

TO THE GENERAL MEETING OF SALMAR ASA (“SALMAR”)]

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

1. ABOUT THE MERGER WITH NRS

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

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

2. REASONS FOR THE MERGER

The rationale behind the Merger is to increase value creation in the regions where the companies operate and make it possible to realise synergies between the companies.

The merger must be seen in connection with the voluntary offer from SalMar on all of the shares in NTS ASA (“NTS”), made public on 17 March 2022 (the “NTS-Offer”). It is a condition for completing the Merger that the NTS-Offer will be completed.

NRS has, together with other subsidiaries of NTS, hereunder SalmoNor AS («SalmoNor»), long experience with salmon farming, both in Central Norway, Northern Norway and the Westfjords in Iceland.

The parties have several overlapping industrial interests, both in Norway, the West Fjords of Iceland, and offshore. A combination of the parties offers the opportunity to realise significant synergies:

- Both parties have long-standing presence in, and considerable competence from, salmon farming in Norway. The Merger will allow for improved utilisation of the combined available MAB and site portfolio as well as improvements in operations and cost structure.
- NRS’ new smolt facility in Dåfjord outside Tromsø, together with SalMar’s development of the Senja 2 and Tjuin facilities will, together with existing smolt capacity, be valuable resources that can ensure delivery of the right smolt at the appropriate time, which in turn will facilitate improved biological results throughout the value chain.
- SalMar’s new processing plant on Senja, InnovaNor, will secure large additional volumes through the Merger. This will allow economies of scale through improved capacity utilisation and logistics and reduce biological risk.
- SalmoNor has operations throughout the value chain and has delivered solid results over several years. SalmoNor is in Rørvik, in production area 7, and will thus complement SalMar’s operation in Mid-Norway.
- Both parties have significant expertise in sales and logistics, and the Merger will improve access to customers worldwide.

- Both SalMar and NRS have made significant investments in offshore related farming technology, creating a large synergy potential. The parties will jointly be a strong force in the further development and realisation of offshore farming.
- Both parties operate in the West Fjords of Iceland through Icelandic Salmon (controlled by SalMar) and Arctic Fish (controlled by NRS). Together the parties may realise significant synergies through e.g., improved operations at sea and an optimal structure in the onshore value chain, including smolt, processing and sales.
- A combination will strengthen the competence and capacity of the parties and position them for further sustainable growth. The parties have strong company cultures, and the anticipated production growth they expect going forward will strengthen the company's position as an attractive employer requiring competent, rurally based employees.
- The Merger will create an entity that may be stronger financially, driven by increased revenue and expected cost synergies.

SalMar and NRS have complementary businesses. In today's market, the competition in salmon farming, distribution and related businesses is high. The merger will make SalMar better equipped to be a leading participant in this sector.

Further, the financial position will be strengthened by the synergies that will be created by the Merger. A robust financial position is considered especially preferential in today's market situation. The Merger will create a company that is well positioned to face possible future periods of decline.

On 11 January 2022, NRS Farming AS (a fully owned subsidiary of NRS) and NTS entered into an agreement regarding a transfer of SalmoNor to NRS Farming AS, as later amended by an agreement dated 28 April 2022 and 30 May 2022. The exchange ratio in the Merger takes in consideration and presupposes that SalmoNor is transferred to NRS before the completion of the Merger, with considerations partially in shares in NRS and partially in cash.

3. RATIONALE FOR THE CONSIDERATION TO SHAREHOLDERS IN NRS

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

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

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

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

1. 0.295475 shares in SalMar; and

2. an additional consideration of NOK 52.84 in cash,

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

The exchange rate is calculated based on negotiations between the board of directors in NRS and SalMar, where the parties have agreed to base one price share in NRS at NOK 265.18 and a price per share in SalMar at NOK 718.64. Further, the exchange rate assumes that NTS ASA has transferred all shares in SalmoNor AS to NRS' subsidiary NRS Farming AS and that NRS before the merger becomes effective issues 15,360,452 shares to NTS ASA as partial consideration.

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

4. IMPACT OF THE MERGER ON EMPLOYEES

The merger will have no immediate consequence for the employees in SalMar and the subsidiaries in the SalMar group. Nevertheless, information has been provided, and consultations with the employee representatives and other union representatives in the SalMar group has been carried out, in connection with the Merger.

Norwegian version signed by the board of directors in SalMar ASA on 30 May 2022