that sales are made only to customers who have not had significant problems with payment in the past and that outstanding amounts do not exceed fixed credit limits. Credit risk related to the company's cash reserves is considered low.

Risk factors (6/7)

RISKS RELATED TO LAWS AND REGULATIONS

The Group is currently under investigation by the European Commission and US competition authorities, several lawsuits have been filed against the Group, and there can be no assurances regarding the outcome of such investigations and/or lawsuits:

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry, whereby SalMar is one of the companies under investigation. Based on the EU investigation, US competition authorities launched their own investigation into the matter in November 2019. In addition to these investigations two consolidated lawsuits (one direct and one indirect purchaser case) are currently pending before the Florida, District Court, USA and two class-action cases are pending before the federal court of Toronto and the district court of Quebec in Canada. SalMar is not aware of any anti-competitive behavior within the Group; not in Norway, the EU, the USA, or in Canada, and the Group will use all its reasonable endeavors to fully collaborate with European and American authorities in this matter and will follow up the lawsuits in the USA and Canada accordingly. However, there can be no assurances regarding the outcome of such investigations or law suits against the Group. Adverse regulatory action or judgment in litigation could result in expensive fees and legal costs, as well as sanctions of various types for the Group, including, but not limited to, the payment of fines, damages or other amounts, the invalidation of contracts, restrictions or limitations on its operations, any of which could have a material adverse effect on the Group's reputation, profitability and/or financial condition.

The Group is subject to extensive regulations:

The Group's activities are subject to extensive regulations, in particular relating to environmental protection, food safety, hygiene and animal welfare. Further, salmon farming is strictly regulated by licenses and permits granted by the authorities. Future changes in the laws and regulations applicable to the Group's operations can be unpredictable and are beyond the control of SalMar. Such changes could imply the need to materially alter the Group's operations and set-up and may prompt the need to apply for further permits, which could in turn have a material adverse effect on the business, financial condition, results of operations, prospects or cash flow of the Group. For example, the authorities may introduce further regulations for the operations of the Group's facilities, e.g. regarding standards for production facilities, capacity requirements, feed quotas, fish density, site allocation conditions or other parameters for production, which may negatively impact the Group.

Risks relating to the Group's current and future expected licenses:

The Group is to a significant extent dependent on maintaining its current licenses (also known as concessions) and being granted future licenses from the relevant governmental authorities to operate its fish farms and to sustain and expand its revenues and business. There are strict requirements relating to the granting of such licenses. Once a license is granted, the relevant Group company is from that point and onwards subject to strict regulations when it comes to the operation of the licensed fish farms. However, there can be no assurances that the relevant Group company will maintain all of its current licenses or be granted the necessary future licenses in order to sustain or expand its operations in the future. Any failure to maintain or be granted necessary license may have a material adverse impact on the Group's business, financial conditions, results of operation and liquidity.

Risks related to international trade restrictions imposed on the Group:

The Group's business is affected by laws and regulations in the geographical areas in which the Group operates, and the Group may be exposed to political and other uncertainties, including risks of import-export quotas, wage and price controls and the imposition of trade sanctions, embargoes and other trade barriers. Accordingly, the Group is affected by the adoption of laws and regulations and decisions in international bodies and may be required to make significant capital expenditures or operational changes to comply with such laws, regulations and decisions. Many countries control the export and re-export of certain goods, services and technology and impose related export recordkeeping and reporting obligations. The laws and regulations concerning export recordkeeping and reporting; export control and economic sanctions are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting the Group's operations. Products and services can be denied export or entry for a variety of reasons, some of which are outside the Group’s control. Any failure to comply with applicable trade sanctions and restrictions could also result in criminal and civil penalties and sanctions, such as fines and loss of import and export privileges.

Environmental risks:

The Group's operations are subject to environmental requirements which govern, among other matters, air pollution emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials. Many of these laws and regulations are becoming increasingly stringent, and the cost of compliance, including penalties if the Group fails to comply with these requirements, can be expected to increase over time.

Changes in tax laws of any jurisdiction in which the Group operates, and/or any failure to comply with applicable tax legislation may have a material adverse effect for the Group:

The Group already is and will be subject to prevailing tax legislation, treaties and regulations in the jurisdictions in which it operates, or decides to commence operations, and the interpretation and enforcement thereof. The Group’s income tax expenses are based upon its interpretation of the tax laws in effect at the time that the expense is incurred. If applicable laws, treaties or regulations change, or if the Group's interpretation of the tax laws is at variance with the interpretation of the same tax laws by tax authorities, this could have a material adverse effect on the Group's business, results of operations or financial condition. If any tax authority successfully challenges the Group's operational structure, pricing policies or if taxing authorities do not agree with the Group's assessment of the effects of applicable laws, treaties and regulations, or the Group loses a material tax dispute in any country, or any tax challenge of the Group's tax payments is successful, the Group's effective tax rate on its earnings could increase substantially and the Group's business, earnings and cash flows from operations and financial condition could be materially and adversely affected.

Risk factors (7/7)

RISK FACTORS RELATED TO THE BONDS

The Bonds may not qualify as "green bond" under the forthcoming EU Taxonomy and EU Green Bond Standard:

The Bonds are expected to be registered as green bonds on the Oslo Stock Exchange´s Green Bond List based on the current ICMA Green Bond Principles ("GBP") and the current rules for listing green bonds at the Oslo Stock Exchange, involving the delivery and publication by the Issuer of a green bond framework and an independent second opinion assessment by Cicero Shades of Green ASA ("Cicero") of such framework and relevant governance procedures of the Issuer.

Neither the Issuer, the Managers or Cicero have considered whether the activities described in the Issuer's green bond framework will qualify as sustainable activities under the forthcoming EU Taxonomy Regulation (2020/852/EU) (the "Taxonomy") or qualify as EU Green Bonds as per the most recent proposal for the EU Green Bond Standard linking the use-of-proceeds to the Taxonomy and requiring minimum safeguards to be met such as external verification of use of proceeds.

The Taxonomy identifies six environmental objectives (climate change mitigation, climate change adaptation, sustainable use of water resources, contribution to circular economy, pollution prevention and protection of biodiversity). In order to be classified as sustainable, an activity must contribute substantially to at least one of these objectives, do no significant harm to any the others and meet technical screening criteria set by the Commission. The Taxonomy is expected to enter into force in 2022 with regard to the first two objectives and 2023 with regard to for the remaining four objectives. Financing of activities for which there are no technical screen criteria when the Taxonomy enters into force (for the relevant environmental objective) will not qualify as a sustainable investment for EEA financial law purposes, and may as a consequence possibly be delisted from the Green Bond List.

No screening criteria has yet been proposed for the seafood industry. Thus, the Issuer and the Manager cannot provide any representations or warranties that the Bonds will qualify as green bonds under the forthcoming EU Green Bond Standard. Please also observe that a delisting from the Green Bond List at the Oslo Stock Exchange will not qualify as a Listing Failure under the Bond Terms.

The Bonds are unsecured obligations of the Issuer and rank behind certain lenders:

The Bonds are unsecured obligations ranking at least on equal terms with all other unsecured obligations of the Issuer and ahead of subordinated debt. Thus, the Bonds will not have any security over any of the Issuer's assets or be guaranteed by any other entity. Additionally, the Bonds are in all material aspects subordinated certain other secured financial indebtedness of the Group, as permitted by the Bond terms. Because of the unsecured nature of the Bonds and other secured and structurally senior indebtedness of the Group, there is a risk that the bondholders' potential claims against the Issuer in an event of insolvency or liquidation may not be covered in full, partly or at all.

Defaults or insolvency of subsidiaries:

Defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations, or cause cross-defaults on certain borrowings of the Group. There can be no assurance that the Group and its assets would be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise.

The terms and conditions of the Bond Terms allow for modification of the Bonds or waivers or authorizations of breaches and substitution of the Issuer which, in certain circumstances, may be affected without consent of all bondholders:

The Bond Terms will contain provisions for calling meetings of bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all bondholders, including bondholders who did not attend and vote at the relevant meeting and bondholders who voted in a manner contrary to the majority. Nordic Trustee AS, as trustee on behalf of the bondholders, may without the consent of bondholders, agree to certain modifications of the Bond Terms and other finance documents which, in the opinion of the Trustee, are proper to make.

Enforcement of rights as a bondholder across multiple jurisdictions may prove difficult:

It may be difficult or impossible for Nordic Trustee as bond trustee on behalf of the bondholders to bring an action against the Group or the assets of the Group. Upon the occurrence of an event of default under the Bond Terms' Clause 14.1, any enforcement proceedings could be subject to lengthy delays resulting in, inter alia, increased custodial costs or adverse tax consequences. The costs of enforcement in foreign jurisdictions, particularly if proceedings are on-going simultaneously in different jurisdictions, can be high. Even if the bondholders are successful in bringing an action in these jurisdictions, local laws may prevent or restrict the bondholders from enforcing a judgment against the Group's assets or the assets of its officers.


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