

Extending the ocean potential
Annual Report 2023

SALMON
EVOLUTION[®]

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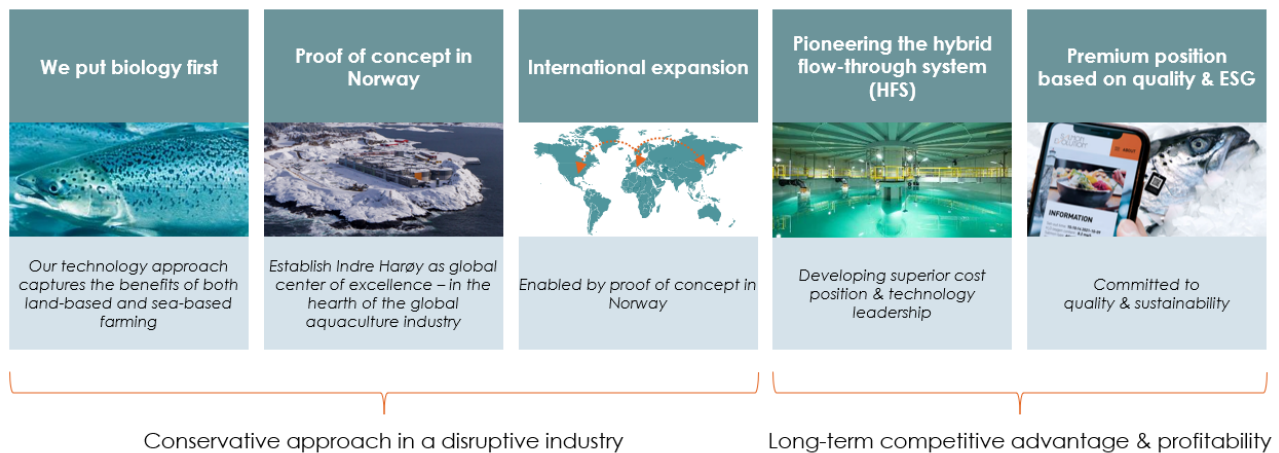
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This is Salmon Evolution

A Norwegian salmon farming company targeting a global leading position in sustainable production of high-quality salmon from land-based facilities.

- Global leader in land-based salmon farming
- Pioneering the hybrid flow-through system (HFS), reducing complexity and biological risk and securing optimal growth conditions at low cost
- 7,900 tonnes HOG Indre Harøy Phase 1 facility operating at full industrial scale – annual harvesting capacity of 31,500 tonnes HOG fully developed
- International expansion on back of proof of concept in Norway – clear roadmap for 100,000 tonnes
- Listed on Oslo Stock Exchange from July 2021

SALMON EVOLUTION IS THE GLOBAL LEADER IN LAND-BASED SALMON FARMING



Key figures

| Operational | 2023 | 2022 |
|---|-------------|-------------|
| Standing biomass (tonnes, LW) | 2 204 | 733 |
| Net growth (tonnes, LW) | 3 751 | 1 087 |
| Harvest volumes (tonnes, HOG) | 1 874 | 340 |
| All-in price realization/kg (NOK) ¹ | 82,0 | 75,9 |
| Financial | | |
| Operating revenues (NOK 1000) | 168 424 | 47 681 |
| Operational EBITDA ² (NOK 1000) | -83 950 | -68 481 |
| Operational EBIT ² (NOK 1000) | -130 680 | -74 671 |
| Profit (loss) before tax (NOK 1000) | -145 773 | -32 726 |
| Cash flow from operations (NOK 1000) | -124 445 | -76 124 |
| Capital structure | | |
| Cash flow from investment activities (NOK 1000) | -358 816 | -796 132 |
| Cash flow from financing activities (NOK 1000) | 590 897 | 645 471 |
| Cash and cash equivalents (NOK 1000) | 386 396 | 278 759 |
| Net interest-bearing debt (NOK 1000) | 299 386 | 302 990 |
| Equity (NOK 1000) | 1 920 693 | 1 563 906 |
| Equity ratio | 71 % | 68 % |
| Profitability | | |
| Earnings per share (NOK) | -0,37 | -0,10 |
| Market value (NOK million, Oslo Stock Exchange) | 2 806 | 2 859 |

¹Calculated on a back to farm basis and adjusted for transport cost to Norway border (Nasdaq equivalent)

²Before fair value adjustment related to biological assets

Letter from the CEO

In 2023 Salmon Evolution cemented its position as the global leader within land-based salmon farming. In total we harvested about 1,900 tonnes HOG of which 1,100 tonnes HOG in the fourth quarter alone, placing the Company as the world's largest land-based salmon farmer.

Furthermore, 2023 also marked a new phase in Salmon Evolution's development as we have now entered an industrial stage with stable operations and regular harvest and sales after years of development, construction and gradual ramp up in production.

As the industry leader we have also demonstrated that it is possible to produce salmon on land all the way to harvest weight, at an industrial scale and with strong biological performance.

In Salmon Evolution we put biology first with very ambitious goals when it comes to mortality rates and product quality. In this context it is therefore very satisfactory to see that we are already operating within our targets.



Human capital is a key success factor in land-based salmon farming, and we have invested heavily in our organization which now totals around 70 people across the Group. We have been very fortunate in being able to recruit and

retain highly skilled employees with a strong passion for their work. I am also very pleased to see all the learning and accumulation of competence and experiences, enabling us to continuously improve in all aspects of our business.

Looking ahead we have a positive view on the long-term demand for salmon and think that the need for resource efficient production of animal proteins will only increase in the years to come. This should ultimately benefit the salmon relative to many other protein sources, given its low feed conversion ratio, high nutrition content, short production cycle and low environmental footprint.

There are significant challenges growing the supply side using conventional methods, from both a biological and regulatory perspective. Thus, the opportunity to sustainably produce salmon on land at an industrial scale is greater than ever.

Also, the rising production cost and other challenges facing the conventional industry, has significantly improved the relative competitiveness of land-based, which we now see at parity level with the conventional industry. Looking forward we believe this trend will continue, given the unique opportunities you have in a land-based facility to control and optimize the environment.

Going into 2024 Salmon Evolution is uniquely positioned to continue to lead the development in this industry. We are now at a fully operational stage and with the strong salmon market outlook, we are very well positioned to capitalize on this and demonstrate the profitability of our business case.

We are also well underway with our growth plans with the key priority being phase 2 at Indre Harøy where we see substantial scaling effects on our operations. Also, having a large and successful operation at Indre Harøy will be a key enabler in our international expansion.

Similar to last year we are also proud to include an integrated ESG section in our annual report. This is an area which is highly important to us and as we move forward and obtain more and more operational data, we will continuously work to improve and expand our ESG reporting.

Being able to now supply our beautiful salmon to customers worldwide on a regular basis show that we have come a long way since our foundation back in 2017. We are truly grateful for all the support shown by our stakeholders and all the positive feedback from our customers on our salmon.

The Salmon Evolution journey has just begun and we are confident that the best is ahead us as we look forward lead the development of this very exciting industry and define the future of sustainable salmon farming.



Trond Håkon Schaug-Pettersen
CEO, Salmon Evolution

Our Vision

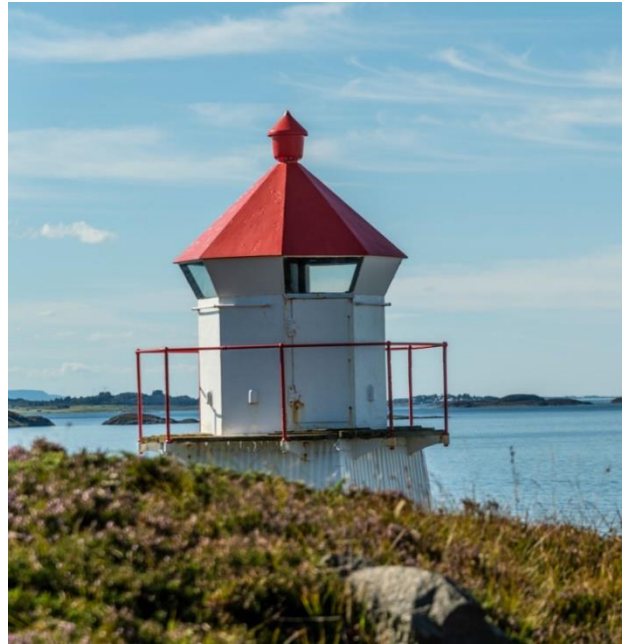
Extending the ocean potential

We are responsible, competent, innovative and team players

Our vision is to extend the ocean potential and be the global leader within land-based salmon farming. We do this by transferring the best preconditions offered by the sea to farm fish on land through our chosen hybrid flow-through system (HFS) technology. This secures a sustainable production process with controlled and optimal growth conditions and limiting operational and biological risk

Our concept is based on preserving and reusing marine resources and minimising our environmental footprint. We put biology first and farm fish on land using clean and fresh seawater as the primary water treatment element. This is combined with reuse of water to facilitate stable and ideal temperatures, in an energy efficient manner. Optimal water quality and stable temperatures are key to ensure excellent fish health and in turn capturing the full growth potential of the salmon.

The creation of an optimal growth environment for the salmon ensures we can maximise the utilization and output of our farms, and thus keep investments and costs on par with the conventional industry.



We deliberately chose to start our journey in the hearth of the global aquaculture cluster in Norway. This ensures access to the best talent in the aquaculture industry, as well as the world's foremost suppliers and infrastructure. Ultimately it is all about the people, and in Salmon Evolution we are team players on a mission to produce salmon of the highest quality in an even better and more sustainable way.

Our Technology

Salmon Evolution is founded on the belief that good biology equals good economy. This belief has been essential when developing the production methods and technology applied in the Company's land-based salmon farming facilities.

Salmon Evolution's chosen hybrid flow-through system (HFS) technology ensures rich access of fresh filtered seawater while at the same time reducing energy consumption by reusing around 65% of the water.

A reuse level of around 65% is in the Company's view a "sweet spot" balancing cost and operational risk. Higher reuse levels require the introduction of more filtration and water treatment and lead to an exponential increase in risk. On the other side, a low level of reuse leads to significantly higher energy costs in connection with pumping and heating of water.

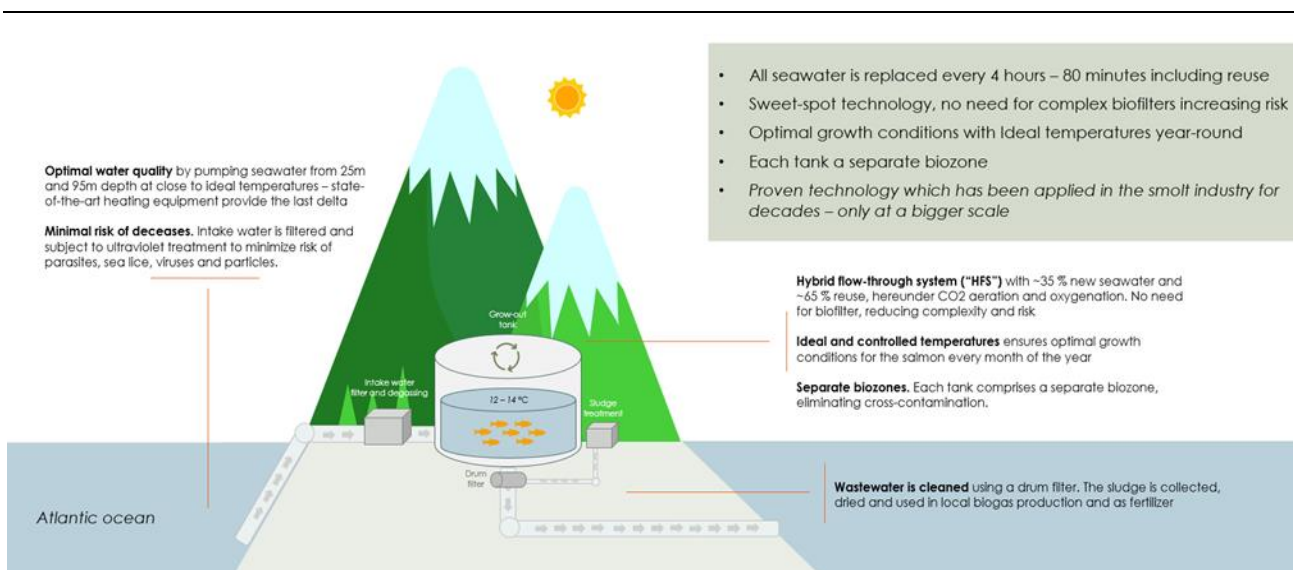
At Indre Harøy the seawater intake is based on two inlet pipes at 25 meters and 95 meters, enabling the Company to tap into ideally tempered water and hence reducing energy costs relating to heating of seawater.

The water inlet is further filtered and treated with UV to eliminate parasites, sea lice, viruses, and particles. This ensures a rich flow of fresh and clean seawater into the fish tanks.

To ensure optimal biological and growth conditions in the fish tanks, oxygen and CO₂ levels are constantly monitored and adjusted.

Each of Salmon Evolution fish tanks represents an individual biological zone, meaning that water in one tank never mixes with water in the other tanks. This again serves as a significant risk reducing measure in case of diseases etc. where a potential outbreak in one tank never can contaminate the fish swimming in the other tanks.

As part of Salmon Evolution commitment to a sustainable production and circular economy, wastewater is filtered and sludge collected, before being transported to a recirculation plant where it is converted into fertilizer, biogas or similar.



Markets

Overall description

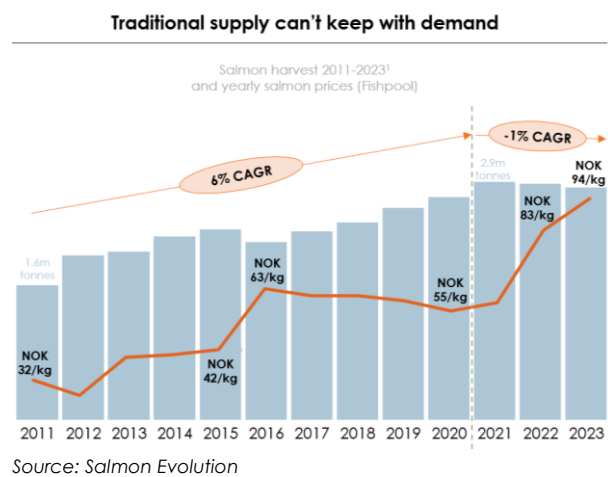
Salmon Evolution is the global leader in land-based salmon farming and targets an annual production capacity of 100,000 tonnes. Salmon Evolution aims to be a driving force in the development of the salmon farming industry.

The salmon industry is backed by several major global macro trends that have led to a significant demand growth, hereunder increased global population and a growing middle class, increased focus on eating healthy food, and resource efficient and climate friendly food production. About 20 % of the consumed protein in the world is fish, and the natural fish resources have largely been exploited.

Global supply of Atlantic salmon has seen a significant increase over the last decades. In 2011 global production was 1.6 million tonnes WFE and this increased to 2.9 million tonnes WFE in 2021, representing a yearly growth of ~6%. However, the last two years global production has gone down and ended at 2.8 million tonnes WFE in 2023, a decrease of 3.5%. A primary reason for this is that the conventional salmon farming industry has reached a production level where biological constraints put limit to further growth, as well as a stricter regulatory framework in key salmon farming regions.

Looking ahead for the next decade, a 3–7% yearly growth in salmon demand implies a total

demand of around 3.8-5.5 million tonnes by 2033 which represents an increase of around 1.0-2.7 million tonnes WFE compared to current production.



The strong demand outlook, combined with challenges in the conventional salmon farming industry growing the supply side, have resulted in very strong salmon prices the last couple of years. It has also paved the way for development of new production methods such as land-based, offshore and ocean based closed systems. Conventional farming will play a key role in the salmon farming industry for many years to come, but new technology and other production methods, such as land-based farming, is necessary to close the supply gap and address the steadily increasing demand for Atlantic salmon.

Competitive landscape and market opportunities

Norway is by far the largest producer of Atlantic salmon today with a market share of about 50% followed by Chile at around 25%. The two main production regions share that most of the production is exported, with a significant portion of the volume being sold fresh to overseas markets requiring airfreight.

Transportation of salmon via airfreight is expensive and increases the climate impact of the product. The rise of land-based salmon farming enables production closer to or in end-markets and thereby vastly reducing the need for airfreight. This creates a foundation for additional margins as pricing for in-market produced fish will likely be benchmarked with imported fish. Additionally, it reduces the climate impact.

Salmon Evolution has significant international ambitions, illustrated by our North America

expansion project as well as our joint venture with Dongwon Industries in South Korea.

Building a land-based salmon farming facility is a complex process, which is why Salmon Evolutions first facility is being built in Norway in the middle of the aquaculture cluster with abundant access to the best people and suppliers. This creates a strong operational platform on which to scale, having achieved technological and operational proof of concept, as well as having established best practices when expanding abroad. Finally, when expanding internationally, Salmon Evolution is confident that project execution can both be fast-tracked and significantly de-risked by having a facility operational in full industrial scale, as well as teaming up with strong local partners.

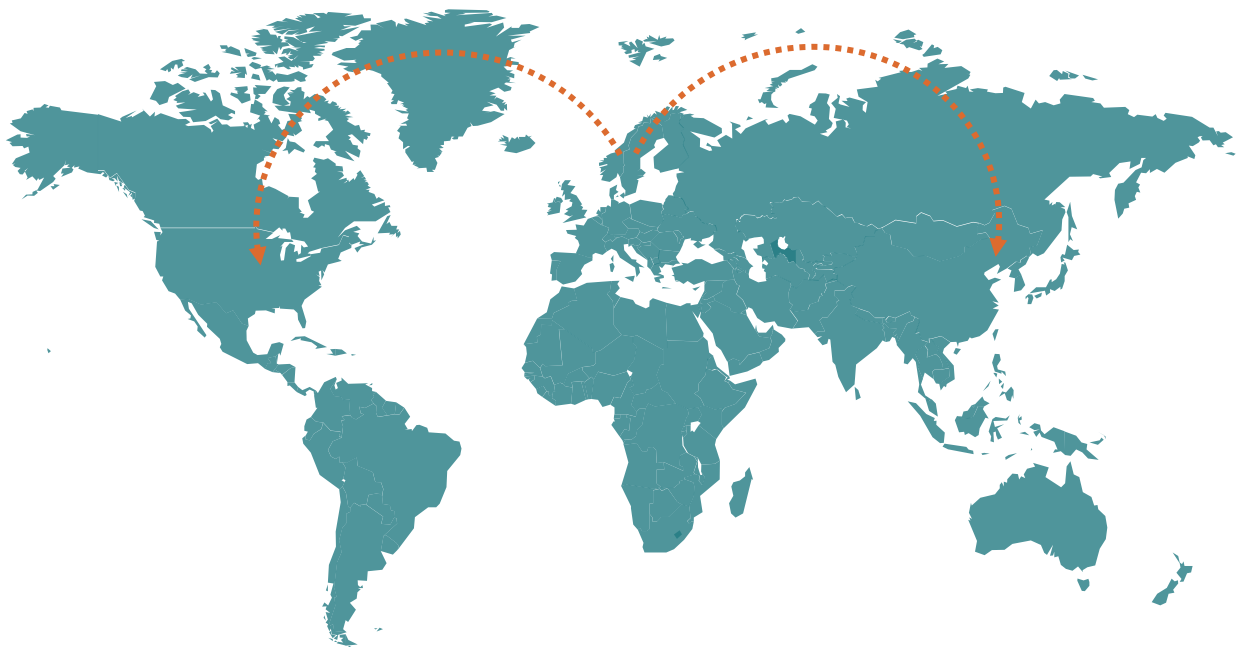


Illustration: Salmon Evolution

Business plan and strategy

Goals and ambitions

Salmon Evolution's goal is to be the global leader within land-based salmon farming. The company is focused on extending the ocean's potential by transferring the best preconditions offered by the sea to farm fish on land through

its chosen hybrid flow-through system (HFS) technology. This secures a sustainable production process with controlled and optimal growth conditions and limiting operational and biological risk.

Strategic priorities and opportunities

The Company targets a production capacity of 100,000 tonnes and although this is an ambitious target, Salmon Evolution already has an identified pipeline of projects.

Over past years significant resources have been devoted to growing the organization, establishing quality and control systems as well as establishing a digital infrastructure. In sum this represents strong operational platform with deep know-how and expertise in operating a hybrid flow-through salmon farm. This again will be the foundation in our expansion plans.

Our planned expansion is also strongly supported by having achieved technological proof of concept with our first farm at Indre Harøy, now operational in full industrial scale. The high degree of fresh seawater usage in our production combined with optimal growth

conditions, have delivered strong results, highlighted with good growth, minimal mortality, and an industry leading superior grade share.

Salmon Evolution also has ambitions as to the commercial aspect of fish farming, hereunder sale and distribution. The strong results so far, having a healthy and tasty fish with a firm texture which provides a solid foundation for establishing a good reputation in the market, all of which have been confirmed in connection with our first two years of operations.

The environmental aspect of our production with a closed system production method, collection and recirculation of waste, no sea lice and minimal risk of escapes also have some very attractive attributes supporting our commercial operation.

Capital strategy/priorities and funding

The company is actively seeking to optimize its capital structure and have a balanced mix of equity and debt. Although land-based salmon farming mainly has relied on equity financing in the past, the company sees increasing appetite amongst banks for more traditional bank debt financing structures.

Going forward, as more land-based salmon farming facilities commence operations and reaches profitability, the Company believes this

positive trend will continue and eventually also facilitate higher leverage facilitating further growth.

Salmon Evolution also sees interesting opportunities for alternative financing structures, for example through partnerships and/or project financing structures. This and similar structures represent a capital efficient way of growing production while at the same time scaling and

leveraging the organization's competence and knowhow.

Management

General comments on experience and competence

The company has a dedicated management team with extensive experience from the aquaculture industry, and a well-developed organisation with the necessary competence and execution capabilities.

Roles and CV's



Trond Håkon Schaug-Pettersen, CEO

Trond Håkon Schaug-Pettersen took over as our CEO in October 2022, after being our CFO since 1 January 2021.

He brings extensive experience from both the salmon industry and the capital market. Prior to joining Salmon Evolution, he served over 4 years as Senior Vice President Finance and Business Development at Hofseth International.

Before joining Hofseth International, Schaug-Pettersen worked for nine years as an investment banker at Swedbank/First Securities advising Norwegian and

international companies on IPOs, equity and debt capital raisings, M&A, strategy, and restructurings.

Schaug-Pettersen has a BSc in Economics and Business Administration from the Norwegian School of Economics (NHH).

Schaug-Pettersen owns 400,000 shares and holds 2,600,000 options in Salmon Evolution (directly or indirectly through Troha Invest AS).



Trond Vadset Veibust, CFO

Trond Vadset Veibust joined Salmon Evolution as CFO in April 2023.

He brings extensive industrial experience from Ekornes, where he worked 8 years, of which the last 3 years as a member of the executive management. Veibust has previously also worked 4 years at Ernst & Young as an auditor, and is a

state authorized public accountant with an MSc in Accounting and Auditing from the Norwegian School of Economics (NHH).

Vadset Veibust owns 55,000 shares and holds 500,000 share options in Salmon Evolution (directly or indirectly through Trollkyrkja AS).



Ingjarl Skarvøy, COO

Ingjarl Skarvøy is one of our founders and served as our first CEO. He has more than 30 years of experience from the aquaculture sector, including regional manager for Salmar Farming, CEO of Salmar Rauma and regional manager for Pan Fish Norway (now Mowi Norway).

Skarvøy owns 1,800,150 shares and holds 750,000 share options in Salmon Evolution (directly or indirectly through Terra Mare AS).



Kamilla Mordal Holo, Chief Project Officer

Kamilla Mordal Holo has 16 years of experience from the construction sector, including the post as project manager at the Norwegian Public Roads Administration, responsible for the highway network in Møre og Romsdal county. She has also been project and construction manager at engineering and consultancy company, 3S Project.

Mordal Holo has an MSc in civil and environmental engineering from the Norwegian University of Science and Technology (NTNU).

Mordal Holo owns 160,060 shares and holds 750,000 share options in Salmon Evolution (directly or indirectly through C10 Holding AS).



Odd Frode Roaldsnes, CCO

Odd Frode Roaldsnes joined Salmon Evolution in 2021 and brings extensive experience from the salmon industry.

Prior to joining Salmon Evolution, he held the position as sales director and partner at Ocean Supreme, a salmon exporter based in Ålesund.

His background is within the areas of management, business development and downstream operations where he has primarily been focusing on the Asian markets the last 15 years.

Roaldsnes owns 250,000 shares and holds 750,000 share options in Salmon Evolution.



Henriette Nordstrand, Technical Director

Henriette Nordstrand joined Salmon Evolution in August 2022. She holds valuable management experience from the fish farming industry, including planning for, construction and running a new large-scale hatchery plant.

Prior to joining Salmon Evolution, she served five years as Hatchery Plant Manager in Hofseth Aqua AS. Nordstrand has an MSc in Aquamedicine from the

University of Bergen and holds the title Aqua Medicine Biologist. She has also studied recirculating aquaculture systems (RAS) at the Norwegian University of Science and Technology (NTNU).

Nordstrand owns 32,849 shares and holds 125,000 share options in Salmon Evolution (directly or indirectly through Heno Holding AS)



Tore-Jakob Reite, Director Strategic Projects

Tore-Jakob Reite joined Salmon Evolution in 2023 and has over 25 years' experience from the aquaculture industry.

Prior to joining Salmon Evolution, he was Managing Director of Entec Brimer, a manufacturer of composite tanks to land based fish farming and other industries. He has also worked as Head of Business Segment Fish Farming, Site Manager at Linde and worked several years in

manager positions within sales and marketing of salmon and salmon products at Pan Fish (now Mowil).

Reite holds a bachelor's degree in business and marketing from University of Strathclyde Business School, Glasgow, Scotland.

Reite owns 1,250 shares and holds 125,000 share options in Salmon Evolution.

ESG IN SALMON EVOLUTION

Salmon Evolution is a salmon farming company focused on transferring the best preconditions offered by the sea to farm fish on land. Our hybrid flow-through system (HFS) technology secures a truly sustainable process with controlled and optimal growth conditions while limiting operational and biological risk.

We are committed to ensure that we are a responsible business and that we are sustainable in our operations and in everything we do. This is enshrined in our vision:

“EXTENDING THE
OCEAN POTENTIAL”

We build sustainability and social responsibility into the core of our business. Our commitment is integrated into every part of Salmon Evolution’s business model and implemented through our ethical guidelines. It is our firm belief that responsible and sustainable business behaviour contributes to better environmental, social, organisational, and financial results.

Salmon Evolution has a high potential to produce what the market demands: a fresh, healthy, and sustainable premium product. With the use of the HFS technology, we farm our salmon in a closed system with minimal impact on the environment, whilst providing the best conditions for optimal fish welfare.

We have created a truly sustainable approach to producing the world's best and healthiest protein.

ESG Reporting

This is our fourth annual report published and the third annual report with explicit Environmental, Social, and Governance (ESG) factors included. Our report is created with reference to the Global Reporting Initiative (GRI) Standards.

We have committed to establish plans for ESG monitoring to allow for comprehensive ESG reporting. We are consistently striving to gather and transparently present our information at the highest level of quality possible, with principles of:

- Accuracy
- Balance
- Comprehension
- Timing
- Reliability

For our 2023 report, we still have limited comparative information from previous years or reporting periods due to only having one full calendar year with full operations.

Going forward, we will present our information in a manner that is comparative on a year-by-year basis for our operations, to track our progress and ensure accountability to our goals.

Stakeholders and Material Topics

The Company ran the process by conducting a materiality assessment to map and determine our sustainability priority areas. We began by identifying our most important stakeholders (see page 30) as well as their primary areas of interest related to environmental, social, and governance factors. These stakeholders and sustainability priority areas has now been verified.

We have examined these areas to learn where our potential impacts are, and from this process, we established benchmarks for how we should identify and manage our sustainability risks and opportunities. This also gave clarity on how we should provide our stakeholders with material disclosures through our ESG reporting.

The materiality assessment was conducted through discussions with internal employees who are in regular contact with our key stakeholders. It was carried out in accordance with GRI Standards and the Guidelines to Issuers for ESG Reporting by Oslo Stock Exchange (Euronext).

To ensure the necessary independence and integrity of the process, this assessment was conducted by a third-party organisation.

Our materiality assessment resulted in the following material topics being defined as priority areas:

ENVIRONMENT AND TECHNOLOGY

- Greenhouse gas (GHG) emissions
- Energy usage
- Circular economy
- Biodiversity and nature

FISH AND WATER

- Fish health and welfare
- Sustainable food production
- Product certification and traceability*

*addressed in the Governance chapter

PEOPLE AND SOCIETY

- Employee health and safety
- Local jobs, cooperation, and value creation
- Regulatory compliance
- Responsible supply chain



Governance and ESG

Corporate responsibility is an integrated part of Salmon Evolution's business practices. We strongly believe that we have a responsibility for the people, communities, and environment affected by our business. This is woven into our core values, *responsible, competent, innovative and team player*.

It is the duty of the CEO to ensure that Salmon Evolution always operates according to these core values. The CEO must also ensure compliance with legislation and follow up on Salmon Evolution's governing documents.

OUR CORE VALUES: RESPONSIBLE, COMPETENT, INNOVATIVE, TEAM PLAYER

The Board of Directors shall ensure that Salmon Evolution has sound internal control and systems for risk management. They shall also supervise Salmon Evolution's management and general activities. This includes ensuring compliance to company core values, ethical guidelines, and guidelines for corporate social responsibility.

Our governing codes, policies, and procedures ensure that all our employees carry out their activities in an ethical manner, in accordance with current legislation and Salmon Evolution standards.

An overview of ESG topics covered by our governance system is presented here:

- Fish health and fish welfare policy
- Waste management policy
- HSEQ policy
- Supplier code of conduct
- Code of conduct
- Corporate governance policy
- Corporate social responsibility policy
- Anti-corruption compliance procedure

Environment

There is a growing need for sustainably farmed salmon. The Food and Agriculture Organization (FAO) of the UN predicts that the world population will reach 9.7 billion by 2050. The demand for food is set to increase by 50% and meeting this demand will require a significant increase in protein production.

Seafood is quickly becoming an important contributor to meeting this demand. However, a growing demand for seafood will increase the





| Protein production facts ¹ |  |  |  |  |
|--|---|---|---|---|
| Carbon footprint (kg CO ₂ /40g edible meat) | 0.60 | 0.88 | 1.30 | 5.92 |
| Feed conversion ratio | 1.2-1.5 | 1.7-2.0 | 2.7-5.0 | 6.0-10.0 |
| Edible yield | 68 % | 46 % | 52 % | No data |
| Water consumption (litres/kg) | 2,000 | 4,300 | 6,000 | 15,400 |

Table 1 (Source 1: Global Salmon Initiative Organisation, <https://globalsalmoninitiative.org/en/sustainability-report/protein-production-facts>)

pressure on already over-exploited wild fish stocks and ocean resources. To alleviate this pressure, aquaculture, including salmon farming, is required to efficiently manage and maintain both wild fish stocks and the ocean's natural biodiversity.

Salmon are amongst the most efficient protein sources to produce. The feed conversion ratio (FCR) for salmon, or the amount of feed an animal needs to gain one kilogram of body weight, is well below other common protein sources.

Salmon has a high harvest yield in percentage (after inedible parts are removed) compared to

other farmed animals. This is shown in Table 1. In the future when more data is available, Salmon Evolution intends to measure the efficiency on the production and believe that land-based salmon should be even more competitive.

The global increase in food demand, combined with stronger preferences for healthy and sustainably produced proteins, has led to a high growth in demand for salmon over the last few decades.

This increase has mainly been met by a continuous expansion within conventional aquaculture. However, numerous challenges inhibit sustainable future growth for fish farming:

- **CLIMATE CHANGE:** DUE TO THE LONG-HAUL TRANSPORT AND DISTRIBUTION OF FISH, THE CO₂ FOOTPRINT FOR SEA-BASED SALMON FARMING IS HIGH.
OUR RESPONSE: EXPANDING OPERATIONS CLOSER TO MARKETS
- **POLLUTION AND WASTE:** THE NATURE OF CONVENTIONAL SALMON NET PENS CREATES ISSUES WITH THE DISCHARGE OF UNTREATED WASTE AND POLLUTION, AS WELL AS DISEASES AND PARASITES INTO COASTAL WATERS.
OUR RESPONSE: MINIMIZING POLLUTION AND TREATING WATER AND WASTE
- **BIODIVERSITY AND NATURE:** ESCAPES IN SEA-BASED SALMON FARMING ARE EXPENSIVE AND POTENTIALLY DAMAGING TO LOCAL WILDLIFE.
OUR RESPONSE: ELIMINATING THE RISK OF ESCAPE AND PROTECTING OCEAN BIODIVERSITY
- **FISH HEALTH:** DISEASES, PARASITES, AND SEA LICE ARE WIDESPREAD IN CONVENTIONAL SALMON FARMING, CAUSING CONSIDERABLE DAMAGE COMMERCIALY. IN ADDITION, MORTALITY AND LOSSES IN PRODUCTION ARE A CHALLENGE FOR SEA-BASED SALMON FARMERS.
OUR RESPONSE: THROUGH OUR TECHNOLOGY, WATER INTAKE IS FILTERED AND UV-TREATED, AND SEPARATED BIOLOGICAL ZONES REDUCE OPPORTUNITY FOR CROSS-CONTAMINATION
- **FISH WELFARE:** CLIMATE VARIABILITY AND INCREASING WATER TEMPERATURES CAN CAUSE STRESS AND REDUCE FISH HEALTH AND WELFARE.
OUR RESPONSE: BY CONTROLLING WATER TEMPERATURE AND BY CONTINUOUS MONITORING, WE ENSURE GREATER FISH WELFARE

New methods and technologies for addressing biological and environmental challenges are continually being developed, including a shift to more land-based farming practices. Land-based farming addresses a broad range of

these industry challenges and represents a viable solution for sustainably expanding the ocean's essential resources.

Research and development are thus central to our value chain and help create efficient operations, drive innovation, and create improvements that ensure future sustainability.

Our research is based on co-operation with several research communities and promotes knowledge transfer between internal and external stakeholders.

Our Commitment

Our vision is to be the globally leading producer of land-based Atlantic salmon by ensuring sustainability and extending the ocean potential. We aim to encourage the inclusive and prosperous development of the aquaculture industry, within a stable and resilient earth system.

To achieve this, we commit to promoting a culture where sustainability and profitability reinforce each other. We build sustainability into our core operations and through the use of the HFS technology, we transfer the best preconditions offered by the sea to the farming of fish on land.

Through our business strategy, we are committed to the external environment and to setting a high standard for fish health and fish welfare. Our objective is to monitor and reduce the environmental impact of our business, to ensure we produce a premium salmon product with a low environmental footprint.

We therefore place an emphasis on three key environmental areas:

-
- 1) climate change impacts
 - 2) circular economy, pollution, and waste
 - 3) biodiversity and nature
-

By reusing water, we optimise energy consumption related to pumping and heating, which reduces our CO₂ footprint. By filtering and treating wastewater, we reuse more marine resources. Fish sludge is also collected and

recycled, contributing to a circular economy. By having a closed farming system, we also minimize the risk of escapes and thus the potential harm to local biodiversity and nature.



Photo: Salmon Evolution

Our environmental efforts should never compromise the health of our fish or our product quality. We therefore also focus on:

-
- 1) fish health and welfare
 - 2) sustainable inputs and outputs
 - 3) product certification and traceability*
-

*addressed in the Governance chapter

By using fresh seawater from the coast, we create optimal farming and environmental conditions for our fish, which result in better growth and a shorter production time. This enables a sustainable production process, with controlled and optimal growth conditions while limiting operational and biological risk.

Each of our choices is weighed against alternatives to ensure that we carry out our operations responsibly. Sustainability and fish welfare are at the core of our vision as well as our actions as a firm. They are essential to the

identity of Salmon Evolution, and we commit to carry this forward as our operations grow and as we expand globally.

Environment and Technology

Climate Change Impact

Salmon Evolution's hybrid flow-through system (HFS) technology ensures rich access to fresh filtered seawater. At Indre Harøy, the seawater intake is based on two intake pipes at 25 meters and 95 meters, respectively, enabling us to tap into water at ideal temperatures.

By combining supplies of clean and fresh seawater with reuse, we minimise overall energy consumption for pumping and heating of seawater in the facility.

Our energy plant has a very high output in relation to the energy used.

Estimated data for Phase 1- full run rate:

- Electricity usage (MWh): ~60,000
- Electricity usage (kWh/kg biomass (LW)):
~6.3-6.8
- Renewable energy, Norwegian energy mix

The HFS technology reuses ~65% of the water, while the remaining ~35% is fresh seawater. This ratio is our "sweet spot", balancing cost and operational risk while ensuring maximum production output.

Higher reuse levels require more filtration and water treatment which again implies higher complexity and risk. On the other hand, a lower level of reuse will lead to significantly higher energy costs in connection with pumping and heating of water. The Company has a green power supply agreement with Statkraft, Europe's largest generator of renewable energy. Statkraft is fully owned by the Norwegian government and is Norway's largest supplier of electricity to power-intensive industries.

The partnership with Statkraft and location in the heart of Norwegian hydropower production, ensures sustainable electric power with low environmental impact. The CEO of Salmon Evolution, Mr. Trond Håkon Schaug-Pettersen, sees this as a very positive step forward:

"In Norway 88 percent of electricity production is hydropower. Our customers can be certain that our salmon is produced with the lowest possible environmental footprint, setting a new benchmark for sustainably produced salmon."

In addition to this, Salmon Evolution is pursuing international expansion closer to markets, serving as a lower-CO₂ alternative to long-haul transport and distribution.

Key Points – Climate Change Impacts

- Salmon is already a lower environmental impact protein, but through the HFS technology, we further reduce our climate impacts.
- We have a high performance and high output in relation to our energy consumption.
- Located in Norway, most of the electricity consumed will be made of hydropower.
- Through international expansion, we put land-based facility operations closer to the market, allowing us to reduce our CO₂ footprint for long-haul transport and distribution.

The energy efficient system at Indre Harøy was given a grant of up to NOK 96.8 million from Enova. Enova is owned by the Norwegian Ministry of Climate and Environment and functions to promote the environmentally friendly production and consumption of energy.

This grant has allowed us to use even more resources to reduce greenhouse gas emissions, to develop energy-saving and climate-friendly technology, and to strengthen the security of the Norwegian food supply.

Circular Economy, Pollution, and Waste

The HFS technology is built to take in and reuse large quantities of clean and fresh seawater from the ocean. We are able to create an ideal balance, where we use water with the same high quality as traditional Norwegian cage-based farming, but where we also have sufficient space and access to the necessary resources for large-scale production on land.

This provides us the opportunity to commit to a truly sustainable production as well as to promote a circular economy.

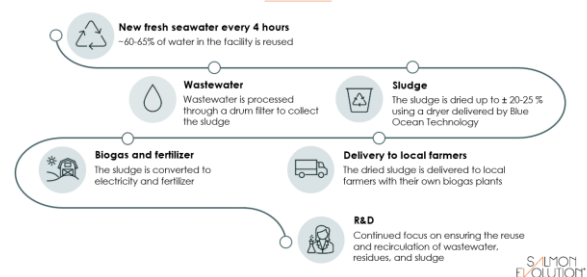
We plan to achieve this through collecting, treating, and filtering feed residue and wastewater. These are then transported to a recirculation plant where they are converted into short-travelled fertilizer, biogas, or similar.

In addition to the ~65% of water being reused through the HFS technology, we also reuse the

fish sludge as input for biogas or natural fertilizers. We are also conducting research for future usage areas.

Our wastewater from Indre Harøy, is processed through a drum filter and dried up to 20-25 % TS using a dryer from Blue Ocean Technology. The dried sludge is then delivered to local farmers, which convert the sludge into electricity and fertilizer.

THE CIRCULAR ECONOMY IN PRACTICE – OUR SLUDGE BECOMES BIOGAS AND FERTILIZER



Key Points - Circular Economy, Pollution, & Waste

- ~65% of water is reused.
 - Wastewater and feed residue are collected, treated, and filtered.
 - We are continuing research and development to ensure the responsible reuse and recirculation of wastewater, residues, and sludge.
-

By reusing and treating wastewater, and reusing water and sludge, we minimise our environmental footprint. Through our research,

we aim to contribute to a circular economy by making these reuse solutions into feasible practices in the future.

Biodiversity and Nature

Our core business is about preserving and reusing marine resources and minimizing our environmental impact. The HFS technology operates in a land-based and enclosed system, which means that through greater production control, there is a close to zero risk of the salmon escaping from the farm.

As a significant achievement towards responsible and sustainable salmon production we achieved the prestigious Aquaculture Stewardship Council («ASC») certification after

only 18 months in operation. ASC is globally renowned for its stringent aquaculture standards focused on environmental sustainability and social responsibility.

Further, we are committed to minimize negative impact to the local environment. To make sure that we reach this important goal we have established a plan for monitoring local biodiversity and nature. This is done by collaborating with an external advisor.

Key Points – Biodiversity & Nature

- Our closed system ensures minimal escape risk.
 - Achieved ASC certification in 2023.
 - Continuously monitoring local biodiversity and nature.
-

Fish and Water

Fish Health and Welfare

At Salmon Evolution, we believe that biology is key to ensure responsible practices in the aquaculture industry and ensuring fish health and welfare. We understand fish welfare as:

- freedom from hunger, thirst, and malnutrition
- freedom from extreme cold and heat
- freedom from injuries and illnesses
- freedom from anxiety, stress, and fear
- freedom to practice normal behaviour

To ensure fish welfare, we focus on the following:

- access to fresh seawater and good nutrition
- access to optimal conditions, including space for protection and rest
- preventing and/or quickly diagnosing and treating injuries and illnesses
- providing sufficient area and excellent facilities aimed at recreating a living space for fish that is similar to their natural environment

To ensure optimal biological and growth conditions in the fish tanks, oxygen and CO₂ levels are constantly monitored and adjusted. The HFS technology engages in CO₂ stripping and oxygenation to guarantee ideal environmental conditions for our fish.

By drawing seawater from depths of 25 and 95 meters, the HFS water intake is further filtered and treated with ultraviolet (UV) rays to eliminate parasites, sea lice, viruses, infection, and additional particles. Filtering and disinfecting intake water creates a controlled environment, reducing the risk of illness, and ensuring a rich flow of fresh and clean seawater into the tanks.

By optimizing water quality parameters with ideal and stable temperatures, we can reduce the time to harvesting for each batch from approximately 16 to 11 months with a 130g smolt insert weight. This increased growth creates the basis for greater production efficiency and optimal utilization of our licensed volume.

- ensuring good conditions and treatment so that fish avoid mental or physical suffering

The HFS technology and the arrangement of our facility enable us to define each tank as an isolated biological zone. This means that water in one tank never mixes with water in another tank. Such an arrangement gives us full control of water parameters and the production environment and allows us to ensure biosecurity. A potential biological outbreak in one tank will not impact or contaminate the fish swimming in another tank.

To ensure excellent biosecurity in our operations, we have implemented a quality assurance system with dedicated personnel responsible for compliance and the training of staff. Our training program includes promoting general biosecurity knowledge and awareness, including the development of skills and the use of measures specifically relevant for Salmon Evolution's facility.

Estimated data for Phase 1- full run rate:

- Mortality 3-5 %
- Density as measured in kg/m³:
 - Minimum: 7 kg/m³
 - Maximum: 85 kg/m³
- Oxygen consumption (kg / tonnes biomass growth (LW)): 0.55

Finally, our operations reduce the handling of fish, which create better growth conditions. Finally, our operations reduce the handling of fish, which provide better opportunities for optimal feeding and reduces loss and stress during the production cycle.

Key Points – Fish Health & Welfare

- The HFS technology creates an optimal and stable growth environment, which is less stressful for our fish.
 - We ensure biosecurity through separate tanks and distinct biological zones.
 - Filtered seawater further minimises the risk of bacterial and viral pathogens; minimises risk of parasites; and limits threats of infection.
 - We engage in minimal handling of our fish
-

By maintaining control over the production environment and stable water parameters, we generate conditions for increased growth and a

shorter time to harvest. Our approach ensures better fish health and well-being, including reduced mortality and losses in production.

Sustainable Inputs and Outputs

At full run rate in phase 1, we estimate a harvest volume of approximately 7,900 tonnes (HOG, or head on gutted), with a strong focus on optimising our sustainable inputs while reducing negative impacts for our outputs for this volume. Our most dominating inputs consist of seawater, power, feed, smolt, and oxygen.

Since 2021 Salmon Evolution has had a strategic feed partnership with Cargill. Salmon Evolution is Cargill's global flagship customer for land-based full grow out production.

Cargill has further committed to allocate significant resources and R&D capacity with the ambition to develop sustainable feed solutions tailored to our operational targets: securing high biological performance and premium product quality.

Cargill also owns 2.3% of Salmon Evolution.

When asked about the importance of the partnership with Cargill, the CEO of Salmon Evolution stated:

“Having the best possible feed is essential for every salmon farmer. Particularly, in our HFS system where we create optimal and stable living conditions for the salmon, we see a strong and untapped potential in tailoring a feed focused on maximizing biological performance and product quality.”

Estimated data for Phase 1- full run rate:

- 100 % local seawater intake
- 9,300 tonnes of feed, corresponding to GHG emissions of 14,500 tons CO₂ eq. excluding land use change (GW_E_LUC) and 18,100 tons CO₂ eq. including land use change (GW_I_LUC).

Another important input is smolt. Salmon Evolution has its own smolt production at Salmon Evolution Dale AS in Dalsfjorden in Volda municipality, Norway. The location has a documented track record as a high quality smolt producer and has been producing smolt since 1995.

One of the major advantages with Salmon Evolution Dale is its excellent freshwater supply. Salmon Evolution Dale has access to clean freshwater from the surrounding mountains and is guaranteed a consistent supply of freshwater from the local power station.

This freshwater access enables Salmon Evolution Dale to utilize a similar production technology as Salmon Evolution uses at its grow-out facility, a hybrid flow-through system (HFS) with reuse of water, CO₂ stripping and oxygenation- making it a perfect fit for Salmon Evolution.

Having an inhouse smolt production gives Salmon Evolution operational control over a critical part of the value chain.

In addition to feed and smolt, another essential input is oxygen, which is supplied by Nippon Gases. We share many of the same values, making this an ideal partnership. During our selection process, one of the most important factors was the focus Nippon Gases has on sustainability. Their efforts have led EcoVadis to awarding them a Gold Medal, and they are ranked in the top 5% for their sector.

By prioritizing responsible suppliers, we can ensure that we use sustainable inputs, leading us to create a truly healthy and sustainable final product.

Social

Salmon Evolution is committed to responsible business practices. We take seriously our duty to promote human rights and ensure labour standards, equality, and non-discrimination in our workforce.

We are determined to be a safe and stimulating place to work. We also aim to limit any negative impacts our operations may have on society as much as possible. Through our concentrated investments, we have seen an important ripple

effect that has led to positive impacts in local communities.

To ensure we track our efforts and impacts, and act responsibly, we have several policies and plans in place regarding health and safety, working environment, stakeholder engagement, and the respectful use of local areas. As we move forward, we will continue to monitor and improve these efforts in a holistic way.

Employee Well-Being, Health & Safety

Safe and Secure Workplaces

We strive for the highest levels of safety in working conditions. Our suppliers and partners must all operate according to responsible labour standards. Going forward, we encourage contractors and other partners with operational activities to be certified according to the ISO 45001, the standard for a safe and healthy working environment.

In 2023, there were one lost time injury (LTI), one total recordable injury (TRI), zero accidents, and zero fatal accidents reported amongst Salmon Evolution employees. In total, there were 45 cases of sick leave under 16 days, and 5 cases over 16 days. Four male employees took their entitled parental leave and returned. In addition, one male and two female started their entitled parental leave and have not returned by the end of the year.

Amongst contract workers, there were 2 LTI, 2 TRI, and zero fatal accidents. There were zero fatal accidents amongst third parties.

In 2023 the workload at the site at Indre Harøy has been high, and naturally it has been many workers at site. Along with high activity and

many workers, the complexity is also at a level that requires a lot from both the contractors and the workers. To ensure safe working conditions and reduce the risk of accidents, we have established a close dialogue with contractors and workers, as well as developed safety routines. We maintain a strong focus on security and sense of responsibility for our employees. We strive to consistently provide a controlled and safe project progression regardless of the complexity or difficulty of the task.

To ensure this, we have a Health, Safety & Environment (HSE) manager on site to train our workers, conduct preventive HSE tasks, and to investigate any instances of potential violations or incidents. An introduction to HSE and training are provided to everyone new to the workplace and Salmon Evolution offers HSE and first aid courses to all its employees.

In addition to the HSE manager, Salmon Evolution has appointed a safety representative and chief safety representative. All HSE work is documented in our third-party systems, TQM & Interaxo, through the filing of non-conformance

reports, the documentation of investigations, and any additional follow-ups necessary.

The quality manager prepares procedures for work tasks that everyone is obliged to familiarize themselves with. Procedures for operations are assessed for risk and hazards prior to initiation. Salmon Evolution has an Occupation Safety Agreement with Medi3.

In 2021, we established a process for our employees to receive regular performance and career development reviews which have been extended and improved throughout 2023.

In October 2023 we conducted an employee engagement survey across the entire organization. The survey measures how the employees score the organization on seven main drivers related to engagement. These are well-being, alignment, collaboration, development, leadership, pride, and recognition. Moving forward we are planning on conducting these surveys on a quarterly basis to gain valuable insights on the “pulse” of the organization. This data will be important when making strategic decisions in connection with organisational change.

Salmon Evolution has high ambitions for employee development in the company.

Target and development interviews are conducted semi-annually in Q1 and Q3, respectively. We have invested in a separate module in the HRM system, which simplifies the implementation and follow-up of the interviews. The module is implemented throughout 2022 and the first talks was conducted in 2023.

Salmon Evolution aims to be an excellent and stimulating place to work, where employees are given the opportunity to use their skills and abilities to contribute both to the company's and their own progress. Employees receive systematic training focusing on developing skills tailored to individual needs and capabilities.

We are also committed to the employee well-being outside of working hours. That is why we have established a corporate sports team for promoting activities and health after hours. In 2024, we will look for new initiatives to promote worker health and well-being both during and after work hours.

Diversity and Equal Opportunity

Salmon Evolution shall be an inclusive working environment, and we believe that ensuring this is key to attract future talent and maintaining our attractiveness as an employer. We continuously work to ensure that we create a workplace that is free from discrimination or harassment based on race, sex, nationality, religion, age, colour sexual orientation, disability, political opinion or otherwise. Any recruitment, promotion, training, reward or other advancement, is based on skills, qualifications, experience and performance. We have zero-tolerance for harassment or discrimination, both

of which are addressed in our Code of Conduct and Personnel Handbook.

Discrimination based on ethnic background, nationality, language, gender, sexual identity, or religious faith shall not occur. We are committed to promoting equal opportunities and fair treatment of all employees.

In 2023, there were one case reported relating to a personnel matter. This case was processed and resolved in accordance with our procedures.

Global GAP certification received in October 2023



Photo: Salmon Evolution

Our Employees

At the end of 2023, Salmon Evolution had 69 employees excl. apprentices, all 100% employed. We had a turnover rate of 0%.

We support the principles of freedom of association and collective bargaining agreements. All employees at Salmon Evolution may freely join any labour union of their choice and we strive to sustain a good relationship with employees and unions.

In 2023, all employees, except for one Russian and one Icelandic employee, in Salmon Evolution were Norwegian. We had 13 employees over 50

years old, 39 employees between the ages of 30-49, and 17 employees under 30 years old. There were 6 women and 7 men employed in 2023. Our management team consisted of five men and two women.

We are continuously focusing on diversity and gender balance. The gender balance in Salmon Evolution as of 31.12.2023 was 70% men and 30% women. This is better than the average for the industry in Norway, which in 2022 was 82% men and 18% women according to Directorate of Fisheries.

Compensation

Our ambition is to offer competitive compensation aligned with the local market and industry. No employee in Salmon Evolution is paid less than the official national living wage. We map gender pay on a regular basis, and our overall analysis shows no significant gender pay difference across functions. For compensation based on collective bargaining agreements we have equal pay.

We have a wage gender ratio of 90% (89% in 2022), excluding management and apprentices. The average base salary in 2023 was NOK 732,099 for our female employees compared to NOK 817,060 for our male employees. The ratio for management was 75 % (62% in 2022) and the average base salary was NOK 1,799,125.

Responsible Supply Chain

Our suppliers are important contributors to the success of our business. We believe that transparent and frequent communication with both our customers and suppliers is vital for our success. We work closely with our suppliers and customers to minimise negative impact from our supply chain and we will continue to develop partnerships focusing on sustainability.

Suppliers that are in breach of our basic standards for ethics and corporate social responsibilities can be disqualified for new tenders. However, if they do not comply with our standards, we first aim to work with the supplier to bring about improvements. If the supplier still does not comply, Salmon Evolution will seek to terminate the supplier relationship.

Salmon Evolution suppliers shall have standards for ethics and corporate social responsibility that follow the UN Global Compact principles. This shall apply to all suppliers as well as partnerships and employees.

Stakeholder and Local Engagement

Local Value Creation

Given that our land-based facility is located on Indre Harøy in Hustadvika municipality, Norway, we decided in 2019 to move our head office from Molde municipality to Elnesvågen, Hustadvika. The physical relocation was done during the first two months of 2022.

For the first phase of construction, our total investment on Indre Harøy was approx. NOK 1.7 billion. From this, we have seen a major ripple effect for both the Møre og Romsdal region and Hustadvika municipality, in the form of large contracts to local suppliers. This has led to

comprehensive investments in their own companies.

For example, food services are provided by local companies, many of whom have seen record growth, which has led to further investments in the municipality. Other investments our local suppliers have made include office premises and associated infrastructure, which have directly contributed to further local contracts and increased employment opportunities.

In total, Indre Harøy has employed around 200 workers daily through these contracts. Many of the contractors are also temporarily housed at local hotels while working at the construction

site. The communities we impact, from the municipality to local inhabitants, have reacted positively to these developments.

Stakeholder Engagement

Dialogue and engagement with our stakeholders help us understand what is expected of us, what is most important to our stakeholders, how they are impacted by our operations, and how we can work together in solving common challenges.

Throughout 2023 we have been in regular contact with our employees, the local community and municipality, our customers, and our suppliers and service providers as part of our daily operations. Quarterly reports and presentations, and the latest relevant news from our company, are presented on our [website](#).

In 2021, we reviewed our stakeholders and identified seven groups that we have the possibility to impact or be impacted by. These are listed below:

| | |
|--|--|
|  Shareholders, investors, assets managers and analysts | |
|  Employees and potential employees |  Local communities and municipalities |
|  Customers |  National authorities and regulators |
|  Financial institutions |  Suppliers and service providers |

Over the next year, we commit to have a continued focus on creating arenas for systematic and open dialogue with these groups to understand our impacts. We are committed to being a responsible business through interacting with our stakeholders in both an ethical and transparent manner.

Respectful Use of Land

The site of our land-based facility was originally a disused quarry. After over 30 years of operation, the quarry was emptied, and remained vacant. Because the land was left in this state, there was very limited need for intrusive activities in the nature to complete the construction of our facility for farming salmon.

Converting the disused quarry has provided an opportunity for us to engage in value-creating activities in an area where there were limited opportunities for this. We made great efforts to create an optimal balance between generating value for local people and communities, while severely limiting land-conversion and our impact on the environment.

Going Forward

Salmon Evolution will continue to prioritise local suppliers for our contracts. We will develop good relationships with local communities through creating an open dialogue and expanding our

engagement efforts. We believe that our operations should have as little negative impact as possible, and as we grow, we will develop new ways to monitor and assess our efforts.

Governance

At Salmon Evolution, we believe that the foundation of good governance is built through strong and transparent relationships with our internal and external stakeholders. Our current governing principles and procedures help establish the basis of these relationships.

Our principles include rules of procedure for the Board of Directors (the Board), instructions for the chief executive officer, regulations on the division of roles and responsibilities between the Board and the CEO, our investor relations policy, and manuals for the handling and disclosure of insider information.

As a Norwegian public limited liability company listed on Oslo Stock Exchange, Salmon Evolution bases its corporate governance structure on Norwegian legislation and recommended guidelines.

Our Code of Conduct includes the main principles for ethical business conduct at Salmon Evolution, and detailed guidelines for anti-corruption, conflicts of interests, and whistleblowing routines. Our Code of Conduct applies to all employees, contract workers, Board members, and all other persons acting on behalf of the company.

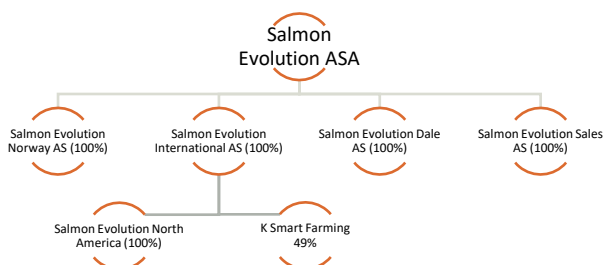
Our governance documents and practices are subject to regular review by the Board to ensure compliance and effectiveness.

Our approach to corporate governance places a high priority on building and maintaining trust and confidence in the company to ensure long-term value creation in the best interest of both our shareholders and stakeholders.

Organisation and Governing Systems

Organisation and Ownership

Salmon Evolution ASA is a Norwegian public limited liability company and has four subsidiaries.



Salmon Evolution Norway AS is the owner and operator of our facility at Indre Harøy and where most of our employees are employed. Salmon Evolution International AS is the holding company for our interests in North America and our South Korean joint venture and K Smart Farming is the joint venture between Salmon Evolution and the South Korean seafood firm Dongwon Industries. Salmon Evolution Dale AS is producing smolt and will be the main supplier of smolt to our facility at Indre Harøy. Salmon Evolution Sales AS is our sales company.

Board of Directors report

Introduction/summary

The Board of Directors is responsible for the overall management of Salmon Evolution and may exercise all the powers on our behalf. In accordance with Norwegian law (Norwegian Public Limited Liability Act), the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of our business; ensuring proper organisation, preparing plans and budgets for our activities; ensuring that our activities, accounts, and asset management are subject to adequate controls. They also undertake investigations necessary to ensure compliance with these duties.

The Board of Directors may delegate such matters to the Executive Management of Salmon Evolution. The Executive Management is responsible for ensuring that day-to-day

operations are in accordance with instructions set out by the Board of Directors.

Among other responsibilities, our CEO is responsible for keeping the accounts at Salmon Evolution in accordance with existing Norwegian legislation and regulations, and for managing the Salmon Evolution's assets in a responsible manner.

At least once a month, our CEO must brief the Board of Directors about Salmon Evolution's activities, financial position, and financial results.

This board of directors' report outlines the main framework regarding the Group's corporate social responsibility and corporate governance. For further information please refer to the ESG section of this report (page 15-31).

Board of directors – roles and CV's

Regional and international entrenchment and industry-based expertise characterise our directors. Their common denominator and driving force are a belief in farming salmon sustainably on land, based on the board's overall expertise and the choice of the right technology.



Tore Tønseth, Chairman of the board

Investment director at Ronja Capital and has worked in the financial market for more than 15 years. Earlier appointments include equity analyst in both Sparebank 1 Markets and Pareto Securities, with seafood, technology and industry as special fields.

He was responsible for seafood analyses at SpareBank 1 Markets from 2013 to 2019.

At the same time, he was in frequent demand as a speaker in Norway on

seafood, finance and sustainability. Tønseth also has a background from

various technology start-ups, where he has been both product manager and system developer.

Tønseth has an MSc in economics and administration from the Norwegian School of Economics (NHH), specialising in finance and econometrics.

Ronja Capital II AS, a close associate of Tore Tønseth, owns 30,140,645 shares in Salmon Evolution.



Peder Stette, Board Member

Peder Stette has been in the fishing and aquaculture industry for the last 25 years. From 1994 he developed Peter Stette AS to be an important supplier of technical solutions to the industry before merging with Optimar in 2014. Optimar was later sold to Haniel in 2017, and Peder had the position as CTO and later CCO in Optimar until 2021. He is now the CEO of Stette Holding, a family investment company.

Peder Stette holds the position as director of Aply Medical, Invisible Connections, Biaton, NSP Aid and others. For the coming years he will use his knowledge and experience to build values in the companies the Stette family is invested in.

Stette Invest AS, a close associate of Peder Stette, owns 11,744,288 shares in Salmon Evolution.



Anne Breiby, Board Member

Anne Breiby holds a Canscient degree in fisheries biology from the University of Tromsø and experience as aquaculture coordinator for the director of fisheries in Nordland county, organisation secretary for the Norwegian Fish Farmers Association, political adviser in the Ministry of Fisheries and state secretary (junior minister) in the Ministry of Trade and Industry.

Over the past 20 years, Breiby has been self-employed with boardroom work as her main activity.

She has board experience from inter alia Ulstein Group ASA, Rem Offshore ASA, Folketrygdfondet, Norges Sjømatråd AS, Åkerblå AS and Sparebanken Møre. She is currently chair of Tafjord Kraft AS.

Breiby owns 168,935 shares in Salmon Evolution.



Ingvild Vartdal, Board Member

Ingvild Vartdal has a law degree and long experience as a corporate lawyer, and is currently a lawyer and partner in Adviso Advokatfirma AS. She specializes in corporate and international tax and has extensive experience from these areas in industries like fishing, shipping and finance.

She has previously worked as a lawyer and partner in Advokatfirmaet Schjødt AS, in

KPMG Law, and as a legal consultant at Bærum tax office. Vartdal has also been a member of the law committee for tax law.

Vartdal holds several directorships and has experience from business management in both private and listed companies.



Vibecke Bondø, Board Member

Vibecke Bondø has broad management and business experience, primarily from the aquaculture industry.

She joined the family business Vikna Sjøfarm as CFO in 2004, a position she held until the merger with Lund Fiskeoppdrett in 2010 to create SalmoNor, and she then stepped up to become CEO.

SalmoNor was developed into a top tier performer within the industry and merged with NTS owned Midt-Norsk Havbruk in 2021. Vibecke subsequently served as Chair of the board for NTS ASA until acquired by SalMar in 2022.

She has held several other directorships including Seaborn, Salmon Group, the Norwegian Seafood Federation and the Norwegian Confederation of Business.

Vibecke is currently focusing on own investments along with select directorships.

Bondø Invest AS, a close associate of Vibecke Bondø, owns 1,948,052 shares in Salmon Evolution.



Eunhong Min, Board Member

Eunhong Min is the CEO of Dongwon Industries, one of Korea's leading seafood companies. He is bringing a broad international experience to the Board.

Prior to joining Dongwon, Mr. Min worked 27 years for Proctor & Gamble and held various leading positions within the fields of strategy, business development and sales.

Dongwon Industries Co. Ltd, a close associate of Eunhong Min, owns 16,044,572 shares in Salmon Evolution.



Janne-Grethe Strand Aasnæs, Board Member

Janne-Grethe Strand Aasnæs is the CEO and majority owner of Strand Havfiske AS, an Ålesund based fishing vessel company mainly engaged in whitefish and pelagic business.

She has prior to that been engaged in the financial industry as a financial analyst/portfolio manager and manager of client relations within asset management.

She holds an MBA and is a Certified financial analyst (CFA).

Janne-Grethe holds several directorships in both the private and public sector and has a long experience in managing and developing companies.

Nikaro AS, a close associate of Janne-Grethe Strand Aasnæs, owns 480,000 shares in Salmon Evolution.



Jan-Emil Johannessen, Board Member

Jan-Emil Johannessen has over 30 years of experience in the aquaculture industry.

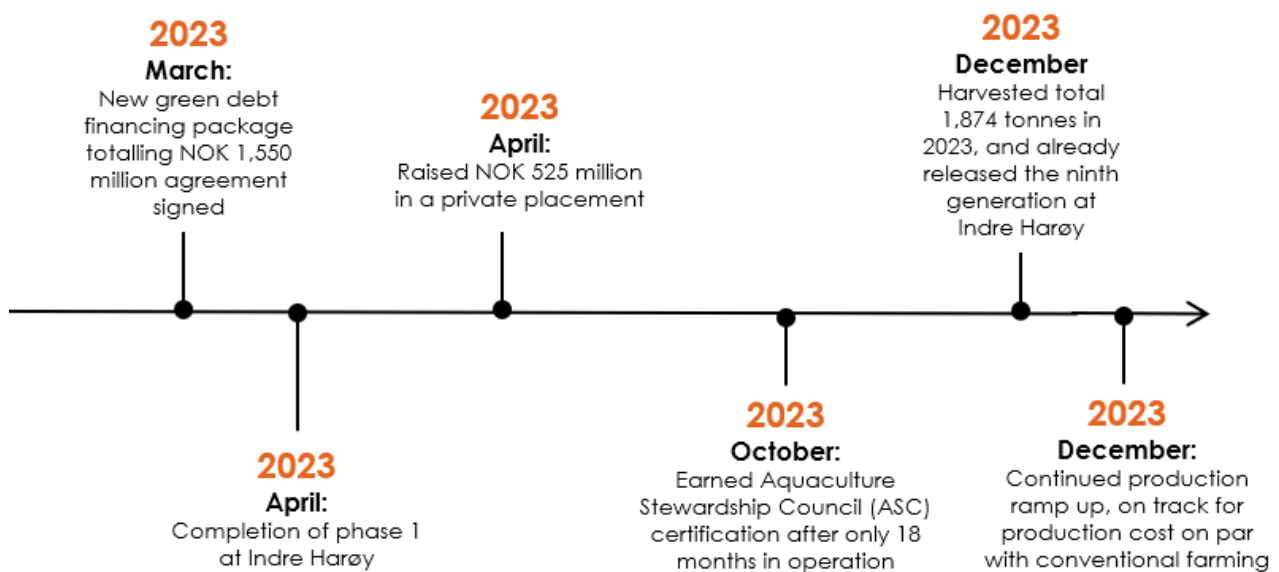
For the past 10 years he served as Head of Benchmark Genetics, building the company into a leading global supplier of aquaculture genetics for the salmon, shrimp and tilapia industry.

In his long and distinguished career, he has held many directorships in the aquaculture industry.

He currently holds several, including one as chairman of the board in Sulefisk and Seagems Group AS.

Johannessen owns 40,000 shares in Salmon Evolution.

Important events in 2023



Corporate social responsibility

Salmon Evolution is committed to responsible business practices with respect to human rights, labour standards, equality and non-discrimination, social matters, the external environment, and anti-corruption. The Group shall comply with the UN Global Compact principles and OECD guidelines for multinational companies.

The Group has developed a Code of Conduct including guidelines for ethical behaviour, anti-corruption, integrity and conflicts of interest, corporate responsibility, and whistleblowing. The Code of Conduct applies to all employees,

contract workers, board members and other persons acting on behalf of the company. The Code of Conduct is available from the company's website www.salmonevolution.no. For further information about our corporate social responsibility activities, please see the ESG section of this report.

In addition, the Group reports to cover the requirements of the Transparency act (Åpenhetsloven), first in June 2023. The report is available on the company web page and will be updated by June 2024.

Environment

Salmon Evolution's ambition and aim are an inclusive and prosperous development of the aquaculture industry within a stable and resilient earth system. The company's business strategy and objective are to be a leader in producing and selling salmon with lower environmental footprint.

Salmon Evolution strives to reduce the environmental impact of its business. By having a closed system, the company eliminates the risk

of escapes. Further, energy consumption relating to pumping and heating of water is reduced through reusage of water while at the same time not compromising on fish welfare. Also, the wastewater is filtered, sludge collected and recycled and hence contributing to a circular economy.

The company's sustainability strategy is further described in separate section under Company description.

Working environment

Salmon Evolution aims to be a good, stimulating place to work, where employees are given the opportunity to use their skills and abilities to contribute both the company's and their own progress. Employees shall receive systematic training and Salmon Evolution can contribute to develop skills on individual basis.

All employees in Salmon Evolution shall enjoy a high level of safety in their work. Salmon Evolution aim for all suppliers and partners to operate to responsible labour standards, and the company encourage contractors and other

partners with operational activities to be certified according to the ISO standard for the working environment and safety. The company continuously collaborate with suppliers to make improvements.

There were one injury and zero accidents reported or investigated amongst Salmon Evolution employees in 2023.

Total sick leave for the group in 2023 was 2%, compared to 0.8% in 2022.

Diversity and equal opportunity

Salmon Evolution shall have an inclusive working environment. Discrimination or harassment based on ethnic background, nationality, language, gender, sexual identity or religious faith shall not occur.

The group shall promote equal opportunities and fair treatment of all employees.

At the end of 2023, Salmon Evolution had 69 employees excl. apprentices, of whom 21 women. This is better than gender balance in

Anti-corruption and anti-bribery

Salmon Evolution's anti-corruption policy and anti-bribery policy are developed in compliance with the U.S. Foreign Corrupt Practices Act, the U.K Bribery Act and other applicable anti-corruption laws, and states that

Whistleblowing

Salmon Evolution wishes to sustain open communication about responsible and ethical conduct at Salmon Evolution. We have set out guidelines for giving notice of breaches of the law, rules, ethical guidelines, and other unacceptable circumstances. Employees are

Product Certifications and Traceability

With stable growth conditions and high biological input from roe to harvest-ready fish, we meet the highest quality standards- as well as the market's requirements for high and uniform harvest weight. We aim to always have full control of the biomass. Modern monitoring systems track the fish and their welfare indicators at individual level, which allows us to sort and register the fish effectively.

A land-based farm is protected from many of the challenges faced in the sea. This is combined with the best possible fish health, optimal water quality, and high-quality

The Industry Sector in Norway, which in 2022 was 82% men and 18% women according to the Directorate of Fisheries. The executive management group consists of 5 men and 2 women. The board consists of 4 men and 4 women.

Employees of Salmon Evolution may freely join any labour union of their choice. Salmon Evolution shall work to sustain a good relationship with employees and unions.

Salmon Evolution will not engage in, or otherwise tolerate, any form of bribery or corruption in the business dealings of any member of the Salmon Evolution group. No corruption or bribery cases were reported or investigated in 2023.

encouraged to follow the procedures contained in the whistle-blowing guidelines.

In 2023, there were one case reported relating to a personnel matter. This case was processed and resolved in accordance with our procedures.

sustainable feed to give our customers first-class salmon. To make sure we deliver on our promises, we focus on two programs to be certified within.

First, we are certified according to the Global G.A.P. Aquaculture standard. The standard covers the entire production chain from brood stock, seedlings and feed suppliers to farming, harvesting and processing. The program ensures Good Agricultural Practices.

Second, we are certified according to the Aquaculture Stewardship Council (ASC), an

organisation that establishes strict protocols for labelling farmed seafood through sustainable aquaculture, to get the certifications.

Our aim is to have;

A sustainable food chain with traceability from roe to plate

These programs set strict requirements for responsible farming, which encourage seafood producers to track and minimise the environmental and social impacts of their business. The standards addressed in these schemes cover the production process from roe stage to fish slaughter.

Through these two certifications, we commit ourselves to transparency in our operations and to safeguarding and documenting traceability and food safety.

Corporate governance at Salmon Evolution ASA

Salmon Evolution depends upon good relations with its stakeholders to succeed. Good corporate governance is important to build and maintain trust and confidence in the company and to ensure long-term value creation in the best interest of the Company's shareholders.

Corporate governance principles and practices

Current principles and procedures include rules of procedure for the board of directors, instruction for the chief executive officer, regulating the division of roles and responsibilities between the board and the CEO, investor relations policy and manuals for handling and disclosing insider information.

The Board has also adopted a Code of Conduct including guidelines for anti-corruption, conflicts of interests and whistleblowing routines, stipulating the main principles for ethical business conduct applying to all employees, contract workers, board members and other persons acting on behalf of the company.

The company's governance documents and practices will be subject to annual reviews and discussions by the board of directors.

Risk management and internal control are given high priority by the board of directors ensuring that adequate systems for risk management and internal control are in place. The control system consists of independent areas which include risk management, control environment, control activities, information and communication and monitoring. The board of directors shall conduct an annual organisational risk review in order to identify real and potential risk that have and/or can occurred.

Shares and Negotiability, Equal Treatment of Shareholders, and Transactions with Close Associates

Salmon Evolution has one class of shares, carrying equal voting rights. There are no restrictions on owning, trading, or voting for shares in Salmon Evolution's Articles of Association.

Any transactions in own shares will be carried out either through Oslo Stock Exchange or otherwise at prevailing market prices. If there is limited liquidity in our shares, we will consider

other ways to ensure equal treatment of all shareholders.

For major transactions between Salmon Evolution, our shareholders, subsidiaries, members of the board, leading employees or other close related parties, an evaluation will be performed by an independent third party and treated by the general meeting.

Transactions with Related Parties

During the ordinary course of business, the Group engages in certain transactions with related parties. The following is a summary of related party transactions carried out in the period:

The Group has a consultancy agreement with Peder Stette (board member) and Frode Kjølås

(chair nomination committee) relating to assistance in certain projects on an ad-hoc basis.

The Group has during 2023 purchased legal services from Adviso Advokatfirma AS in the amount of NOK 77,000 in its ordinary course of business. Board member Ingvild Vartdal is a

partner at Adviso Advokatfirma AS but has not had any role in the services rendered to Salmon Evolution.

In Addition, the Group have purchased well boat services from Rostein AS in the amount of NOK 1.7 million. Rofisk AS owns Rostein AS (100%), and former board member (until 2023) Glen

Allan Bradley is the chair of the Board in Rofisk AS.

There were no other material transactions with related parties during 2023.

For information on transaction with close associates, see Note 24 in the annual accounts.

Board of Directors, Nominations and Committee, and Board Authorisations

On 18 March 2021, Salmon Evolution was converted into a public limited liability company.

The Articles of Association for the Company stipulate that the Board of Directors shall include five to nine directors. They also stipulate that the

Company shall have a nomination committee consisting of minimum three members.

The Board of Directors and the chair are elected by the general meeting. As of 31 December 2023, the following directors were represented on the Board:

| Name | Role | Elected until | Independent of management and material business associates? (yes/no) | Independent of major shareholder? (yes/no) | Board meeting attendance 2023 | Comment |
|---------------------------------------|----------|---------------|--|--|-------------------------------|---|
| Tore Tønseth | Chair | 2024 | Yes | Yes | 14/14 | Closely associated with Ronja Capital II AS |
| Anne Breiby | Director | 2025 | Yes | Yes | 14/14 | |
| Peder Stette | Director | 2025 | Yes | Yes | 13/14 | Closely Associated with Stette Invest AS |
| Janne-Grethe Strand Aasnæs | Director | 2024 | Yes | Yes | 13/14 | |
| Ingvild Vartdal | Director | 2024 | Yes | Yes | 13/14 | |
| Vibecke Bondø (from June 2023) | Director | 2025 | Yes | Yes | 5/5 | |
| Jan-Emil Johannessen (from June 2023) | Director | 2025 | Yes | Yes | 5/5 | |
| Eunhong Min | Director | 2024 | No | Yes | 6/14 | Closely associated with Dongwon Industries |
| Håkon Andre Berg (until June 2023) | Director | 2023 | Yes | Yes | 8/9 | |
| Glen Allan Bradley (until June 2023) | Director | 2023 | Yes | Yes | 9/9 | Closely associated with Rofisk AS |

The composition of the Board is based on representation of Salmon Evolution's shareholders, as well as the company's need for competence, experience, capacity, and ability to form balanced decisions.

The Nomination Committee are elected for a period of two years and is responsible for proposing candidates to the Board and the Nomination Committee, and remuneration to the members of these bodies.

Compensation approach

Salmon Evolution does not have a remuneration committee as this is not considered necessary in the light of the composition of the Board of Directors.

Remuneration of the board is decided by Salmon Evolution's general meeting, and reflects the board's responsibility, expertise, time commitment and the complexity of Salmon Evolution's activities. Note 4 of the financial statement provides details of all elements of the remuneration and benefits for each member of the board. The remuneration for the board is not linked to the Group's performance.

Remuneration of the Executive Management is decided by the board in accordance with the

Compliance

As a Norwegian public limited liability company listed on Oslo Stock exchange, Salmon Evolution bases its corporate governance structure on Norwegian legislation and recommended guidelines.

The Company is subject to The Norwegian Corporate Governance Board's (NUES) recommendation on corporate governance. Salmon Evolution complies with the current Code of Practice for Corporate Governance,

The Nomination Committee operate with the following [Instruction for the Nomination Committee](#).

The Group has a board of directors' and officers' liability insurance policy, covering covers defence costs, legal representation expenses and losses arising from claims for the group's board of directors and officers. The insurance policy has an aggregate limit of liability of NOK 100 million.

Norwegian Public Limited Liability Companies Act. The board has the responsibility to ensure convergence of the financial interest of the Executive Management and the stakeholders.

The board aims to ensure that performance-related remuneration of the Executive Management in the form of share options, annual bonus programs or the like, if used, are linked to value creation for shareholders or Salmon Evolution's earnings performance over time. Note 4 of the financial statement provide details of all elements of the remuneration and benefits for each member of the Executive Management.

published 14 October 2021, with the following exceptions:

General Meeting:

- The general meeting is chaired by the chairman of the board of directors or an individual appointed by the chairman of the board of directors. Having the chairman of the board of directors or a person appointed by him chairing the general meetings simplifies the preparations for the general

meetings significantly. In the Company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory.

- The shareholders are invited to vote on the composition of the board of directors proposed by the nomination committee as a group, and not on each board member separately, as it is important to the Group that the board of directors of the Company works in the best possible manner as a team and that the background and competence of the board members complement each other.
- The Company encourages shareholders to attend the general meeting. It is also the intention to have representatives of the board of directors and the chairman of the nomination committee to attend the general meeting. The Company will, however,

normally not have the entire board attend the meeting as this is considered unnecessary. This represents a deviation from the Code of Practice which states that arrangements shall be made to ensure participation by all directors.

The work of the Board of Directors:

- The Company does not currently have a remuneration committee as this is not considered necessary in the light of the composition of the board of directors. The Company will however consider establishing a remuneration committee going forward.

Takeovers:

- The Company does not have separate guidelines on how to respond in the event of a takeover bid. The Norwegian Code of Practice recommends the adoption of such guidelines.

In addition, the Group has focus on risk management and internal control systems and have implemented routines to track which risks the organization is exposed to and what consequences this could have.

Investor Relations Policy

Salmon Evolution's Investor Relations Policy sets the basic principles for our communication and dialogue with capital markets participants, including guidelines for contact with shareholders outside general meetings. We are committed to providing our shareholders with accurate, clear, relevant, and complete information on our performance and market position.

Communication with stakeholders shall be based on the principles of equal treatment and transparency, and we aim to continually ensure trust and stakeholder confidence. The responsibility for Salmon Evolution's investor

relations activities lies with our CFO. Salmon Evolution provides quarterly reports in line with Oslo Stock Exchange's recommendations.

Presentations are given in connection with the disclosure of the interim results to provide an overview of operational and financial developments. The presentations are open to the public and made available through a webcast. All information is provided in English and distributed to our shareholders through Oslo Stock Exchange's news channel www.newswb.no and our website at: <https://salmonevolution.no/investor/reports/>.

Inside a fish tank (December 2023)

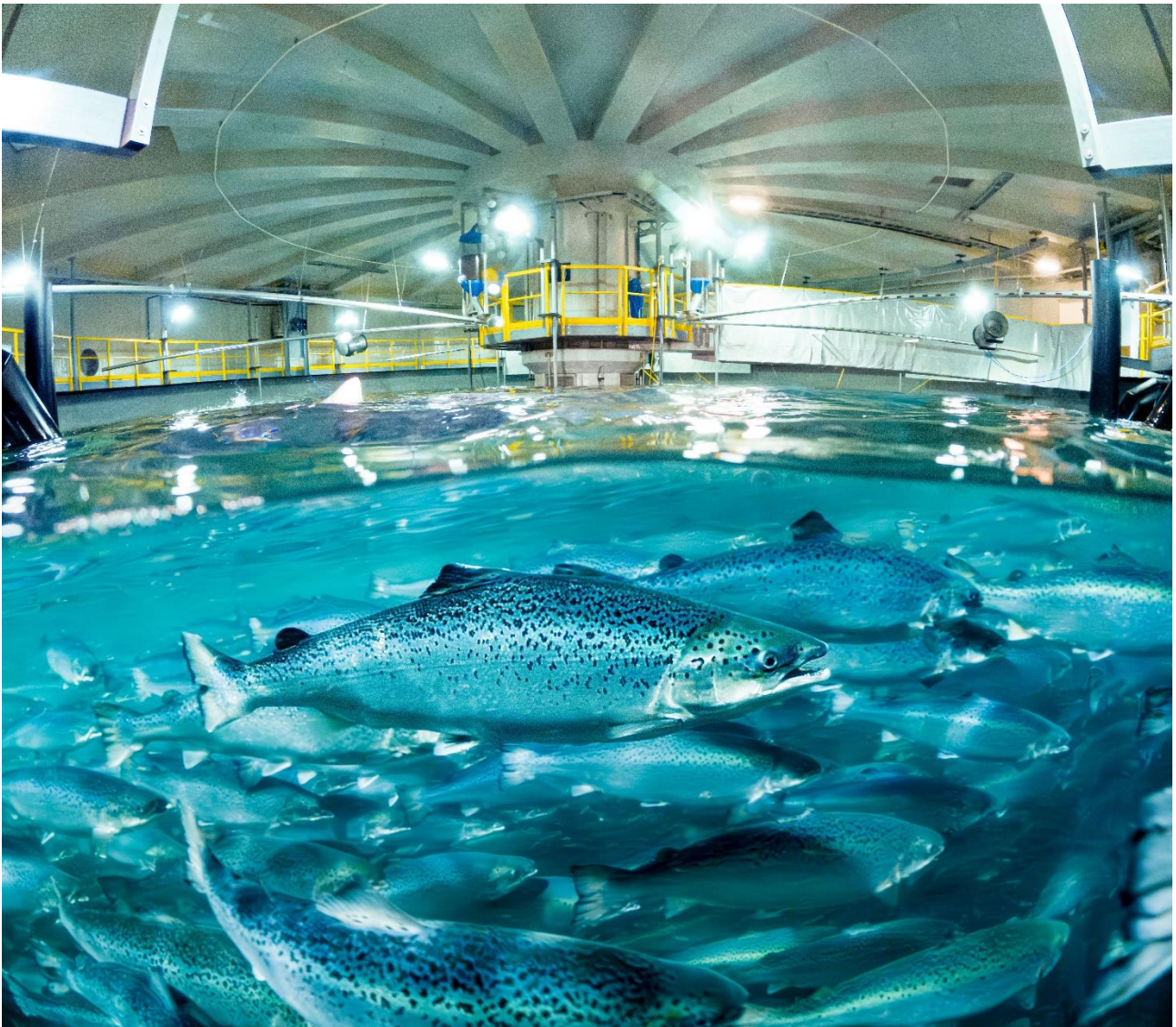


Photo: Salmon Evolution

Shareholder Information

Salmon Evolution was successfully listed on Merkur Market (now Euronext Growth) on 18 September 2020. Further, the Company was listed on Oslo Stock Exchange (Oslo Børs) 9 July 2021, the last day of trading of the shares on Euronext Growth (Oslo) was 8 July 2021.

As per 31 December 2023 Ronja Capital II AS was the Group's largest shareholder with 30,140,645 shares, corresponding to 7.3% of the total number of shares outstanding. The 20 largest shareholders held 55.0% of the shares in the Group.

The Group carried out NOK 525 million private placement on 18th April 2023 as part of the Indre Harøy phase 2 financing.

The closing price for the Company's share was NOK 6.78 per share as per 31 December, which corresponded to a market capitalization of NOK ~2.8 billion.

20 largest shareholders 31 December 2023

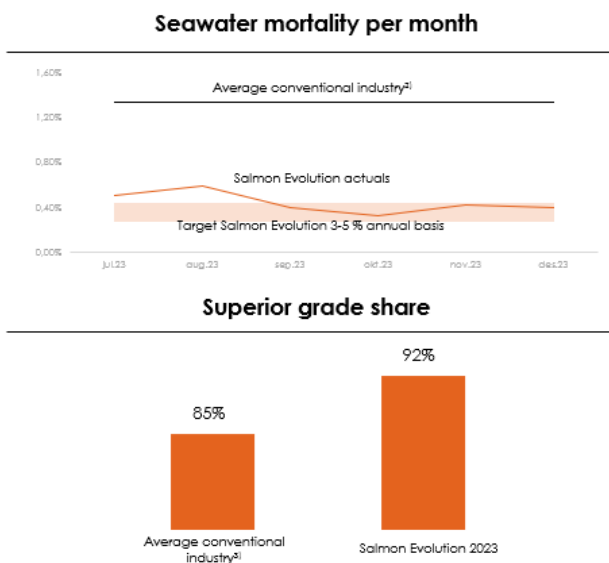
| Shareholder | # of shares | % share |
|--------------------------------------|--------------------|----------------|
| Ronja Capital II AS | 30 140 645 | 7,3 % |
| The Bank of New York Mellon SA/NV | 26 128 070 | 6,3 % |
| Farvatn Private Equity AS | 18 939 433 | 4,6 % |
| Dongwon Industries Co. Ltd | 16 044 572 | 3,9 % |
| Rofisk AS | 14 537 897 | 3,5 % |
| Kjøllås Stansekniver AS | 12 506 439 | 3,0 % |
| J.P. Morgan SE | 11 761 639 | 2,8 % |
| Stette Invest AS | 11 744 288 | 2,8 % |
| Verdipapirfondet Dnb Norge | 11 113 276 | 2,7 % |
| Ewos AS | 9 480 984 | 2,3 % |
| Verdipapirfondet DNB SMB | 9 302 408 | 2,2 % |
| Jakob Hatteland Holding AS | 8 758 786 | 2,1 % |
| Mevold Invest AS | 8 141 141 | 2,0 % |
| Lynghem Invest AS | 8 049 252 | 1,9 % |
| Bortebakken AS | 7 856 330 | 1,9 % |
| VPF DNB Norge Selektiv | 7 424 509 | 1,8 % |
| J.P. Morgan SE | 4 652 771 | 1,1 % |
| Salmoserve AS | 4 000 000 | 1,0 % |
| Verdipapirfondet Nordea Avkastning | 3 578 295 | 0,9 % |
| Clearstream Banking S.A. | 3 377 732 | 0,8 % |
| Total 20 largest shareholders | 227 538 467 | 55,0 % |
| Other shareholders | 186 398 173 | 45,0 % |
| Total number of shares | 413 936 640 | 100,0 % |

Source: VPS, Company

Operational development

In 2023, being the first full year in operation, the Company stocked six batches of smolt, had a net biomass growth of 3,751 tonnes and harvested 1,874 tonnes (HOG). Throughout the year Salmon Evolution was steadily approaching full run-rate in production.

In 2023 Salmon Evolution has steadily been building the biomass at Indre Harøy. Entering 2023 the Company had three batches containing approximately 0.7 million individuals and representing 637 tonnes of biomass. Exiting 2023 Salmon Evolution had about 1.4 million individuals at Indre Harøy. In 2023 the Company harvested 1,874 tonnes (HOG).

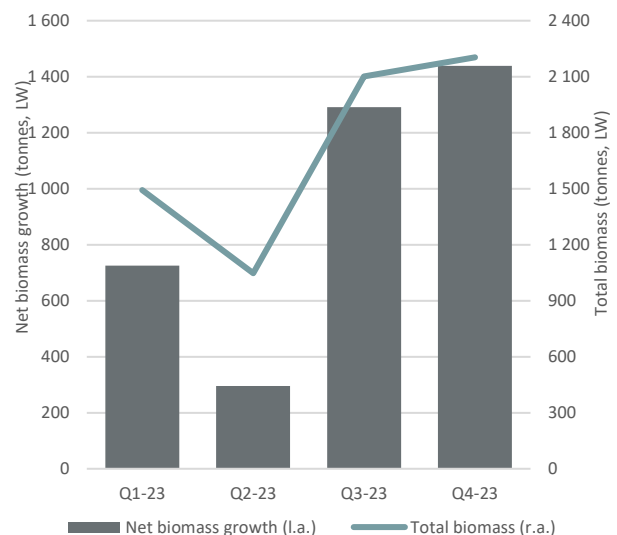


Overall, in 2023 the Company has had good biological performance, ending the year with more than 2,200 tonnes of standing biomass. Salmon Evolution experienced increased mortality in selected fish groups in Q2. It has been determined that this was triggered by AGD, causing problems with gill health. Several actions were taken to remedy the situation, including instalment of on-site freshwater production capabilities enabling freshwater treatment as an integrated part of the fish

grading operation when fish is transferred to new tanks, implemented as a standard operating procedure since June 2023.

Since then, Salmon Evolution has had minimal mortality, and in the last four months of 2023 had an average mortality within the targeted 3-5 % p.a. range.

Biomass growth increased steadily quarter by quarter in 2023, with Q2 being impacted by the abovementioned AGD incident. Steadily increasing biomass production will set the stage for a substantial increase in harvest volumes from Q2 and onwards.



In 2023 Salmon Evolution had 22 harvest days yielding a total of 1,874 tonnes (HOG) with an average weight around 4.0 kg (LW). The accumulated superior grade share was 92 % in 2023. The average superior grade share and average harvest weights in 2023, was impacted by the harvest of batch 3 and 4 in Q4. These two groups were affected by the AGD event in Q2. Overall, in 2023 the harvest results were strong, with good feedback on the quality and an industry leading superior grade share with significant positive price implications.

Indre Harøy phase 1

Phase 1 of Indre Harøy was finalized in April 2023 with the last two remaining tanks of a total of twelve tanks handed over from the

contractor. The facility has an expected yearly production volume of 7,900 tonnes HOG.

Indre Harøy Phase 1 (January 2024)



Photo: Salmon Evolution

Indre Harøy phase 2

In Q2 of 2023 the Group announced contracts with Artec Aqua and HENT. Indre Harøy phase 2 is split in two parts, with HENT taking responsibility for civil design and construction, and Artec Aqua for design, construction, and commissioning of the process facility.

Phase 2 represents a major milestone in the roadmap to 100,000 tonnes, by adding another 7.9kt HOG of annual production volume at Indre Harøy and bringing the total up to 15.8 kt HOG per annum.

During in the second half of 2023 the Company has completed the initial groundworks for the grow-out section as well as preparations for the intake station.

Design and engineering activities for phase 2 kicked off following the contracts with Artec Aqua and Hent, and in the second half of 2023 these activities proceeded according to plan. Throughout 2023, the Company has been working with the contractors to identify cost savings and efficiency gains compared to phase 1, this work also includes relevant functional improvements.

Although phase 2 will benefit from the substantial infrastructure investments taken in phase 1, the Company is seeing inflationary pressure on capex. Hence, the Company has a strong focus on cost optimization and reducing uncertainty as part of the work to establish the final project target price.

The project is subject to final investment decision upon completion of the initial project phase, expected in Q2 2024. This is planned followed by

construction start shortly thereafter. Capex the first 6-9 months is expected to be relatively moderate.

Indre Harøy phase 2 illustration



Illustration: Salmon Evolution

As part of the project, Salmon Evolution is also developing a plan to cover the smolt needs for phase 2. This could potentially include an expansion of our current smolt facility, where we

hold a license to produce up to 5 million smolt. This project is ongoing but as it is interlinked with our Indre Harøy phase 2 project, no investment decision has been taken.

North America

Project overview and status

The North America expansion is an integral part of Salmon Evolution's strategy towards a production capacity of 100,000 tonnes.

Salmon Evolution is currently advanced negotiations on a high-potential site in North America. The initial site verification processes, including fatal flaws analyses of both water, biological, technical, and regulatory aspects, points to this being an ideal site for a hybrid flow-through system.

As previously communicated the focus with respect to sites is centred around areas with an established salmon farming industry, mirroring the Group's approach for Indre Harøy in Norway. Salmon Evolution sees a significant value in leveraging existing aquaculture infrastructure and value chains, enabling both scale and cost leadership, as well as reducing operational and biological risk.



It is expected that site verification and relevant regulatory approval processes will take about two to three years, allowing for construction start during 2026, upon which the plan is to build a full scale 31.5 tonnes HOG "Indre Harøy" facility drawing on the experiences learned from Norway.

To facilitate this expansion, the Group has established a dedicated team of both in-house

and external resources and is currently in the process of ramping this team up.

The Group's strategy of pursuing accretive project financing structures in overseas markets remains unchanged. As the project develops, Salmon Evolution seeks to engage in such discussions, leveraging the human capital in our Company and maximizing shareholder value.

Korea

Project overview

The Group has a joint venture, K Smart Farming, with the South Korean seafood giant Dongwon Industries where the plan is to develop, construct and operate a 16,800 tonnes HOG land-based salmon farming facility in South Korea, using Salmon Evolution's technology approach and competence. This is planned completed in two stages, each phase aiming for an annual capacity of 8,400 tonnes HOG.



Yangyang on-growing site

The project consists of a smolt facility at Jeongseon, a grow-out site at Yangyang and certain other infrastructure. At the site for the planned smolt facility at Jeongseon, there has been freshwater trout production for many years. The planned site for the grow-out facility at Yangyang, is located on the northeast coastline of South Korea.



Jeongseon smolt site

Project status

As previously communicated the primary focus towards the end of 2023 was centred around cost optimization. Completion of design and engineering activities for the grow-out facility at Yangyang and permitting work had good progress in the last quarter of 2023.

The Company currently sees the overall project economics as challenging, primarily driven by site specific circumstances at the Yangyang grow-out site, in particular related to the intake and discharge water solution due to a relatively

long and shallow shoreline. Additionally, given that Korea has no existing salmon farming industry, certain other infrastructure items and regulatory framework are impacting the project cost as well as operating cost.

The project is currently engaging with relevant authorities in South Korea to shore up government financial support, to improve project economics. Clarification around this is expected during Q2 2024.

Events after balance sheet date

No material subsequent events.

Financial performance

Going concern

The consolidated financial statement is prepared in accordance with International Financial Reporting Standards (IFRS). The Board confirms that it is appropriate to prepare the Annual Report based on a going concern assumption. The Group believes it is adequately funded and has access to additional capital if required.

Income statement

Total revenues for 2023 accumulates to NOK 168.4 million for the Group. Apart from revenues linked to harvest, the Group have some revenues from sale of services and related to insurance settlement following the mortality incident during the second quarter.

Personnel expenses and other operating expenses amounted to NOK 204.7 million. This is an increase from last year which reflects the higher activity level in the Group, continued operating expenses at Indre Harøy and South Korea, the establishment in North America and other administration expenses.

After fair value adjustment related to the biomass of NOK 20.1 million, the Group recorded an operating loss of NOK 110.5 million in 2023

The Group recorded depreciations of NOK 46.7 million, mostly related to the facility at Indre Harøy. Depreciations for the Indre Harøy facility commenced in May 2023.

The Group recorded no tax cost in 2023, and the loss ended at NOK 145.7 million compared to NOK 32.7 million in 2022.

Cash flow

The net cash flow from operating activities in 2023 was negative NOK 124.4 million.

Having completed the grow-out facility at Indre Harøy in April 2023, the net cash flow from investing activities was significantly reduced in 2023 and ended at negative NOK 358.8 million.

Cash flow from financing activities came in relatively similar in 2023 compared to 2022 at NOK 590.9 million (NOK 645.5 million in 2022). In 2023 the cash flow from financing activities is

primarily related to the private placement of NOK 525 million done in April.

The net change in cash and cash equivalents for 2023 was NOK 107.6 million, and at year end 2023 cash and cash equivalents amounted to NOK 386.4 million and total available liquidity of NOK 645 million including available committed undrawn credit facilities. This excludes the construction facility of NOK 775 million for phase 2.

Financial position

On 31 December the book value of the Group's assets was NOK 2,709.6 million.

The fixed assets in the Group mostly relate to the facility at Indre Harøy, comprising land, buildings, and production equipment, as well as the Dale smolt facility and other smaller items.

The current assets in the Group are primarily biological assets, other current receivables, and cash & cash equivalents.

Total equity amounted to NOK 1,920.7 million. This corresponds to an equity ratio of 71%.

Consolidated interest-bearing liabilities totalled NOK 685.8 million which mainly relates to the financing of Indre Harøy phase 1.

Received grants are recognized in the financial accounts as a reduction of fixed assets. As of end 2023 the Group has recognized NOK 14.3 million in Skattefunn grants and NOK 96.8 million in Enova grants of which NOK 14.3 million is not received and NOK 96.8 million have been received by 31 December 2023, respectively.

In relation to its long-term financing the Group have financial covenants. These are described in detail in note 22.

Risk exposure and risk management

Salmon Evolution's business activities entail exposure to various types of risks and uncertainty, that may prevent us from reaching our goals and deliver our strategy. Through our risk management process we identify, quantify, and define actions to manage the risks we face. We split our defined risks into relevant subcategories, and efforts to reduce risk are addressed by our most capable people within each business area.

Operational risk

The greatest operational risk relates to biological incidents within the Group's aquaculture operations. Although Salmon Evolution has been in operations for more than two years, land-based salmon farming is still a relatively young industry and is subject to inherent risk by being an industry in a development phase. The Company is vulnerable to errors in technology,

production equipment and maintenance routines as well as diseases which may have a material adverse effect.

Further, challenges or incidents in connection with the ongoing production ramp up could also have adverse effects for the Group's ability to realize its business plan.

Project risk

Successful project execution and construction are decisive for the Group's business and comes with numerous risks, including risk for delays or cost overruns.

adverse effects for the Group's ability to realize its business plan.

Due to the size of these construction projects, any material delay or cost overrun could have

In the current contract structure for phase 2 there are moderate risk sharing elements to incentivise realization of the project at target price and on-time.

Market risk

The Company is exposed to the fluctuations and overall development of the salmon prices. Through 2023 salmon prices have remained strong, supported by strong demand. As of 31 December 2023, the Group has not entered any hedging programs to reduce its exposure to the salmon price.

Furthermore, the Group is exposed to changes in market prices for the input factors used in the production process, in particular feed prices and electricity prices. As to the latter, the Group has hedged about half of its expected electricity needs for 2024-2026, with a gradually declining hedging profile.

Interest Rate risk

The Group's interest rate risk relates primarily to borrowings from financial institutions with floating interest rates. Currently, the Group has entered into hedging programs to reduce this risk for parts of its planned borrowings. As of 31 December 2023, outstanding loans from credit institutions amounted to NOK 673.2 million (excluding financial leasing).

The term loan, which represents the vast majority of the Groups loan with financial institutions, has an interest rate of NIBOR 3M plus an agreed margin. In order to reduce exposure to fluctuations in the interest rate the Group has entered interest rate swap contracts with Nordea and Sparebanken Vest, of respectively NOK 150 million and NOK 50 million. For further information see note 22.

Foreign Currency risk

The Group's foreign currency risk relates to the Group's operating, investing, and financing activities denominated in a foreign currency. This includes the Group's revenues, expenses, and capital expenditures. From time to time the group utilizes financial instruments to hedge its currency exposure.

Credit risk

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, and other receivables, the Group's exposure to credit risk arises from default of the relevant counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

A lack of liquidity will entail a risk that the Group will not be able to pay its obligations on maturity. Management monitors rolling forecasts of the Group's liquidity reserve (comprising cash and cash equivalents) based on expected cash

The Group are hedging for fluctuations in currency by doing forward contracts on most of its currency sales contracts. The Group did not have any material exposure in foreign currency contracts at the end of the year.

The Group's presentation currency is Norwegian Kroner ("NOK").

In 2023 all produced fish was sold through Salmon Evolution Sales AS. The Group has procedures in place to ensure that products are only sold to customers with satisfactory creditworthiness, and in all material respect use credit insurance. The credit risk is not considered to be material on 31 December 2023.

flows. The Group's business plan and growth strategy is capital intensive, and the Group may be dependent upon future equity issues and/or debt financing to finance its current and long-term plans.

Summary and outlook

2023 marked a significant step towards achieving the goal of profitable farming of salmon on land with excellent biological results.

In 2023 Salmon Evolution ended with over 2,200 tonnes of standing biomass and over 1.4 million individuals at Indre Harøy. The stocking of the last part of batch 10, completed in early January, set the conditions for steady state production, and streamlined operations.

We have gradually been ramping up production in 2023. A total of six batches was stocked, and batch 2, 3 and 4 was harvested in full.

The strong operational track record builds on impressive biological results. In the second half of 2023 the mortality rate was 2.6%, equalling a yearly run-rate of 5.2%, and in the fourth quarter 1.2 % equalling a yearly run-rate of 4.8%. This highlights that a running average annual mortality rate of between 3-5 % is within reach. This just after a mere two years in operation, of which the last six months of 2023 at full industrial scale. The target of 3-5 % on an annual basis is ambitious, and depend on a number of factors, but primarily stocking quality of smolt and maintaining excellent conditions at Indre Harøy. Salmon Evolution will not rest on this topic, biology comes first.

Salmon Evolution harvested a total of 1,874 tonnes (HOG) in 2023, of which 1,104 tonnes (HOG) in the fourth quarter. The superior share on harvested fish in 2023 was 92%. This compares to our target of 95% which we deem fully realistic based on historical performance where for several quarters have achieved this goal. Additionally, we have seen that the spread in weight distribution on the harvested fish is very tight, underlining that grading the salmon when it is split is yielding the expected results. Going forward gradually increasing

harvest weights are expected, which together with further biomass build-up will set the stage for a substantial increase in harvest volumes from Q2 and onwards.

Overall, we are very satisfied with the biological results seen in 2023 and see the achieved results as a clear proof of concept to our approach to land-based salmon farming. In the fourth quarter another milestone was reached as well, with the farming segment reaching EBITDA breakeven, underlining that farming costs are decreasing on back of higher biomass production. It also underlines the value of being able to tap into a highly efficient value chain.

Access to an existing value chain is a key reason why Salmon Evolution is targeting areas with an established salmon farming industry for its North America expansion. Mirroring the approach for Indre Harøy in Norway, Salmon Evolution sees a significant value in leveraging existing aquaculture infrastructure and value chains, enabling both scale and cost leadership, as well as reducing operational and biological risk.

Over the last three years global production of Atlantic salmon has been decreasing. New technology and production methods are required to bridge the supply gap. According to Kontali Analyse global supply growth in 2024 is forecasted to be a moderate 2 %. This in turn indicates a tight market, supporting a scenario with strong salmon prices going forward. This is evidenced with the Fishpool forward price at around NOK 100/kg on average for 2024. Going into 2024 with a full farm, and on the verge significantly increasing harvest volumes, Salmon Evolution is in a solid position to benefit on this over the coming quarters and years.

Salmon Evolution continues to see a significant demand growth potential for salmon and

believes that land-based farming will need to play an important role, alongside conventional farming, for the industry to be able to utilize the demand potential. With phase 1 at Indre Harøy in full operation and having a

strong financial platform, Salmon Evolution is in a unique position to continue to lead and shape the development of this industry.



Photo: Salmon Evolution

Statement from the Board of Directors and the CEO

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Director's report and the consolidated and separate financial statements for Salmon Evolution ASA for the year ended 31 December 2023 ("Annual report 2023").

Salmon Evolution ASA's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and applicable additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for Salmon Evolution ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of December 31, 2023. The Board of Directors' report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian accounting standard no 16, as of December 31, 2023.

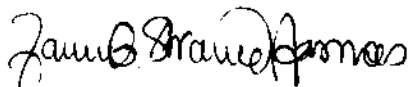
To the best of our knowledge:

1. The annual financial statements for 2023 have been prepared in accordance with applicable financial reporting standards
2. The annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 31 December 2023 for the Group
3. The Board of Directors' report for the Group includes a fair review of:
 - a. the development and performance of the business and the position of the Group, and
 - b. the principal risks and uncertainties the Group face

The Board of Directors of Salmon Evolution ASA Elnesvågen/Ålesund 16 April 2024



Tore Tønseth
Chair



Janne-Grethe Strand Aasnæs
Director



Anne Breiby
Director



Peder Stette
Director



Vibecke Bondø
Director



Eunhong Min
Director



Ingvild Vartdal
Director



Jan-Emil Johannessen
Director



Trond Håkon Schaug-Pettersen
CEO

Group consolidated financial statements (IFRS)

Consolidated statement of income

| (NOK thousands) | Note | 2023 Consolidated | 2022 Consolidated |
|---|------|----------------------|----------------------|
| Sales revenues from farming | 4,5 | 153 325 | 46 107 |
| Other revenue | 4,5 | 15 099 | 1 574 |
| Total operating revenue | | 168 424 | 47 681 |
| Change in inventory | 6,7 | 78 476 | 34 077 |
| Cost of materials | 7 | -126 180 | -34 706 |
| Personnel Expenses | 8,9 | -76 052 | -49 996 |
| Other Operating expenses | 8,10 | -128 619 | -65 538 |
| Operational EBITDA | | -83 950 | -68 481 |
| Depreciations | 11 | -46 730 | -6 190 |
| Operational EBIT | | -130 680 | -74 671 |
| Fair value adjustment of biomass | 6 | 20 149 | 11 740 |
| Operating Profit (EBIT) | | -110 532 | -62 931 |
| Financial income | 12 | 21 481 | 35 322 |
| Financial expense | 12 | -49 624 | -4 170 |
| Share of net income from associated companies | 13 | -7 098 | -947 |
| Net financial | | -35 241 | 30 205 |
| Profit/loss before tax | | -145 773 | -32 726 |
| Income tax expense | 14 | 0 | 0 |
| Profit/loss for the period | | -145 773 | -32 726 |
| Basic earnings per share (NOK) | 15 | -0.37 | -0.10 |
| Diluted earnings per share (NOK) | 15 | -0.37 | -0.10 |

Consolidated statement of comprehensive income

| NOK thousands | Note | 2023 Consolidated | 2022 Consolidated |
|---|------|----------------------|----------------------|
| Profit/loss for the period | | -145 773 | -32 726 |
| Items that are or may be reclassified to profit or loss: | | | |
| Currency translation differences | 13 | -861 | 1 363 |
| Total comprehensive income for the period, net of tax | | -146 634 | -31 362 |

Consolidated statement of financial position

| (NOK thousands) | Note | 31 Dec 2023 Consolidated | 31 Dec 2022 Consolidated |
|--------------------------------------|---------|-----------------------------|-----------------------------|
| Assets | | | |
| Intangible assets | 11,16 | 72 347 | 65 149 |
| Deferred tax asset | 14 | 415 | 2 077 |
| Assets under construction | 11 | 70 781 | 1 713 490 |
| Assets in use, not allocated | 11 | 54 019 | 0 |
| Property, plant & equipment | 11 | 1 848 190 | 30 541 |
| Right-of-use assets | 17 | 12 084 | 13 001 |
| Investments in associated companies | 13 | 18 676 | 26 635 |
| Total non-current assets | | 2 076 513 | 1 850 894 |
| Inventory | 6 | 8 369 | 1 941 |
| Biological assets | 6 | 153 790 | 58 927 |
| Trade receivables | 3 | 40 496 | 23 080 |
| Other current receivables | 18 | 31 121 | 66 951 |
| Financial derivatives | 3,19 | 12 900 | 25 622 |
| Cash and cash equivalents | 3,20 | 386 396 | 278 759 |
| Total current assets | | 633 072 | 455 281 |
| Total assets | | 2 709 585 | 2 306 174 |
| Equity and liabilities | | | |
| Share capital | 21 | 20 697 | 17 288 |
| Share premium | 21 | 2 124 647 | 1 627 073 |
| Other reserves | 9,21 | 10 758 | 8 320 |
| Other equity | | 0 | 0 |
| Uncovered losses | | -235 408 | -88 774 |
| Total equity | | 1 920 693 | 1 563 906 |
| Long-term interest-bearing debt | 3,22 | 569 969 | 513 169 |
| Lease liabilities - long term | 3,17,22 | 8 189 | 9 676 |
| Other long-term liabilities | | 8 702 | 8 549 |
| Total non-current liabilities | | 586 859 | 531 393 |
| Short-term interest-bearing debt | 3,22 | 103 275 | 55 353 |
| Trade payables | 3,23,24 | 71 499 | 135 098 |
| Social security and other taxes | 23 | 8 273 | 7 086 |
| Lease liabilities - short term | 3,17,22 | 4 350 | 3 553 |
| Other short-term liabilities | 23 | 14 635 | 9 783 |
| Total current liabilities | | 202 032 | 210 873 |
| Total liabilities | | 788 892 | 742 267 |
| Total equity and liabilities | | 2 709 585 | 2 306 174 |

The Board of Directors of Salmon Evolution ASA
Elnesvågen/Ålesund 16 April 2024



Tore Tønseth
Chair



Janne-Grethe Strand Aasnæs
Director



Anne Breiby
Director



Peder Stette
Director



Vibecke Bondø
Director



Eunhong Min
Director



Ingvild Vartdal
Director



Jan-Emil Johannessen
Director



Trond Håkon Schaug-Pettersen
CEO

Consolidated statement of cash flow

| (NOK thousands) | Note | 2023 Consolidated | 2022 Consolidated |
|--|-----------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Profit/loss for the period | | -145 773 | -32 726 |
| Adjustments for: | | | |
| Depreciation, amortisation, and impairment loss | 10 | 46 730 | 6 190 |
| Net financials | 11 | 35 241 | -30 205 |
| Share based payment expenses | 21 | 2 438 | 3 201 |
| Changes in working capital: | | | |
| Change in trade receivables | 23 | -15 605 | -22 698 |
| Change in other current receivables | 17 | 33 785 | 37 774 |
| Change in inventory and biological assets | 5 | -81 143 | -34 077 |
| Change in fair value of biomass | 5 | -20 149 | -11 740 |
| Change in trade payables | | 12 330 | 2 047 |
| Change in social security and other taxes | | 772 | 2 139 |
| Change in other current liabilities | | 6 928 | 3 971 |
| Cash (outflow) from operating activities | | -124 445 | -76 124 |
| Cash flow from investment activities | | | |
| Payments for fixed assets net of government grants | 10,15 | -275 686 | -763 498 |
| Payments for intangible assets | 10 | -7 201 | -3 614 |
| Change in trade payables investments | 23 | -75 929 | -29 020 |
| Net cash (outflow) from investment activities | | -358 816 | -796 132 |
| Cash flow from financing activities | | | |
| Proceeds from issue of equity, net of paid transaction costs | 20 | 500 982 | 294 538 |
| Proceeds from new borrowings | 3,22 | 104 875 | 356 253 |
| Repayment of borrowings | 3,22 | 0 | -13 337 |
| Net change in right of use assets and liabilities | 16 | 227 | 210 |
| Financial expenses paid | | -35 568 | -15 079 |
| Financial income received | | 20 381 | 22 886 |
| Net cash (outflow) from financing activities | | 590 897 | 645 471 |
| Net change in cash and cash equivalents | | 107 636 | -226 785 |
| Cash and cash equivalents at the beginning of the period | 19 | 278 759 | 505 545 |
| Cash and cash equivalents at the end of the period | 19 | 386 396 | 278 759 |

Consolidated statement of changes in equity

| (NOK thousands) | | Share capital | Share premium | Other reserves | Other equity | Uncovered losses | Total equity |
|-------------------------------------|-----------|---------------|------------------|----------------|--------------|------------------|------------------|
| Balance at 1 January 2022 | 20 | 15 540 | 1 334 282 | 5 118 | 0 | -57 411 | 1 297 530 |
| Profit/loss for the period | | 0 | 0 | 0 | 0 | -32 726 | -32 726 |
| Currency translation differences | | 0 | 0 | 0 | 0 | 1 363 | 1 363 |
| Total comprehensive income | | 0 | 0 | 0 | 0 | -31 362 | -31 362 |
| Private placement, 5 April 2022 | | 1 129 | 202 041 | 0 | 0 | 0 | 203 170 |
| Private placement, 2 May 2022 | | 538 | 96 293 | 0 | 0 | 0 | 96 831 |
| Private placement, transaction cost | | 0 | -13 267 | 0 | 0 | 0 | -13 267 |
| Share options issued | 21 | 0 | 0 | 3 201 | 0 | 0 | 3 201 |
| Share options exercised | 21 | 81 | 7 724 | 0 | 0 | 0 | 7 805 |
| Transactions with owners | 20 | 1 748 | 292 790 | 3 201 | 0 | 0 | 297 739 |
| Balance at 31 December 2022 | 20 | 17 288 | 1 627 073 | 8 320 | 0 | -88 774 | 1 563 906 |
| Profit/loss for the period | | 0 | 0 | 0 | 0 | -145 773 | -145 773 |
| Currency translation differences | | 0 | 0 | 0 | 0 | -861 | -861 |
| Total comprehensive income | | 0 | 0 | 0 | 0 | -146 634 | -146 634 |
| Private placement, April 2023 | | 3 409 | 521 591 | 0 | 0 | 0 | 525 000 |
| Private placement, transaction cost | | 0 | -24 017 | 0 | 0 | 0 | -24 017 |
| Share options issued | 21 | 0 | 0 | 2 438 | 0 | 0 | 2 438 |
| Share options exercised | | 0 | 0 | 0 | 0 | 0 | 0 |
| Transactions with owners | 20 | 3 409 | 497 574 | 2 438 | 0 | 0 | 503 421 |
| Balance at 31 December 2023 | 20 | 20 697 | 2 124 647 | 10 758 | 0 | -235 408 | 1 920 693 |

Notes to the Consolidated Financial Statements

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Note 1 Summary of significant accounting principles

General information

Salmon Evolution ASA and its subsidiaries, Salmon Evolution Norway AS, Salmon Evolution International AS, Salmon Evolution Dale AS and Salmon Evolution Sales AS (the "Company", "SE" or "the Group") is a Norwegian business headquartered in Hustadvika kommune in Møre og Romsdal. SE is building a land-based salmon farming facility at Indre Harøy, with a planned annual production of 31,500 tons HOG fully developed of which phase 1 has a planned annual production of 7,900 tons HOG.

The build-out consists of three phases, with the first phase consisting of 12 large grow out tanks with corresponding infrastructure. SE will operate a hybrid flow-through (HFS) system, utilizing fresh seawater from the Norwegian coast. Construction start of phase 1 was in Q2 2020 and was completed mid April 2023. The first smolt batch was released at Indre Harøy late March 2022 as per original timeline, and the Group completed its first harvest in November 2022.

Consolidation

These consolidated statements for the period ended 31 December 2023 include Salmon Evolution ASA together with its subsidiaries Salmon Evolution Norway AS, Salmon Evolution International AS, Salmon Evolution Sales AS and Salmon Evolution Dale AS.

In 2022 the Group established two new companies – Salmon Evolution North America Holdings LLC and Salmon Evolution North America LLC. Both companies are wholly owned by Salmon Evolution, but the legal entities had no activity during 2022 nor in 2023.

Consolidation principles

Subsidiaries are all entities over which the Group has control. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The accompanying consolidated financial statements include the accounts of the subsidiaries mentioned above. When necessary, adjustments are made to the local financial statements of the Group subsidiaries to conform with the consolidated Group's accounting policies presented under IFRS. All intercompany balances, transactions, and unrealized gains from intercompany transactions are eliminated upon consolidation. Unrealized losses from intercompany transactions are also eliminated upon consolidation unless the transaction provides evidence of an impairment of the transferred asset. The assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date in which the Group gains control until the date in which the Group ceases to control the subsidiary.

Basis of preparation

The consolidated financial statements of the Group for the year ended 31 December 2023 is prepared in accordance with IFRS® Accounting Standards as adopted by the EU. The consolidated financial statements ended 31 December 2023 comprise the income statement, statement of comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and note disclosures.

Going concern

The Group has prepared the consolidated financial statement on a going concern basis. When assessing this assumption, management has assessed all available information about the future. After making such assessments, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

Accounting policiesAdoption of new and revised standards

The following standards and amendments was mandatory application for the first time for the reporting period commencing 01.01.2023

- Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates (Amendment to IAS 8)

None of the amendments listed above have had any material impact on the financial statements.

Standards and amendments issued but not yet effective

The following standards and amendments was mandatory application for the first time for the reporting period commencing after 01.01.2023:

- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)

None of the amendments listed above is expected to have any material any impact on financial statements.

Basis of measurement

The financial statements have been prepared under the historical cost basis, except for the following items:

- Financial derivatives, measured at fair value through profit or loss.
- Biological assets, measured at fair value through profit or loss.

Use of estimates

Critical accounting judgments and estimates are disclosed in note 2.

Functional and presentation currency

Items included in the financial statements are presented in the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Norwegian kroner (NOK), which is the Parent company, and material subsidiaries, functional and presentation currency.

Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currency) are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other financial items. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not subsequently revaluated.

Revenue

Revenue from contracts with customers as defined in IFRS 15 is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods.

Revenue for the Group derives both from the sale of smolt from contract with customer and sale of whole and processed salmon in the spot market. It has not been made any sales contracts. The Group recognised revenue at the point in time when control of the goods is transferred to the customer at an amount that reflects the expected amount that the group is entitled to have for the goods. The sales price is based on available market price where the price will vary with both quality and size.

Normal credit term of the sales transactions is 30 days. If the delivered products has discrepancies compared to the agreed sales contract, cash refunds are given to the customer. Up until now, refunds are not material.

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and when the Company is compliant with all conditions attached. When the grant relates to an expense item, it is recognized as income over the period that the costs it is intended to compensate are expensed. When the grant relates to an asset, it is deducted from the carrying amount of the asset - the grant is then recognized in profit or loss over the useful life of a depreciable asset by way of a reduced depreciation charge. Government grants are presented in the accompanying statements of profit and loss as other income.

Employee benefits

Liabilities for wages and salaries, including equity settled share based payments, non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Share based payments

Information relating to the Company's employee stock option scheme is set out in note 9. The fair value of options granted under the scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (eg the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (eg the requirement for employees to save or holdings shares for a specific period of time).

Total fair value is expensed over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Current and change in deferred tax for the year

Income Tax

The tax expense represents the sum of the tax currently payable and change in deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognized for taxable temporary differences

arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Deferred tax benefit has not been recognized in the balance sheet as the Group is in its start-up phase and does not have any historical results to refer to when assessing whether future taxable profits will be sufficient to utilize the tax benefit.

Leases

All leasing agreements with a duration exceeding 12 months are capitalized. The Group assesses whether a legally enforceable contract is or contains a lease at the inception date of the contract. The assessment includes several criteria to be determined based on judgment that includes whether there is an identifiable asset in connection to the lease, whether the Group has the right to control the use of the identifiable asset, and whether the Group can obtain substantially all economic benefits from the identifiable asset.

The Group recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The lease liability is calculated based on the present value of the contractual minimum lease payments using the incremental interest rate of the lease. The contractual minimum lease payments consist of fixed payments based on contractual amount at the time of conclusion of the agreement. The lease liability is subsequently measured at amortized cost under the effective interest rate during the lease term and may also be adjusted to management's reassessment of future lease payments based on options exercised,

renegotiations, or changes of an index rate.

The ROU asset is calculated based on the lease liability, plus initial direct costs towards the lease, and less any incentives granted by the lessor. The ROU asset is subsequently amortized under the straight-line method under the shorter of the lease term or the useful life of the underlying asset and is included as part of depreciation and amortization in the accompanying statements of other comprehensive income.

Leases that fall under the IFRS 16 short-term exception are recognized on a straight-line basis over the lease term.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Interest rate swap

The Group has entered into interest rate swap to hedge its risk exposure to interest-bearing debt. Changes in fair value of those derivatives is recognized as unrealized profit/loss under financial income/loss and allocated to, an unrealized profit/loss as other current receivables in the balance sheet.

Currency hedging

Salmon Evolution Sales AS make use of forward currency contracts to hedge against fluctuations in exchange rates that arises during the period between when Salmon Evolution Sales enters into a sales contract and when the product is paid for. Changes in fair value of those contracts is recognized as unrealized profit/loss under financial income/loss and to other current receivables in the balance sheet.

Power contracts

The Group has entered into power supply contract with Statkraft in order to secure stable and predictable fluctuations in the power prices. The Group only secures power that is intended for own use.

Due to changes in the construction and production plan, a significant part of the power contract made for 2023 has not been used for internal purposes. Hence, the contract was not considered as own use, and therefore measured at fair value. Changes in fair value in these derivatives is recognized as unrealized profit/loss under financial income/loss and allocated to, an unrealized profit/loss as other current receivables in the balance sheet. The contract period for this contract ended 31.12.2023.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Trade receivables, loans and other receivables

Trade receivables, loans and other receivables are recognized at invoiced amount and subsequently measured at amortized cost using the effective interest method, less provision for impairment. See note 3, 17 and 18 for further information about the Group's accounting for trade receivables, loans, other receivables and credit risk.

Property, plant & equipment

Property, plant, and equipment is measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and costs include expenditures that are directly attributable to the acquisition and placement of fixed assets in service ready for intended use. This includes capitalized costs such as personnel expenses, rent of premises and equipment and other project related costs to be part of the production facility expenditures. Costs of major replacements and renewals that substantially extend the economic life and functionality of fixed asset are capitalized. Costs associated with normal maintenance and repairs are expensed as incurred.

Assets are normally considered property, plant, and equipment if the useful economic life exceeds one year. Straight-line depreciation is applied over the useful life of property, plant, and equipment based on the asset's historical cost. If a substantial part of an asset has an individual and different useful life, that portion is depreciated separately. The asset's residual value and useful life are evaluated annually. Gains or losses arising from the disposal or retirement of an asset are determined as the difference between the sales proceeds and the carrying amount of the asset and recognized as part of other income in the accompanying statements of other comprehensive income.

Depreciation is charged to expense when the property, plant or equipment is ready for intended use. The group considered the test- and verification phase for first phase of its Indre Harøy facility ready for intended use from April 2023, and started depreciations from that time.

Intangible assets

Expenses related to research activities are expensed as incurred. Expenses related to development activities are capitalized if the product or process is technically and commercially feasible, and the Group has adequate resources to complete the development.

Patents are capitalized and measured at cost less accumulated amortization and any accumulated impairment losses, if any.

Goodwill

When the Group assumes control over a separate business entity for a consideration that exceeds the fair value of the individual assets and liabilities assumed, the difference is entered as goodwill in the statement of financial position. Goodwill is not depreciated but is tested for impairment annually if there are indications that its value is lower than the carrying amount. See note 11 for further information.

Impairment

Management reviews long-lived assets for impairment annually, or more frequently, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. When such assets are identified, with certain indicators, an impairment test will be carried out.

If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying value to determine if an adjustment for impairment to such asset is necessary. The effect of any impairment would be to expense the difference between the fair value of such asset and its carrying value. Non-financial assets that suffered

an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Biological assets

Biological assets are, in accordance with IAS 41, measured at fair value unless the fair value cannot be measured reliably. For salmon in the grow-out facility, a present value model is applied to estimate the fair value. For roe, fry and smolt, historical cost is deemed to provide the best estimate of fair value, and hence applied. For further information, please refer to note 6.

Classification of current and non-current items

Assets are classified as current when it expected to be realized or sold, or to be used in the Group's normal operating cycle, or falls due or is expected to be realized within 12 months after the end of the reporting date. Assets that do not fall under this definition is classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Group or are expected to be settled within 12 months after the reporting date, or if the Group does not have an unconditional right to postpone settlement for at least 12 months after the reporting date. Liabilities that do not fall under this definition are classified as non-current.

Trade and Other Receivables

Trade receivables are initially recognized at amortized cost, less a provision for expected credit losses. Credit loss provisions are based on individual customer assessments over each reporting period and not on a 12-month period.

The Group has procedures to ensure that products are only sold to customers with satisfactory creditworthiness, where credit insurance is used when deemed necessary. This risk is, per 31.12.2023, not considered to be material.

In 2023 all produced fish was sold to Salmon Evolution Sales AS, which in turn sold it to external customers. The sales company secures the bulk of its sales through credit insurance.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowings derecognized when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in consolidated statement of profit or loss within the line other financial items, net.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings cost

In accordance with IAS 23, the Group's loan agreements are subject to the following principles relating to borrowing costs:

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Trade and Other Payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Group prior to the end of the financial year and are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at their fair value and are subsequently measured at amortized cost using the effective interest method.

Pensions

The Group offers a defined contribution plan to its employees and pays contributions to privately administered pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. Contributions are recognized as employee benefit expense when they are incurred and are included as part of salary and personnel costs in the statement of profit and loss. Prepaid contributions are recognized as an asset to the extent in which a cash refund or a reduction in the future payments is available.

Statement of cash flows

The accompanying statements of cash flows are prepared in accordance with the indirect method.

Note 2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the Group's financial statements:

1) Capitalised costs as assets under construction

As part of the construction of the Group's production facilities, the Group has capitalized certain costs (such as personnel expenses, rent of premises and equipment and other project related costs), as "assets under construction" in accordance with IAS 16 based on an allocation key. The allocation key is employee-based and has been calculated based on the employees that are directly involved in the assets under construction's share of the total salary in the Group. Reference is made to note 11 for details of additions to "assets under construction".

2) Biological assets

Biological assets comprise of eggs, smolt and live fish in each tank at the grow-out facility at Indre Harøy. These assets are accounted for in accordance with IAS 41, and are measured at fair value unless the fair value cannot be measured reliably. The estimation of the fair value relies on a series of uncertain assumptions, e.g., biomass volume, quality, size, market prices, expected future costs, remaining time to harvest.

All deviations in biomass volume compared to estimates, is measured when a tank is harvested out. The deviations are normally relatively minor. Similarly, the quality of the fish can normally be estimated with a relatively high degree of certainty, based on historic data and regular controls, given that the fish is kept in a controlled environment in each tank. Categorization of quality is set at facility level. Given that Salmon Evolution split and grade each batch two times in each production cycle, the size distribution in each batch harvested out is normally minor.

The accumulated production cost of is based on an allocation of cost to each batch at tank level. The accumulated production cost per kg will normally only deviate from the estimate if the biomass volume is different from the estimate. For estimation of future production costs, there is uncertainty with regards to feed prices, other input costs and biological development. Salmon Evolution tracks and measures cost development vs. expectation for all batches as part of the normal monthly financial closing process. The estimation of future production costs influences the biomass value through the fair value adjustment.

A key estimate in the estimation of fair value is the assumed market price, which is the price that Salmon Evolution expect to receive at a future date when the live fish is harvested. Given that Salmon Evolution harvest salmon in Norway, Fish Pool is used with relevant adjustments (see note 6 for more information).

For further information, please refer to note 6.

Sensitivity analysis of biomass

| (NOK thousands) | 2023 | 2022 |
|----------------------------------|--------|--------|
| Change in sales price +1 NOK/kg | 4 400 | 2 717 |
| Change in sales price -1 NOK/kg | -4 400 | -2 717 |
| Changes in biomass volume -1% kg | 3 500 | -1 914 |
| Changes in biomass volume +1% kg | -3 500 | 1 914 |
| Change in discount rate +1% | -300 | -550 |
| Change in discount rate -1% | 300 | 560 |

3) Financial derivatives

The purpose of the Group's risk management activities is to establish an overview of financial risks that exists at any given time. As of this date the Group has chosen to employ both interest rate swap agreements to create interest rate stability and power hedging contracts to create stable power supply prices.

The derivative financial assets relate to hedging contracts for the Company's interest rate exposure and consist of an interest rate swap contract of NOK 50 million in Sparebanken Vest and a similar contract of NOK 150 million in Nordea. Both contracts are due January 2028, and has to a swap fixed interest of 1.79 %. Changes in Market Value is registered as unrealized profit/loss under financial income and allocated to, an unrealized profit/loss as other current receivables in the balance sheet.

Salmon Evolution Norway AS had a power supply contract with Statkraft AS. In 2022, due to changes in construction timeline and production plan, resulting in secured volume under the contract not being used for own use and hence sold in the spot market, the contract was no longer considered as for own use, and therefore measured at fair value.

In 2023 the Group made a new power supply contract with Statkraft AS, securing parts of the estimated power need for 2024, 2025 and 2026. This volume is defined as own use, and therefore not measured at fair value.

See note 3 and 19 for more information on classes of financial instruments measured at fair value.

Note 3 Financial risk and capital management

The Group's financial assets and liabilities include trade and other receivables, trade and other payables, cash, and borrowings necessary for its operations. The Group's risk management is carried out by the Group's finance department. The Group is exposed to market risk, credit risk, and liquidity risk.

Market risk

Market risk is linked to both interest rate- and currency fluctuations.

Interest Rate

The Group's interest rate risk relates primarily to borrowings from financial institutions with variable interest rates. Currently, the Group has made two interest rate swap contracts of NOK 50 million in Sparebanken Vest and NOK 150 million in Nordea. The Group does not have any fixed-interest rates loans. As of 31 December 2023, outstanding long-term loans from credit institutions amounted to NOK 525.0 million and is subject to an interest rate of NIBOR 3M plus an agreed margin. The Group also have drawn NOK 90.1 million of the overdraft facility.

This loan is part of a financing package consisting of the following:

- NOK 525 million non-amortizing Term Loan Facility which will refinance the Company's existing NOK 525 million construction loan relating to phase 1 (the "Term Loan")
- NOK 250 million RCF Capex Facility available for general corporate purposes including Indre Harøy phase 2 capex (the "RCF Facility")
- NOK 775 million Construction Facility available for financing of capex relating to phase 2 at Indre Harøy (the "Construction Facility")

The loans are floating interest rate loans denominated in NOK with an interest charge based on NIBOR 3M plus an agreed margin.

Incurred interest expenses and establishing fees during construction period are capitalized as part of assets under construction, see note 11 for further details.

In addition, the Group has a debt financing package of NOK 60 million in relation to Salmon Evolution Dale. As per 31 December 2023 NOK 58 million of the NOK 60 million debt financing package was drawn.

Interest rate sensitivity

| (NOK thousands) | 2023 | 2022 |
|--|-------------|-------------|
| Interest expense effect of a 1% increase on floating interest rate | 6 730 | 5 560 |

Foreign Currency

The Group's foreign currency risk relates to the Group's operating, investing, and financing activities denominated in a foreign currency. This includes the Group's revenues, expenses and capital expenditures. As 31 December 2023 the Group had made some currency forward contracts to hedge the effect of fluctuations in currency from the sales contracts. Value changes in forward contracts affect profit and loss.

The Group's presentation currency is Norwegian Kroner ("NOK").

Credit risk

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group has procedures to ensure that products are only sold to customers with satisfactory creditworthiness, where credit insurance is used when deemed necessary. This risk is, per 31.12.2023, not considered to be material.

In 2023 all produced fish was sold to Salmon Evolution Sales AS, which in turn sold it to external customers. The sales company secures the bulk of its sales through credit insurance.

Trade receivables

| (NOK thousands) | 2023 | 2022 |
|------------------------------------|---------------|---------------|
| Trade receivables | 40 763 | 23 080 |
| Provision for loss on claims | -267 | 0 |
| Total financial liabilities | 40 496 | 23 080 |

Credit-insured share of trade receivables as of 31.12.2023 was NOK 28.2 million.

Liquidity risk

A lack of liquidity will entail a risk that the Group will not be able to pay its obligations on maturity. Management monitors rolling forecasts of the Group's liquidity reserve (comprising cash and cash equivalents) on the basis of expected cash flows. The Group's business plan and growth strategy is capital intensive, and the Group may be dependent upon future equity issues and/or debt financing in order to finance its current long-term plans.

The table below presents the maturities on the Group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2023

| (NOK thousands) | Less than 3 months | 3-12 months | 1-5 years |
|------------------------------------|--------------------|----------------|----------------|
| Borrowings | 0 | 103 275 | 569 969 |
| Interest (Long term debt) | 13 005 | 40 017 | 213 426 |
| Lease liabilities | 1 088 | 3 263 | 8 189 |
| Trade payables | 71 499 | 0 | 0 |
| Total financial liabilities | 85 592 | 146 554 | 791 584 |

31 December 2022

| (NOK thousands) | Less than 3 months | 3-12 months | 1-5 years |
|------------------------------------|--------------------|---------------|----------------|
| Borrowings | 0 | 55 353 | 513 169 |
| Interest | 10 451 | 26 351 | 147 208 |
| Lease liabilities | 935 | 2 618 | 9 676 |
| Trade payables | 135 098 | 0 | 0 |
| Total financial liabilities | 146 483 | 84 323 | 670 053 |

Financial instruments – assessment of fair value

The table below shows financial instruments at fair value according to valuation method. The different levels are defined as follows:

Level 1: Price listed in an active market for identical assets or liabilities.

Level 2: Valuation is based on other observable inputs either directly or indirectly than listed price (used in level 1) for the asset or liability.

Level 3: Valuation based on inputs not derived from observable markets (non-observable assumptions)

| 31 December 2023 (NOK thousands) | FVPL* | | | Amortized cost | Fair value | Carrying amount |
|-------------------------------------|----------|---------------|----------|----------------|----------------|-----------------|
| | Level 1 | Level 2 | Level 3 | | | |
| Financial assets: | | | | | | |
| Trade receivables | - | - | - | 40 496 | 40 496 | 40 496 |
| Financial derivatives | - | 12 900 | - | - | 12 900 | 12 900 |
| Energy contract | - | - | - | - | 0 | 0 |
| Other current receivables | - | - | - | 31 121 | 31 121 | 31 121 |
| Cash and cash equivalents | - | - | - | 386 396 | 386 396 | 386 396 |
| Total financial assets | - | 12 900 | - | 458 013 | 470 913 | 470 913 |
| Financial liabilities: | | | | | | |
| Deferred tax | - | - | - | - | - | - |
| Long-term interests bearing debt | - | - | - | 569 969 | 569 969 | 569 969 |
| Other long term liabilities | - | - | - | 8 702 | 8 702 | 8 702 |
| Short-term interest bearing debt | - | - | - | 103 275 | 103 275 | 103 275 |
| Trade payables | - | - | - | 71 499 | 71 499 | 71 499 |
| Social security and other taxes | - | - | - | 8 273 | 8 273 | 8 273 |
| Other current liabilities | - | - | - | 14 635 | 14 635 | 14 635 |
| Total financial liabilities | - | - | - | 776 353 | 776 353 | 776 353 |

*FVPL: Fair value through profit or loss

| 31 December 2022 (NOK thousands) | FVPL* | | | Amortized cost | Fair value | Carrying amount |
|-------------------------------------|----------|---------------|----------|----------------|----------------|-----------------|
| | Level 1 | Level 2 | Level 3 | | | |
| Financial assets: | | | | | | |
| Trade receivables | - | - | - | 23 080 | 23 080 | 23 080 |
| Financial derivatives | - | 11 719 | - | - | 11 719 | 11 719 |
| Energy contract | - | 13 903 | - | - | 13 903 | 13 903 |
| Other current receivables | - | - | - | 66 951 | 66 951 | 66 951 |
| Cash and cash equivalents | - | - | - | 278 759 | 278 759 | 278 759 |
| Total financial assets | - | 25 622 | - | 368 790 | 394 412 | 394 412 |
| Financial liabilities: | | | | | | |
| Deferred tax | - | - | - | - | - | - |
| Long-term interests bearing debt | - | - | - | 513 169 | 513 169 | 513 169 |
| Other long term liabilities | - | - | - | 8 549 | 8 549 | 8 549 |
| Short-term interest bearing debt | - | - | - | 55 353 | 55 353 | 55 353 |
| Trade payables | - | - | - | 135 098 | 135 098 | 135 098 |
| Social security and other taxes | - | - | - | 7 086 | 7 086 | 7 086 |
| Other current liabilities | - | - | - | 9 783 | 9 783 | 9 783 |
| Total financial liabilities | - | - | - | 729 038 | 729 038 | 729 038 |

*FVPL: Fair value through profit or loss

Note 4 Operating Income

| (NOK thousands) | 2023 | 2022 |
|--------------------------------|----------------|---------------|
| Sales revenues | 153 325 | 46 107 |
| Smolt | 0 | 19 293 |
| Atlantic Salmon (hog) | 152 767 | 26 073 |
| Atlantic Salmon (trimmed) | 558 | 741 |
| Other income | 15 099 | 1 574 |
| Total operating revenue | 168 424 | 47 681 |

Operating income in the Group for 2023 derives from sales of farmed salmon from Salmon Evolution Sales AS (who bought the salmon from Salmon Evolution Norway AS). Salmon Evolution Sales AS has in 2023 sold 1,865 tonnes Atlantic Salmon, and the distribution is as illustrated below.

Other income in 2023 was mostly related services to K Smart Farming Co., Ltd. in South Korea.

| Destination | 2023 | | 2022 | |
|---------------|----------------------------|--------------|----------------------------|--------------|
| | Sales quantity (tonnes) | % | Sales quantity (tonnes) | % |
| Norway | 1 306 | 70 % | 220 | 65 % |
| EU ex. Norway | 557 | 30 % | 115 | 34 % |
| Asia | 2 | 0 % | 6 | 2 % |
| Total | 1 865 | 100 % | 340 | 100 % |

| Sales revenue atlantic salmon | 2023 | 2022 |
|-------------------------------|----------------|---------------|
| Norway | 105 743 | 16 538 |
| EU ex. Norway | 47 379 | 9 527 |
| Asia | 203 | 749 |
| Total | 153 325 | 26 814 |

Our land-based salmon have been distributed through Salmon Evolution Sales to a vast number of customers, across different segments and channels. The initial batch has been launched locally, nationally in Norway and internationally, in close collaboration with our partners, and has proven to be meet the highest standards, for both raw, heated and smoked products.

Note 5 Segment

Operating segments are reported in a manner consistent with internal reporting to the chief operating decision-maker, which is responsible for allocating resources and assessing performance. The chief operating decision-maker has been identified as the Group management. The Group has implemented segment reporting which consists of production of farmed salmon in Norway (Farming Norway), other activities (Other), and eliminations. The segment performance is monitored to assess performance and profitability at a strategic level.

Farming Norway consists of Salmon Evolution Norway AS (grow-out facility), Salmon Evolution Dale AS (smolt facility) and Salmon Evolution Sales AS. Additionally a portion of the Group overhead costs is allocated to the segment.

Other consist of both revenue and costs not attributable to the farming segment.

The same accounting principles as described in Note 1 have been applied for the segment reporting, where internal transactions are entered into under normal commercial terms and conditions.

Sales revenue from contracts with customers comes from both Continental Europe, UK, USA, Asia and other markets.

| (In thousand NOK) | Farming Norway | Other | Eliminations | Group |
|----------------------------------|-----------------------|---------------|---------------------|------------------|
| FY 2023 | | | | |
| External revenue | 158 248 | 10 176 | 0 | 168 424 |
| Internal revenue | 0 | 17 388 | -17 388 | 0 |
| Operating revenue | 158 248 | 27 564 | -17 388 | 168 424 |
| Operational EBITDA | -23 214 | -60 737 | 0 | -83 950 |
| Operational EBIT | -67 932 | -63 855 | 1 107 | -130 680 |
| Fair value adjustment of biomass | | | | 20 149 |
| Net financial | | | | -35 241 |
| Profit/loss before tax | | | | -145 773 |
| Harvested volum (tonnes, HOG) | 1 874 | | | 1 874 |
| Operational EBITDA/kg (NOK) | N/A | | | N/A |
| Operational EBIT/kg (NOK) | N/A | | | N/A |
| Total assets | 2 044 341 | 14 980 | -1 899 | 2 057 422 |

| FY 2022 | | | | |
|----------------------------------|------------------|---------------|----------------|------------------|
| External revenue | 46 054 | 1 627 | 0 | 47 681 |
| Internal revenue | 0 | 13 665 | -13 665 | 0 |
| Operating revenue | 46 054 | 15 292 | -13 665 | 47 681 |
| Operational EBITDA | N/A | N/A | -68 481 | -68 481 |
| Operational EBIT | N/A | N/A | -74 671 | -74 671 |
| Fair value adjustment of biomass | | | | 11 740 |
| Net financial | | | | 30 205 |
| Profit/loss before tax | | | | -32 726 |
| Harvested volum (tonnes, HOG) | 340 | | | |
| Operational EBITDA/kg (NOK) | N/A | | | |
| Operational EBIT/kg (NOK) | N/A | | | |
| Total assets | 1 820 004 | 13 495 | -11 318 | 1 822 182 |

Note 6 Biological assets and inventory

Biological assets and inventory

Biological assets comprise of live fish at Indre Harøy (grow-out facility) and smolt and the Dale smolt facility. Live fish is recognized at fair value.

Other inventory primarily comprises of feed, packaging materials, spare parts and finished goods. Inventories are measured at the lowest of cost and net realizable value.

Biological assets

Live fish are accounted for in accordance with IAS 41 Agriculture, and IFRS 13, Fair value measurement. Live fish is measured at fair value unless the fair value cannot be measured reliably. For live fish in the grow-out facility, a present value model is applied to estimate the fair value. Changes in fair value are recognized and classified under fair value adjustments in the Consolidated statement of profit and loss.

For roe, fry and smolt are valued at historic cost. Historic costs are deemed to provide the best estimate of fair value for these assets.

The fair value of live fish held at the Group's grow-out facility is calculated using a present value model based on estimated future cash flow. The present value is calculated based on estimates revenues, less estimated remaining production cost until the fish is ready for harvest. The Company considers that fish greater than 4.6 kg is ready for harvest (about 3.8 kg gutted weight), and such fish is thus classified as harvestable fish. Fish that have not achieved this weight are classified as non-harvestable.

Estimated revenues are calculated as the estimated harvestable biomass at expected harvest dates, multiplied by the price expected to be achieved at the same time. The price is calculated using the Fish Pool forward price at reporting date, less adjustments for expected differences in quality and size, as well as market specific adjustments. For 2024 the Group have

applied a forward price of 88.3 per kg, where the applicable Fish Pool price is adjusted to reflect the discrepancy between Fish Pool and relevant market expectations.

Estimated harvestable biomass at harvest date is calculated based on the standard growth model, production plan and expected number of harvestable individuals at harvest dates on batch level. The growth model details the expected growth per month, and is a standard model given that the hybrid flow-through concept delivers the same growth environment year-round and between batches. The production plan details the expected harvest dates for each batch. The expected number of harvestable individuals at harvest dates is based on the number of individuals at reporting date, less expected mortality until harvest.

Estimated remaining production cost are estimated as the necessary costs for the farming of fish up until harvest date, including harvest and sales cost. The estimated remaining production cost is adjusted for unutilized production capacity for indirect production cost, which consists of personnel costs at the grow-out facility, depreciations, and other indirect production costs directly attributable to the fish. In determining the applicable capacity adjustment, the Company considers several factors including number of tanks in operation, amount of standing biomass and biomass production.

The fair value of the biomass is calculated using a present value model, applying a monthly discount rate of 5.9% on the expected cash flow generated. The discount rate is intended to reflect the risk of incidents that affects the cash flow, cost of capital and the time value of money. The discount rate is based on standard model and thus identical between batches at the grow-out facility. The risk adjustment takes into account the biological risks of farming. The number of months left until harvesting will affect the risk and cash flow. Biological risk, the risk of increased costs and price risk will be the most important elements to be recognized.

Incident based mortality

Incident based mortality is recognized when the smolt or grow-out facility experiences elevated or substantial mortality. In such cases, mortality expense is included as part of cost of materials in the consolidated financial statements, and the fair value associated with the affected biomass is adjusted under fair value adjustments. Incident based mortality is calculated at tank level, and an assessment is made as to whether there is basis from a write-down, in the event of an incidents exceeding 3 % mortality in a period based on a single event.

| BOOK VALUE OF INVENTORY | NOK 1000 | |
|--------------------------------|-----------------|----------------|
| | FY 2023 | FY 2022 |
| Equipment | 2 667 | 0 |
| Raw materials | 4 433 | 1 941 |
| Biological assets | 153 790 | 58 927 |
| Finished goods | 1 270 | 0 |
| Total | 162 159 | 60 867 |

| BIOLOGICAL ASSETS | TONNES | |
|--|----------------|----------------|
| | FY 2023 | FY 2022 |
| Biological assets beginning of period | 733 | 0 |
| Biological assets end of period | 2 204 | 733 |

| BIOLOGICAL ASSETS | NOK 1000 | |
|--|-----------------|----------------|
| | FY 2023 | FY 2022 |
| Biological assets beginning of period | 58 927 | 14 939 |
| Increase due to production | 218 496 | 70 238 |
| Reduction due to harvest/sale | -130 880 | -37 990 |
| Reduction due to incident based mortality | -12 901 | 0 |
| Fair value adjustment beginning of period | -11 740 | 0 |
| Fair value adjustment end of period | 31 889 | 11 740 |
| Biological assets end of period | 153 790 | 58 927 |

Specification of biological assets

| Biological assets per 31.12.2023 | Number of fish (1000) | Biomass (tonnes) | Cost of production (NOK 1000) | Fair value adjustment (NOK 1000) | Carrying amount (NOK 1000) |
|---|----------------------------------|-----------------------------|--|---|---|
| Smolt | 2 311 | 133 | 16 018 | 0 | 16 018 |
| Non-harvestable fish (<4.6 kg) | 1 367 | 2 092 | 105 883 | 31 889 | 137 772 |
| Harvestable fish (>4.6 kg) | 0 | 0 | 0 | 0 | 0 |
| Total | 3 678 | 2 225 | 121 901 | 31 889 | 153 790 |

| Biological assets per 31.12.2022 | Number of fish (1000) | Biomass (tonnes) | Cost of production (NOK 1000) | Fair value adjustment (NOK 1000) | Carrying amount (NOK 1000) |
|---|----------------------------------|-----------------------------|--|---|---|
| Smolt | 2 305 | 96 | 12 681 | 0 | 12 681 |
| Non-harvestable fish (<4.6 kg) | 695 | 637 | 34 506 | 11 740 | 46 246 |
| Harvestable fish (>4.6 kg) | 0 | 0 | 0 | 0 | 0 |
| Total | 3 000 | 733 | 47 187 | 11 740 | 58 927 |

The Group is still in a ramp-up phase for the grow-out facility at Indre Harøy, and hence the facility's production capacity is not fully utilized. Cost of production is therefore adjusted for unutilized production capacity. Year-to-date 2023 this adjustment amounted to NOK 41.3 million (compared to NOK 13.6 million in 2022) which has been expensed directly in the profit and loss statement.

Note 7 Cost of Goods Sold

| Composition inventory change: | 2023 | 2022 |
|--|---------------|---------------|
| Change due to production | 218 496 | 70 238 |
| Change due to harvest/sale | -130 880 | -37 990 |
| Change due to incident based mortality | -12 901 | 0 |
| Change inventory raw material | 3 762 | 1 829 |
| Sum | 78 476 | 34 077 |

| Composition - change due to production: | 2023 | 2022 |
|--|----------------|---------------|
| Raw material cost | 122 419 | 32 877 |
| Salaries | 17 670 | 10 260 |
| Depreciations | 22 778 | 1 592 |
| Other operating expenses | 55 629 | 25 509 |
| Sum | 218 496 | 70 238 |

| Inventory | Feed | Smolt | Salmon | Frozen products | Total at cost | Fair value adjustment |
|-------------------------|--------------|---------------|----------------|------------------------|----------------------|------------------------------|
| Value 01.01.2023 | 1 941 | 12 681 | 34 506 | 0 | 49 127 | 11 740 |
| Change | 2 492 | 3 338 | 71 377 | 1 270 | 78 476 | 20 149 |
| Value 31.12.2023 | 4 433 | 16 018 | 105 882 | 1 270 | 127 603 | 31 889 |

Note 8 Personnel expenses, remuneration to the board and auditor's fee

| (NOK thousands) | 2023 | 2022 |
|---|---------------|---------------|
| Salaries | 67 102 | 50 969 |
| Social security | 11 054 | 8 682 |
| Pensions | 3 458 | 2 529 |
| Other benefits | 5 507 | 9 363 |
| Share-based payments | 2 441 | 3 328 |
| Gross personnel expenses | 89 562 | 74 871 |
| - Capitalized costs | -13 511 | -18 496 |
| Total personnel expenses recognized in P&L | 76 052 | 56 375 |

| | | |
|---|-----------|-----------|
| Number of full-time employment equivalents | 69 | 49 |
|---|-----------|-----------|

During the ordinary course of business, the Group capitalizes portions of total salary and personnel costs towards assets under construction. In addition, a portion of the salaries related to the production are recognised as part of the biomass value in the balance sheet. Salary allocated to biomass in 2023 was NOK 17.7 million (NOK 10.3 million in 2022).

Norwegian entities are obligated to establish a mandatory company pension. This obligation is fulfilled under the current pension plan. No loans or guarantees have been given to the members of the board of directors or executive management.

Remuneration and compensation to members of the board

| (NOK thousands) | 2023 | 2022 |
|--|--------------|--------------|
| Tore Tønseth (Chairman of the Board) | 500 | 500 |
| Janne-Grethe A. Strand (Member of the board) - From March 2021 | 500 | 500 |
| Glen Bradley (Member of the Board) | 375 | 375 |
| Peder Stette (Member of the Board) | 250 | 250 |
| Anne Breiby (Member of the Board) | 250 | 250 |
| Eunhong Min (Member of the board) | 250 | 0 |
| Ingvild Vartdal (Member of the Board) - from March 2021 | 250 | 250 |
| Håkon André Berg (Member of the Board) | 146 | 0 |
| Kristofer Reiten (Member of the Board) | 0 | 250 |
| Yun Ki Yun (Member of the board) | 0 | 250 |
| Frode Kjølås (Nomination committee) | 75 | 75 |
| Berit Rogne (Nomination committee) | 50 | 50 |
| Trond Svinø (Nomination committee) | 50 | 0 |
| Total board of Directors | 2 696 | 2 750 |

Remuneration and compensation to executive management 2023

| (NOK thousands) | Salary | Bonus | Pension | Other | Total |
|--|---------------|------------|------------|------------|---------------|
| Trond Håkon Schaug-Pettersen (CEO) | 2 740 | 500 | 71 | 272 | 3 583 |
| Trond Vadset Veibust (CFO from 01.04.2023) | 1 243 | 0 | 71 | 120 | 1 434 |
| Ingjarl Skarvøy (COO) | 1 946 | 0 | 71 | 206 | 2 223 |
| Kamilla Holo Mordal (Project Director) | 1 623 | 0 | 71 | 15 | 1 709 |
| Odd Frode Roaldsnes (CCO) | 1 729 | 0 | 71 | 168 | 1 968 |
| Henriette Nordstrand (Technical Director) | 1 108 | 0 | 64 | 23 | 1 194 |
| Tore-Jakob Reite (Director Strategic Projects from 17.04.2023) | 807 | 0 | 67 | 29 | 903 |
| Total executive management | 11 196 | 500 | 486 | 833 | 13 014 |

Remuneration and compensation to executive management 2022

| (NOK thousands) | Salary | Bonus | Pension | Other | Total |
|--|---------------|------------|------------|------------|---------------|
| Håkon André Berg (CEO until oct 2022) | 2 722 | 0 | 67 | 208 | 2 997 |
| Trond Håkon Schaug-Pettersen (CEO from oct 2022, CFO) | 2 228 | 0 | 67 | 246 | 2 541 |
| Ingjarl Skarvøy (COO) | 1 844 | 0 | 67 | 162 | 2 073 |
| Kamilla Holo Mordal (CPO) | 1 482 | 100 | 67 | 8 | 1 657 |
| Odd Frode Roaldsnes (CCO) | 1 533 | 0 | 67 | 17 | 1 617 |
| Henriette Nordstrand (Technical Director from sept-22) | 380 | 0 | 29 | 22 | 431 |
| Total executive management | 10 190 | 100 | 364 | 663 | 11 316 |

Compensation to executive management related to options 2023

| (NOK thousands) | Options |
|--|--------------|
| Trond Håkon Schaug-Pettersen (CEO) | 871 |
| Trond Vadset Veibust (CFO from 01.04.2023) | 197 |
| Ingjarl Skarvøy (COO) | 351 |
| Kamilla Holo Mordal (Project Director) | 328 |
| Odd Frode Roaldsnes (CCO) | 363 |
| Henriette Nordstrand (Technical Director) | 50 |
| Tore-Jakob Reite (Director Strategic Projects from 17.04.2023) | 50 |
| Total executive management | 2 210 |

Compensation to executive management related to options 2022

| (NOK thousands) | Options |
|--|--------------|
| Trond Håkon Schaug-Pettersen (CEO from oct 2022, CFO) | 1 399 |
| Ingjarl Skarvøy (COO) | 600 |
| Kamilla Holo Mordal (CPO) | 567 |
| Odd Frode Roaldsnes (CCO) | 615 |
| Henriette Nordstrand (Technical Director from sept-22) | 0 |
| Håkon André Berg (CEO until oct 2022) | 20 |
| Total executive management | 3 201 |

Trond Håkon Schaug-Pettersen (CEO) is entitled to 6 months' severance pay if the employment agreement is terminated by the Company. Selected key employees also have a non-compete clause in their employment agreement giving them right to 3-6 months' pay if such clause is triggered by the Company.

The CEO received a bonus of NOK 500 thousand as compensation for holding both the CEO and CFO position until a new CFO was appointed in April 2024.

Auditor's remuneration

| (NOK thousands) | 2023 | 2022 |
|--|--------------|--------------|
| Statutory audit | 1052 | 943 |
| Service in relation to tax return | 17 | 36 |
| Service in relation to annual accounts | 0 | 27 |
| Other services | 87 | 6 |
| Total | 1 156 | 1 011 |

Note 9 Share based payments

In August 2021 the Board of the directors established a share option program for members of the Company's executive management where total of 6,900,000 share options were granted, in November 2021 this was updated to 7,650,000 share options. These options were issued on an annual basis with 1/3 each year, with issue dates being 31 August 2021, 1 June 2022 and 1 June 2023. Issued options vest 50% after year one and 50% after year two, with a strike price equal to the closing price of the Company's shares on Oslo Børs on the last trading day prior to the respective to the issue date + 15%.

In 2023, 700,000 share options were granted to executive management in January, 250,000 in June as well as 960,000 to key employees in June. These options were issued with issue date 1 June 2023. Issued options vest 50% after year one and 50% after year two, with a strike price equal to the closing price of the Company's shares on Oslo Børs on the last trading day prior to the respective to the issue date + 15%.

The strike price for the share options issued 31 August 2021 was NOK 9,00 per share, 1 June 2022 NOK 10,06 per share and 1 June 2023 NOK 8,30 per share.

To account for the issued share options, an adjusted Black & Scholes option-pricing model is used by applying a weighted expected average life of 18 months.

The fair value of the options is set on the grant date and is expensed over its lifetime. The fair value of the options has been calculated using the adjusted Black & Scholes option-pricing model, which considers the exercise price, the term of the option, the share price at the grant date, expected price volatility of the underlying share, expected dividend and risk-free rates. Given the recent listing and lack of historical price and volatility data, the expected volatility is based on historical volatility for a selection of comparable companies listed on Oslo Stock Exchange ("Oslo Børs"). The risk-free interest rate is set to equal the interest on Norwegian government bonds with the same maturity as the option. Average key assumptions are listed below.

| Outstanding options (in thousands) | 2023 | 2022 |
|---|--------------|--------------|
| Outstanding options 1 January | 5 150 | 9 275 |
| Options granted | 1 910 | 0 |
| Options exercised | 0 | 1 625 |
| Options forfeited | 0 | 2 500 |
| Outstanding options at end of period | 7 060 | 5 150 |

| (NOK thousands) | 2023 | 2022 |
|---|--------------|--------------|
| Håkon André Berg (CEO until oct 22) | 0 | 20 |
| Trond Håkon Schaug-Pettersen (CEO) | 871 | 1 399 |
| Ingjarl Skarvøy (COO) | 351 | 600 |
| Kamilla Mordal Holo (Project Director) | 328 | 567 |
| Odd Frode Roaldsnes (CCO) | 363 | 615 |
| Trond Vadset Veibust (CFO) | 197 | 0 |
| Henriette Nordstrand (Technical Director) | 50 | 0 |
| Tore-Jacob Reite (Director Strategic Projects) | 50 | 0 |
| Salmon Evolution ASA -Other Key Personel | 137 | 0 |
| Salmon Evolution Norway AS - Other Key Personel | 73 | 0 |
| Salmon Evolution Dale AS - Other Key Personel | 18 | 0 |
| Total charges | 2 438 | 3 201 |
| Charges to income statement | 2 438 | 2 259 |
| Charges to Asset under Construction | 0 | 942 |

| Key assumptions | 2023 | 2022 |
|---|-------------|-------------|
| Average fair value (NOK) | 0,83 | 1,47 |
| Average exercise price (NOK) | 8,30 | 10,35 |
| Weighted expected average life (in years) | 3,21 | 2,33 |
| Estimated dividend per share (NOK) | 0,00 | 0,00 |
| Expected average volatility | 19,6 % | 29,2 % |
| Risk-free rate | 3,31 % | 0,86 % |

| Group management have the following holdings | Holding 01.01 | Awarded | Exercised | Forfeitet | Holding 31.12 |
|--|----------------------|----------------|------------------|------------------|----------------------|
| Håkon André Berg (CEO until oct 22) | 500 | 0 | 0 | 0 | 500 |
| Trond Håkon Schaug-Pettersen (CEO from oct 22 & CFO) | 2 400 | 200 | 0 | 0 | 2 600 |
| Ingjarl Skarvøy (COO) | 750 | 0 | 0 | 0 | 750 |
| Kamilla Mordal Holo (Project Director) | 750 | 0 | 0 | 0 | 750 |
| Odd Frode Roaldsnes (CCO) | 750 | 0 | 0 | 0 | 750 |
| Trond Vadset Veibust (CFO) | 0 | 500 | 0 | 0 | 500 |
| Henriette Nordstrand (Technical Director) | 0 | 125 | 0 | 0 | 125 |
| Tore-Jacob Reite (Director Strategic Projects) | 0 | 125 | 0 | 0 | 125 |
| Total | 5 150 | 950 | 0 | 0 | 6 100 |

*Numbers in thousand

Note 10 Other operating expenses

| (NOK thousands) | 2023 | 2022 |
|---------------------------------------|----------------|---------------|
| Cost of premises (not defined as RoU) | 3 506 | 2 647 |
| Rented equipment | 5 565 | 633 |
| Insurance | 5 425 | 1 775 |
| Consultancy fees | 24 859 | 21 012 |
| Other operating expenses | 55 629 | 25 509 |
| Other administrative expenses | 33 635 | 13 963 |
| Total other operating expenses | 128 619 | 65 538 |

Note 11 Property, plant & equipment

| (figures in NOK 1000) | Intangible assets | Assets under construction | Assets in use, not allocated | Buildings | Fixtures and fittings | Right-of-use assets | Total |
|---|-------------------|---------------------------|------------------------------|--------------|-----------------------|---------------------|------------------|
| Cost 1 January 2022 | 62 586 | 971 122 | 0 | 7 607 | 8 966 | 3 997 | 1 054 277 |
| Additions | 2 564 | 742 368 | 0 | 0 | 17 453 | 14 566 | 776 951 |
| Disposals | | | | | | | |
| Cost 31 December 2022 | 65 149 | 1 713 490 | 0 | 7 607 | 26 419 | 18 562 | 1 831 228 |
| Accumulated depreciation 1 January 2022 | 0 | 0 | 0 | -302 | -670 | -1 885 | -2 857 |
| Depreciation for the period | 0 | 0 | 0 | -649 | -1 864 | -3 676 | -6 189 |
| Net book value 31 December 2022 | 65 149 | 1 713 490 | 0 | 6 656 | 23 885 | 13 001 | 1 822 182 |

| | | | | | | |
|----------------------------|-----|-----|-----|-------------|------------|-----------|
| Estimated lifetime | n/a | n/a | n/a | 10-50 years | 3-50 years | 3-5 years |
| Depreciation method | n/a | n/a | n/a | Linear | Linear | Linear |

| (figures in NOK 1000) | Intangible assets | Assets under construction | Assets in use, not allocated | Buildings | Fixtures and fittings | Right-of-use assets | Total |
|---|-------------------|---------------------------|------------------------------|------------------|-----------------------|---------------------|------------------|
| Cost 1 January 2023 | 65 149 | 1 713 491 | 0 | 7 607 | 26 419 | 18 562 | 1 831 228 |
| Additions | 7 201 | 269 490 | 0 | 2 157 | 438 | 3 601 | 282 887 |
| Completed constructions | 0 | -1 912 199 | 54 019 | 1 573 232 | 284 031 | 0 | -917 |
| Cost 31 December 2023 | 72 350 | 70 781 | 54 019 | 1 582 996 | 310 888 | 22 163 | 2 113 198 |
| Accumulated depreciation 1 January 2023 | 0 | 0 | 0 | -951 | -2 534 | -5 561 | -9 046 |
| Depreciation for the period | -3 | 0 | 0 | -26 760 | -15 450 | -4 518 | -46 731 |
| Net book value 31 December 2023 | 72 347 | 70 781 | 54 019 | 1 555 286 | 292 904 | 12 084 | 2 057 422 |

| | | | | | | |
|----------------------------|-----|-----|-----|-------------|------------|-----------|
| Estimated lifetime | n/a | n/a | n/a | 10-75 years | 3-50 years | 3-5 years |
| Depreciation method | n/a | n/a | n/a | Linear | Linear | Linear |

| Intangible Assets | 01.01.2023 | Additions | Grants | Depreciations | 31.12.2023 |
|---|---------------|--------------|-------------|---------------|---------------|
| "Skattefunn"-projects* | 0 | 5 929 | -764 | 0 | 5 165 |
| Other research and development projects | 1 250 | 1 752 | 0 | 0 | 3 002 |
| Trademark | 3 068 | 283 | 0 | -3 | 3 349 |
| Water rights | 16 597 | 0 | 0 | 0 | 16 597 |
| Goodwill | 44 235 | 0 | 0 | 0 | 44 235 |
| Total | 65 149 | 7 965 | -764 | -3 | 72 347 |

*See note 16 for more information

Straight-line depreciation is applied over the useful life of property, plant, and equipment (PPE) based on the asset's historical cost and estimated residual value at disposal. Depreciation is charged to expense when the property, plant or equipment is ready for use or placed in service. From April 2023 the Group considered the main test- and verification phase for its Indre Harøy facility over and started depreciation of the facility. There are some projects going on improving the facility and some cost regarding phase 2. These are not deemed ready for intended use. As such, assets under construction are not depreciated.

Earned grants that goes in the balance sheets is included in new additions and is netted against the related asset's acquisition. See note 16 for further information.

Most intangible asset is ongoing development cost related to FOU and Skattefunn projects and are not amortized.

Capitalization of costs as asset under construction:

Costs incurred recognised as part of "Other operating expenses" in the "Statement of Profit or Loss" during 2023 has been capitalized as of 31 December 2023 as these costs are deemed to be part of the ongoing assets under construction and qualify for capitalization in accordance with IAS 16. As a result, the reported "Other operating expenses" in 2023 reflects the incurred costs during this period, net of such capitalized costs related to the entire 12 months period ending 31 December 2023 which amounted to approximately NOK 39 million.

| Capitalized internal cost | 01.01.2023 | Additions | 31.12.2023 |
|----------------------------------|-------------------|------------------|-------------------|
| Salary | 51 127 | 13 511 | 64 638 |
| Rental/equipment | 7 618 | 266 | 7 618 |
| Interest | 30 561 | 25 219 | 55 780 |
| Total | 89 306 | 38 997 | 128 036 |

Contractual and financial commitments

Construction of phase 1 was completed medio April 2023 and remaining capital expenditures for phase 1 as per 31 December 2023 was moderate, consisting of improvements and adaptations. At year-end the Group is working to reach an agreement on the final settlement for the construction of phase 1 at Indre Harøy. Negotiations are still ongoing, and consequently the Group have adjusted the balance to reflect this.

As to phase 2 at Indre Harøy, the Group has started engineering and development work and expect the construction process to start in 2024. As per 31 December there are no financial commitments made in relation to phase 2 at Indre Harøy.

Impairment testing of goodwill

Goodwill with undefined economic lives is subject to an annual impairment test. The Group did not recognize any impairment of goodwill in 2023. In 2023 the Group has one asset that need to be impairment tested. The Group has defined the smolt production as a cash generating unit.

The impairment is done using the Groups rolling projections which is based on financial budgets where cash generating activities forms the basis of the valuation. This is done over a five-year period. Budgeted EBITDA margin is set to be stable in the future as well as production of smolt, only adjusted for expected inflation. Further, the annual reinvestment is assumed to be equal to annual depreciations. Cash flow forecasts are estimated after tax, and weighted average cost of capital is set to be 9%.

Note 12 Finance income & finance cost

(figures in NOK 1000)

| Finance income | 2023 | 2022 |
|---|----------------|---------------|
| Interest income | 15 591 | 8 730 |
| Net change in value of financial derivatives | 947 | 25 547 |
| Foreign exchange gains | 4 937 | 1 035 |
| Other finance income | 6 | 10 |
| Financial income | 21 481 | 35 322 |
| Share of net income from associated companies | -7 098 | -947 |
| Total financial income | 14 383 | 34 375 |
| Finance expenses | 2023 | 2022 |
| Interest on debts and borrowings | 33 914 | 3 012 |
| Realized loss/-gain on interest derivative | -3 027 | 0 |
| Foreign exchange losses | 4 195 | 554 |
| Reduced value of contract related to power supply | 13 903 | 0 |
| Other finance expenses | 640 | 604 |
| Total financial expenses | 49 624 | 4 170 |
| Net financial income/- expenses | -35 241 | 30 205 |

Fair value adjustments - financial assets

| (NOK thousand) | 2023 | 2022 |
|---|----------------|---------------|
| Unrealised changes in the value of interest rate swap | 947 | 10 455 |
| Unrealised changes in the value of contract related to power supply | -13 903 | 13 629 |
| Realised profit (loss) related to power supply contract | 0 | 1 463 |
| Fair value adjustments recognised in profit and loss | -12 956 | 25 547 |

Interest income is mainly related to interest on cash deposits held with Norwegian financial institutions. TNOK 25 219 in Incurred interest expenses and establishing fees are capitalized as part of assets under construction in accordance with IAS 23.

The negative impact from share of net income from associated companies are related to a loss at K Smart Farming.

Note 13 Investment in associated companies

The Group has the following investments in associated companies:

| (figures in NOK 1000) | Location and place of business | Ownership | Voting share |
|---|--------------------------------|-----------|--------------|
| K Smart Farming Co., Ltd | Gangwangnak-ro, South Korea | 49 % | 49 % |
| Investment cost 31.05.21 | 27 413 | | |
| Share of net income 2021 | -634 | | |
| Foreign currency translation gain/(loss) 2021 | -560 | | |
| Net book value 31 December 2021 | 26 219 | | |
| Share of net income YTD 2022 | -947 | | |
| Foreign currency translation gain/(loss) YTD 2022 | 1 363 | | |
| Net book value 31 December 2022 | 26 635 | | |
| Share of net income YTD 2023 | -7 098 | | |
| Foreign currency translation gain/(loss) YTD 2023 | -861 | | |
| Net book value 31 December 2023 | 18 676 | | |

Investments in associated companies are recognized using the equity method.

The primary focus on the project towards the end of 2023 was centred around cost optimization. The Company currently sees the overall project economics as challenging, primarily driven by site specific circumstances at the Yangyang grow-out site, related to the intake and discharge water solution due to a relatively long and shallow shoreline. Additionally, given that Korea has no existing salmon farming industry, certain other infrastructure items and regulatory framework are impacting the project cost as well as operating cost. The project is currently engaging with relevant authorities in South Korea to shore up government financial support, to improve project economics. Clarification around this is expected during Q2 2024.

Note 14 Tax

Calculation of current and deferred tax/deferred tax benefit

| (NOK thousands) | 2023 | 2022 |
|---|-------------|---------------|
| Intangible assets | 13 487 | 13 487 |
| Fixed assets | 145 389 | 19 712 |
| Accounts receivable | -267 | 0 |
| Inventories | 153 790 | 58 927 |
| Right-of-use assets | 19 886 | 20 803 |
| Lease liabilities | -21 240 | -21 777 |
| Other current liabilities | 0 | 14 |
| Net temporary differences | 311 045 | 91 165 |
| Tax losses carried forward | -642 780 | -281 632 |
| Change due to unrealized financial instruments | 12 900 | 25 623 |
| Basis for deferred tax (deferred tax asset) | -318 835 | -164 845 |
| Deferred tax (22%) | -70 144 | -36 266 |
| Deferred tax benefit not recognized in the balance sheet* | 69 728 | 34 189 |
| Deferred tax in the balance sheet | -415 | -2 077 |

*Deferred tax benefit has historically not been recognized in the balance sheet as the Group is in its start-up phase and does not have any historical results to refer to when assessing whether future taxable profits will be sufficient to utilize the tax benefit. As of 31.12.2023 there is a basis for payable tax in the subsidiary Salmon Evolution Sales AS. This will be offset with a group contribution from Salmon Evolution ASA. The tax effect of the group contribution is recognized as a deferred tax asset.

Basis for income tax expense, changes in deferred tax and tax payable

| (NOK thousands) | 2023 | 2022 |
|--|--------------|--------------|
| Result before taxes | -145 773 | -32 727 |
| Permanent differences in relation to skattefunn | -2 037 | -4 750 |
| Other permanent differences | 23 008 | -7 383 |
| Basis for the tax expense | -124 802 | -44 860 |
| Change in temporary differences | -219 880 | -64 211 |
| Change due to equity transactions | -24 018 | 0 |
| Result Kraft Laks AS to payable tax | 0 | 0 |
| Result Kraft Laks AS before acquisition | 0 | 0 |
| Change in tax losses carried forward | -368 700 | -109 071 |
| Basis for payable taxes in the income statement | 1 887 | 9 439 |

Components of the tax expense

| (NOK thousands) | 2023 | 2022 |
|--|---------|---------|
| Payable tax on this year's result | 415 | 2 077 |
| Total payable tax | 415 | 2 077 |
| Change in deferred tax | -33 878 | -10 919 |
| Change in deferred tax due to previous year group contribution | -2 077 | -1 027 |
| Change in deferred tax not capitalized in the balance sheet | 35 539 | 9 869 |
| Tax expense | 0 | 0 |

Reconciliation of the tax expense with the nominal tax rate

| (NOK thousands) | 2023 | 2022 |
|----------------------|----------|---------|
| Result before taxes | -145 773 | -32 727 |
| Calculated tax (22%) | -32 070 | -7 200 |
| Tax expense | 0 | 0 |
| Difference | 32 070 | 7 200 |

The difference consists of:

| | | |
|---|---------------|--------------|
| Tax on permanent differences | -670 | -2 669 |
| Change in deferred tax not shown in the balance sheet | 35 539 | 9 869 |
| Change due to unrealized financial instruments | -2 799 | 0 |
| Sum explained differences | 32 070 | 7 200 |

Note 15 Earnings per share

| (NOK thousands) | 2023 | 2022 |
|---|--------------------|--------------------|
| Loss attributable to the equity owners of the Parent company | -145 773 | -32 726 |
| Loss for calculation of diluted earnings per share | -145 773 | -32 726 |
| Weighted average number of shares outstanding | 391 209 367 | 337 015 239 |
| Dilutive options | 0 | 0 |
| Average number of shares and options used in calculation for diluted EPS | 391 209 367 | 337 015 239 |
| Basic earnings per share (NOK) | -0,37 | -0,10 |
| Diluted earnings per share (NOK) | -0,37 | -0,10 |

Basic earnings per share are based on the weighted average number of common shares outstanding during the period.

FY 2023: The Group had 345,754,822 shares for the first four months of the year. In April the Group made an issue of 68,181,818 new shares in a capital raise. Therefor the weighted average number of shares outstanding YTD 2023 has been calculated by applying a weight of 4/12 of the number of shares before the capital raise, and 8/12 of the total number of shares after the capital raise (413,936,640 shares).

FY 2022: The Group started the year with 310,796,489 shares. In the end of March shares options to the employees were exercised increasing the total number of shares with 1,625,000, followed by an issue of 33,333,333 new shares in a capital raise in April. Therefor the weighted average number of shares outstanding YTD 2022 has been calculated by applying a weight of 1/4 of the number of shares before the capital raise in Q1 2022 (310,796,489 shares), and 3/4 of the total number of shares after the capital raise (345,754,822 shares).

Note 16 Government grants

The Group has received a commitment from The Norwegian Research Council (Norsk Forskningsråd) for two projects started in 2023. The grant is given for one period of three years and is related to the tax incentive scheme "SkatteFUNN" which is a government program designed to stimulate research and development (R&D) in Norwegian trade and industry. The receivable is accounted for as a short-term receivable from the tax authorities. In the financial accounts, the receivable related to the grant is netted partly against the related asset's acquisition cost and partly against expenses recognized in the income statement. Grants for 2023 amounted to NOK 2,037.

| (NOK thousands) | P&L | Balance sheet | 2023 |
|--|--------------|---------------|--------------|
| Systems for data input, handling and analytics | 2 514 | 4 378 | 6 892 |
| Grants | -768 | -542 | -1 310 |
| Landbased Salmon | 2 278 | 1 551 | 3 829 |
| Grants | -505 | -222 | -727 |
| Total "SkatteFUNN" project costs | 3 519 | 5 165 | 8 684 |

Further, the Group has received a commitment from Regional Research Councils (RFF) for the project "Analysis and strategy for management of microbiological environment in land-based farming", and from Fisheries and Aquaculture Industry Research Funding (FHF) for the project "Realization of the potential sensor data for improved efficiency and fish welfare". In the financial accounts, these grants are recognized as income in the P&L. Total grants for 2023 amounted to NOK 2,255 thousand.

| (NOK thousands) | 2023 |
|------------------------------|--------------|
| RFF | 500 |
| FHF | 1 755 |
| Total grants received | 2 255 |

Note 17 Leases

Amounts recognised in the balance sheet

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|----------------------------------|---------------|---------------|
| Right-of-use assets | | |
| Rent of premises | 6 153 | 8 211 |
| Car | 2 639 | 1 079 |
| Office supply | 3 292 | 3 711 |
| Total right-of-use assets | 12 084 | 13 001 |
| Lease liabilities | | |
| Current | 4 350 | 3 553 |
| Non-current | 8 189 | 9 676 |
| Total lease liabilities | 12 539 | 13 228 |

Amounts recognised in the statement of profit or loss

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|--|--------------|--------------|
| Depreciation right-of-use assets | | |
| Rent of premises | 2 058 | 2 082 |
| Car | 988 | 619 |
| Office supply | 1 472 | 975 |
| Gross depreciation | 4 518 | 3 676 |
| - Capitalized as assets under construction | 0 | 0 |
| Net depreciation | 4 518 | 3 676 |
| Interest expense lease liability | 633 | 577 |

The total cash outflow for leases in 2023 was NOK 5,092 thousand.

| | Rent of premises | Vehicles | Equipment |
|---------------------------------------|------------------|------------------|------------------|
| Right-of-use assets 01.01.2023 | 8 211 | 1 079 | 3 711 |
| Additions | 0 | 2 548 | 1 053 |
| Depreciations | -2 058 | -988 | -1 472 |
| Right-of-use assets 31.12.2023 | 6 153 | 2 639 | 3 292 |
| Lease liabilities 01.01.2023 | 8 175 | 1 119 | 3 934 |
| Additions | 0 | 2 548 | 1 053 |
| Repayments | -1 782 | -1 674 | -835 |
| Lease liabilities 31.12.2023 | 6 393 | 1 993 | 4 152 |
| Leasing period | 3-5 years | 3-5 years | 3-5 years |

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentive received
- any initial direct costs, and - restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has entered into several lease agreements that are considered to qualify as short-term and/or low value in accordance with IFRS 16. Payments associated with such short-term and low-value leases are recognised on a straight-line basis as an expense in profit or loss. Short-

term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Note 18 Other current receivables

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|--|---------------|---------------|
| Prepaid expenses | 24 684 | 9 022 |
| VAT receivable | 0 | 17 475 |
| Other receivables | 4 400 | 16 332 |
| Government grant ("Enova") | 0 | 19 373 |
| Tax incentive scheme ("Skattefunn") | 2 037 | 4 750 |
| Total other current receivables | 31 121 | 66 951 |
| | <i>0</i> | <i>0</i> |

| Current receivables pr 31.12.23 | 0-3 months | 4-12 months | Total |
|--|---------------|---------------|---------------|
| Prepaid expenses | 17 235 | 7 449 | 24 684 |
| Other receivables | 2 912 | 1 488 | 4 400 |
| Tax incentive scheme ("Skattefunn") | 0 | 2 037 | 2 037 |
| Total other current receivables | 20 147 | 10 974 | 31 121 |

As of 31 December 2023, and 2022, the Group's other current receivables were due within one year and considered fully collectible. Accordingly, the fair value of the Group's other current receivables was equal to nominal value, no bad debt was recognized for the years then ended, and management did not consider a provision for uncollectible accounts necessary.

Receivables denominated in foreign currencies are valued at the daily rate. Due to the short-term nature of current receivables, their carrying amount is considered equal to their fair value. As of 31 December 2023, and 2022, the Group's other current receivables, specified by currencies, consisted of the following:

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|--|---------------|---------------|
| NOK | 31 121 | 66 951 |
| Other | 0 | 0 |
| Total other current receivables | 31 121 | 66 951 |

Note 19 Derivative financial instruments

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|--|---------------|---------------|
| Derivative financial assets | | |
| Derivatives not designated as hedging instruments | | |
| Interest rate swaps | 12 666 | 11 719 |
| Currency hedging | 234 | 0 |
| Total financial assets | 12 900 | 11 719 |
| Derivatives designated as hedging instruments | | |
| Power hedging contract | 0 | 13 903 |
| Total derivatives not designated as hedging instruments | 0 | 13 903 |
| Total derivative financial assets | 12 900 | 25 622 |

The derivative financial assets relate to hedging contracts for the Group's interest rate exposure and consist of an interest rate swap contract of NOK 50 million in Sparebanken Vest and a similar contract of NOK 150 million in Nordea. Both contracts are due January 2028, and has a swap fixed interest of 1.79 %. Changes in Market Value is registered as unrealized profit/loss under financial income and allocated to, an unrealized profit/loss as other current receivables in the balance sheet.

Due to changes in construction and production plan a significant part of the energy contract originally was done to hedge the energy usage, the contract was not considered as own use, and therefor measured at fair value. The power hedging contract with Statkraft was valued to NOK 13.9 million at end of 2022. The fair value was calculated by using contracted volumes to until 31.12.2023, and calculating net present value of these volumes by using relevant forward prices in the energy market (adjusted for EURNOK forward prices). The agreement period expired on 31.12.2023 and the value is zero at the end of the year.

See note 3 for further description and more details on valuation method.

Note 20 Cash and restricted cash

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|--|----------------|----------------|
| Cash in bank | 382 826 | 275 944 |
| Restricted bank deposits | 3 570 | 2 815 |
| Total cash and cash equivalents | 386 396 | 278 759 |

Restricted cash are related to tax withholdings for employees (NOK 3,570 thousand).

Note 21 Share Capital & Capital history

| | Nominal value | 31 Dec 2023 | 31 Dec 2022 |
|--------------------------|---------------|--------------------|--------------------|
| Ordinary shares | 0,05 | 413 936 640 | 345 754 822 |
| Average number of shares | 0,05 | 395 531 302 | 337 015 239 |
| (NOK thousands) | | | |
| | | 31 Dec 2023 | 31 Dec 2022 |
| Share capital | | 20 697 | 17 288 |
| Share premium | | 2 124 647 | 1 627 073 |
| Total | | 2 145 344 | 1 644 361 |

The number of shares issued in the Group on 31 December 2023 was 413,936,640 with a nominal value of NOK 0.05 each. All shares carry equal voting rights.

| 20 largest shareholders as of 31.12.23 | No of shares | Percentage share |
|---|---------------------|-------------------------|
| Ronja Capital II AS | 30 140 645 | 7,3 % |
| The Bank of New York Mellon SA/NV | 26 128 070 | 6,3 % |
| Farvatn Private Equity AS | 18 939 433 | 4,6 % |
| Hongkong and Shanghai Banking Corp | 16 044 572 | 3,9 % |
| Rofisk AS | 14 537 897 | 3,5 % |
| Kjøllås Stansekniver AS | 12 506 439 | 3,0 % |
| J.P. Morgan SE | 11 761 639 | 2,8 % |
| Stette Invest AS | 11 744 288 | 2,8 % |
| Verdipapirfondet DNB Norge | 11 113 276 | 2,7 % |
| Ewos AS | 9 480 984 | 2,3 % |
| Verdipapirfondet DNB SMB | 9 302 408 | 2,2 % |
| Jakob Hatteland Holding AS | 8 758 786 | 2,1 % |
| Mevold Invest AS | 8 141 141 | 2,0 % |
| Lyngheim Invest AS | 8 049 252 | 1,9 % |
| Bortebakken AS | 7 856 330 | 1,9 % |
| VPF DNB Norge Selektiv | 7 424 509 | 1,8 % |
| J.P. Morgan SE | 4 652 771 | 1,1 % |
| Salmoserve AS | 4 000 000 | 1,0 % |
| Verdipapirfondet Nordea Avkastning | 3 578 295 | 0,9 % |
| Clearstream Banking S.A. | 3 377 732 | 0,8 % |
| Total 20 largest shareholders | 227 538 467 | 54,9 % |
| Other shareholders | 186 398 173 | 45,1 % |
| Total number of shares | 413 936 640 | 100,0 % |

As of 31 December 2023, shares held directly or indirectly by members of the Board of Directors, Chief Executive officer, and Executive Management consisted of the following:

| | No of shares | Percentage share |
|--|-------------------|------------------|
| Peder Stette, Member of the board - Stette Invest AS | 11 744 288 | 2,8 % |
| Vibecke Bondø, Member of the board - Bondø Invest AS | 1 948 052 | 0,5 % |
| Ingjarl Skarvøy, COO - Terra Mare AS and private | 1 800 150 | 0,4 % |
| Janne-Grethe Strand Aasnæs, Member of the board - Nikaro AS | 480 000 | 0,1 % |
| Trond Håkon Schaug-Pettersen, CEO - Troha Invest AS | 400 000 | 0,1 % |
| Odd Frode Roaldsnes, CCO - Anno Invest AS | 250 000 | 0,1 % |
| Anne Breiby, Member of the board | 168 935 | 0,0 % |
| Kamilla Mordal Holo, Project Director - C10 Holding AS & private | 160 060 | 0,0 % |
| Trond Vadset Veibust, CFO - Trollkyrkja AS | 55 000 | 0,0 % |
| Jan-Emil Johannessen, Member of the board - Jawendel AS | 40 000 | 0,0 % |
| Henriette Nordstrand, Technical Director - Heno Holding AS | 32 849 | 0,0 % |
| Tore-Jakob Reite, Director Strategic Projects | 1 250 | 0,0 % |
| Total | 17 080 584 | 4,1 % |

Capital history

| (figures in NOK 1000) | Date | Capital Increase | Share Capital After Change | Par Value | Subscription price per share | New shares | Total no. of outstanding shares |
|------------------------------------|-------------------|------------------|----------------------------|-------------|------------------------------|-------------|---------------------------------|
| Opening balance 1 July 2020 | | | 5 375 159 | 0,05 | | | 107 503 182 |
| Share options exercised | 10 July 2020 | 30 000 | 5 405 159 | 0,05 | 3,33 | 600 000 | 108 103 182 |
| Private placement | 23 July 2020 | 581 395 | 5 986 554 | 0,05 | 4,30 | 11 627 906 | 119 731 088 |
| Private placement | 11 September 2020 | 5 000 000 | 10 986 554 | 0,05 | 5,00 | 100 000 000 | 219 731 088 |
| Private placement | 23 March 2021 | 4 166 667 | 15 153 221 | 0,05 | 6,00 | 83 333 333 | 303 064 421 |
| Acquisition Kraft Laks | 16 August 2021 | 109 535 | 15 262 756 | 0,05 | 7,58 | 2 190 694 | 305 255 115 |
| Private placement | 12 October 2021 | 277 068 | 15 539 824 | 0,05 | 7,71 | 5 541 374 | 310 796 489 |
| Share options exercised | 26 March 2022 | 81 250 | 15 621 074 | 0,05 | 4,80 | 1 625 000 | 312 421 489 |
| Private placement | 5 April 2022 | 1 666 667 | 17 287 741 | 0,05 | 9,00 | 33 333 333 | 345 754 822 |
| Private placement | 18 April 2023 | 3 409 091 | 20 696 832 | 0,05 | 7,70 | 68 181 818 | 413 936 640 |

The Group entered into an investment agreement with Dongwon Industries and completed a NOK 50 million private placement towards Dongwon Industries in July 2020.

The Group raised NOK 500 million in a private placement in connection with its initial public offering related to the admission on Merkur Market (now Oslo Børs) in September 2020. Further, the Group also raised another NOK 500 million in a private placement in March 2021.

In August 2021 the Group acquired 100% of the shares in Kraft Laks AS. As part of the settlement the Group issued 2,190,694 new shares of NOK 7.5775 per share, and thereby increased its equity by NOK 16.6 million. In October 2021 the Group carried out a private placement of USD 5m (NOK ~43m) towards Cargill.

Further, in April 2022 the Group carried out a private placement raising gross proceeds of NOK 300 million at a subscription price of NOK 9.00 per share, bringing total raised equity to more than NOK 1.7 billion.

In April 2023 the Group carried out a private placement raising gross proceeds of NOK 525 million at a subscription price of NOK 7.7 per share, bringing total raised equity to more than NOK 2.2 billion.

Note 22 Interest bearing debt

| Long-term interest bearing debt | | |
|---|-------------------|-------------------|
| (NOK thousand) | 31.12.2023 | 31.12.2022 |
| Debt to credit institutions | 569 969 | 513 169 |
| Other long-term interest bearing debt | 0 | 0 |
| Leasing liabilities | 8 189 | 9 676 |
| Total long-term interest-bearing debt | 578 158 | 522 845 |
| Short-term interest bearing debt | | |
| (NOK thousand) | 31.12.2023 | 31.12.2022 |
| Debt to credit institutions | 103 275 | 42 512 |
| Other short-term interest bearing debt | 0 | 12 841 |
| Leasing liabilities | 4 350 | 3 553 |
| Total short-term interest-bearing debt | 107 625 | 58 906 |
| Total interest-bearing debt | 685 783 | 581 750 |
| Cash & cash equivalents | 386 396 | 278 759 |
| Net interest-bearing debt | 299 387 | 302 991 |

In Q1 2023 the Group signed a NOK 1,550 million green debt financing package with DNB and Nordea relating to phase 1 and 2 at Indre Harøy, thus refinancing the existing senior secured debt financing package. The new package consisted of a NOK 525 million non-amortizing term loan facility to the existing NOK 525 million construction loan relating to phase 1, a NOK 250 million revolving credit facility available for general corporate purposes including Indre Harøy phase 2 capex and a NOK 775 million construction facility available for financing of capex relating to phase 2 at Indre Harøy. Additionally, the Group has a NOK 100 million Overdraft Facility with Nordea. The refinancing was completed in April 2023.

As per 31 December 2023, NOK 525 million was drawn of the secured green debt financing package. In addition, the Group has drawn NOK 90 million of the Overdraft Facility.

The Group has also entered into loan agreements for a total of NOK 60 million relating to Salmon Evolution Dale AS of which around NOK 58 million was drawn as per 31 December 2023. This financing is for financing of working capital, investments in Salmon Evolution Dale as well as refinancing of the seller's credit from the acquisition of Salmon Evolution Dale AS.

The above table does not include other long-term liabilities of NOK 8.7 million related to property and water rights in Salmon Evolution Dale AS.

Financial covenants

The most important financial covenants for the long-term financing of the Group are, respectively, a solvency requirement that the borrower's (Salmon Evolution Norway AS) book equity ratio (including intra-group loans) shall be minimum 45%. Further, there is a profitability requirement linked to the borrower's EBITDA which shall be greater than NOK 150 million on a last 12-month basis from Q4 2025. Quarterly EBITDA figures shall be measured from Q4 2023 with set minimum EBITDA levels reflecting the company's gradual ramp up of production volumes

and profitability. In anticipation of not being able to meet its minimum EBITDA requirement for Q4 2023, the loan agreement was amended from lender dated 19 December 2023. First test of EBITDA requirement will be Q1 2024.

Finally, there is a minimum cash requirement that stipulates that the obligors (Salmon Evolution Norway AS, Salmon Evolution Sales AS and Salmon Evolution ASA) cash balance shall be greater than NOK 100 million at any time. Any undrawn and available amounts under the revolving facility and the overdraft is included in the calculation of the cash balance.

Security

The Group's bank debt facilities are fully guaranteed by Salmon Evolution ASA. The respective lenders also have a pledge over 100% of the shares in the borrower, Salmon Evolution Norway AS and Salmon Evolution Dale AS. Furthermore, the respective lenders have a pledge over all material operating assets of the Group, hereunder inter alia, land, plant and machinery, operating licenses, inventory and receivables.

| Information supporting the cash flows (NOK thousand) | Interest bearing debt | |
|---|-----------------------|----------------|
| | Short term | Long term |
| Balance at January 1, 2022 | 14 322 | 221 221 |
| Repayment of loans and borrowings | -13 086 | 0 |
| Proceeds from new bank loan | 42 512 | 313 169 |
| Seller credit Kraft Laks | 12 841 | -12 352 |
| Obligations due to land and water rights | 0 | 573 |
| Change in obligations under leases | 2 316 | 8 784 |
| Balance at Dec 31, 2022 | 58 906 | 531 394 |
| Repayment of loans and borrowings | -12 841 | 0 |
| Proceeds from new bank loan | 60 763 | 56 800 |
| Obligations due to land and water rights | 0 | 153 |
| Change in obligations under leases | 797 | -1 487 |
| Balance at Dec 31, 2023 | 107 625 | 586 859 |

Note 23 Trade and other current liabilities

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|-----------------------------|---------------|----------------|
| Trade payables operation | 33 812 | 21 483 |
| Trade payable constructions | 37 687 | 113 616 |
| Total trade payables | 71 499 | 135 098 |

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|--|--------------|--------------|
| Tax payable | 415 | 2 077 |
| Payroll withholding tax | 3 563 | 2 810 |
| Employer's national insurance contributions | 3 329 | 2 199 |
| VAT payable | 966 | 0 |
| Total social security and other taxes | 8 273 | 7 086 |

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|--|---------------|--------------|
| Accrued employer's social security contribution | 0 | 0 |
| Shareholder loan | 0 | 0 |
| Accrued salaries, holiday pay and bonus provisions | 10 410 | 6 869 |
| Severance pay accrual | 0 | 0 |
| Accrued interest expense | 4 225 | 2 915 |
| Other current liabilities | 0 | 0 |
| Total other current liabilities | 14 635 | 9 783 |

Note 24 Related party balances and transactions

During the ordinary course of business, the Group engages in certain transactions with related parties. The following is a summary of related party transactions carried out in the period:

The Group has a consultancy agreement with Peder Stette (board member) and Frode Kjølås (chair nomination committee) relating to assistance in certain projects on an ad-hoc basis.

The Group has during 2023 purchased legal services from Adviso Advokatfirma AS in the amount of NOK 77,000 in its ordinary course of business. Board member Ingvild Vartdal is a partner at Adviso Advokatfirma AS but has not had any role in the services rendered to Salmon Evolution.

In Addition, the Group have purchased well boat services from Rostein AS in the amount of NOK 1.7 million. Rofisk AS owns Rostein AS (100%), and former board member (until June 2023) Glen Allan Bradley is the chair of the Board in Rofisk AS.

Income from related parties:

| (NOK thousands) | 2023 | 2022 |
|--|-------|-------|
| K Smart Co Ltd | 9 765 | 1 560 |
| Total income from related parties (incl.VAT) | 9 765 | 1 560 |

Expenses to related parties:

| (NOK thousands) | 2023 | 2022 |
|---|-------|-------|
| Rofisk AS (100% owner of Rostein AS) | 4 291 | 1 686 |
| Adviso Advokatfirma AS | 77 | 206 |
| Kjølås Stansekniver AS | 1 081 | 936 |
| Stette Eiendom AS | 15 | 479 |
| Total expenses to related parties (Incl. VAT) | 5 464 | 3 308 |

Current liabilities to related parties

| (NOK thousands) | 2023 | 2022 |
|--|------|------|
| Rofisk AS (100% owner of Rostein AS) | 890 | 150 |
| Kjølås Stansekniver AS | 40 | 93 |
| Total current liabilities to related parties | 930 | 243 |

Current receivables from related parties

| (NOK thousands) | 2023 | 2022 |
|--|--------|-------|
| K Smart Farming Co., Ltd | 11 326 | 1 560 |
| Total current liabilities to related parties | 11 326 | 1 560 |

There were no non-current liabilities to related parties as of 31.12.2023.

Note 25 Events after the reporting date

No material subsequent events.

Parent company Financial Statement

Income Statement

| (NOK thousands) | Note | 2023 | 2022 |
|-----------------------------------|------|----------------|----------------|
| Other revenue | 3 | 29 376 | 15 215 |
| Total operating revenue | | 29 376 | 15 215 |
| Personnel expenses | 4,5 | -49 403 | -21 973 |
| Depreciation | 6,7 | -3 119 | -1 938 |
| Other operating expenses | 4,8 | -38 838 | -27 603 |
| Operating profit (EBIT) | | -61 984 | -36 300 |
| Financial income | 3 | 76 850 | 58 436 |
| Financial expenses | 3,9 | -11 497 | -4 332 |
| Net financials | | 65 353 | 54 104 |
| Profit/loss before tax | | 3 369 | 17 804 |
| Income tax expense | 10 | 763 | 486 |
| Profit/loss for the period | | 4 132 | 18 290 |

Statement of Comprehensive Income

| (NOK thousands) | Note | 2023 | 2022 |
|-----------------------------------|------|--------------|---------------|
| Profit/loss for the period | | 4 132 | 18 290 |

Statement of Financial Position

| (NOK thousands) | Note | 31 Dec 2023 | 31 Dec 2022 |
|--|------|------------------|------------------|
| Assets | | | |
| Intangible assets | 6 | 5 835 | 2 564 |
| Deferred tax asset | 10 | 3 891 | 5 205 |
| Property, plant & equipment | 6 | 835 | 1 091 |
| Right-of-use assets | 6,7 | 8 309 | 9 841 |
| Group non-current receivables | 3 | 1 429 342 | 1 057 808 |
| Investment in subsidiaries | 11 | 359 288 | 359 197 |
| Total non-current assets | | 1 807 501 | 1 435 705 |
| Other current receivables | 3 | 120 512 | 43 711 |
| Cash and cash equivalents | 12 | 377 427 | 254 610 |
| Total current assets | | 497 940 | 298 321 |
| Total assets | | 2 305 440 | 1 734 026 |
| Equity and liabilities | | | |
| Share capital | 13 | 20 697 | 17 288 |
| Share premium | 13 | 2 103 467 | 1 605 894 |
| Other reserves | 5 | 9 978 | 7 540 |
| Other equity | | 0 | 0 |
| Retained earnings | | 30 335 | 26 202 |
| Total equity | | 2 164 476 | 1 656 923 |
| Long-term interest bearing debt | 9 | 25 000 | 12 500 |
| Lease liabilities - long term | 7 | 5 790 | 7 602 |
| Total non-current liabilities | | 30 790 | 20 102 |
| Short-term interest bearing debt | 9 | 90 069 | 43 174 |
| Trade payables | 14 | 2 836 | 5 415 |
| Current liabilities to Group Companies | 3 | 3 476 | 37 |
| Lease liabilities - short term | 7 | 2 797 | 2 390 |
| Other current liabilities | 14 | 10 995 | 5 984 |
| Total current liabilities | | 110 174 | 57 001 |
| Total liabilities | | 140 964 | 77 103 |
| Total equity and liabilities | | 2 305 440 | 1 734 026 |

The Board of Directors of Salmon Evolution ASA
Elnesvågen/Ålesund 16 April 2024



Tore Tønseth
Chair



Janne-Grethe Strand Aasnæs
Director



Anne Breiby
Director



Peder Stette
Director



Vibecke Bondø
Director



Eunhong Min
Director



Ingvild Vartdal
Director



Jan-Emil Johannessen
Director



Trond Håkon Schaug-Pettersen
CEO

Statement of Cash Flow

| (NOK thousands) | Note | 2023 | 2022 |
|--|------|----------------|----------------|
| Cash flow from operations | | | |
| Profit before income taxes | | 3 369 | 17 804 |
| Adjustments for: | | | |
| Depreciation | 6 | 3 119 | 1 938 |
| Net financials | 3 | -65 353 | -53 078 |
| Share based payment expenses | 4 | 2 438 | 3 201 |
| Changes in working capital: | | | |
| Change in trade receivables | | -13 439 | -2 797 |
| Change in other current receivables | | -64 262 | -38 533 |
| Change in trade payables | | -2 579 | 4 846 |
| Change in current liabilities to Group companies | 3 | 3 440 | 37 |
| Change in other current liabilities | | -5 753 | 3 602 |
| Cash generated from operations | | -139 020 | -62 980 |
| Cash flow from investment activities | | | |
| Investment in Group Companies | 11 | -1 156 | -2 419 |
| Payments for intangible assets | 6 | -3 271 | -2 564 |
| Payments for fixed assets and other capitalizations | 6 | -41 | -1 193 |
| Dividend income from group companies | | 0 | 12 000 |
| Net cash flow from investment activities | | -4 467 | 5 823 |
| Cash flow from financing activities | | | |
| Proceeds from issue of equity, net of paid transaction costs | 13 | 500 982 | 294 538 |
| Change in intercompany borrowings | 3 | -309 638 | -409 968 |
| Proceeds from new borrowings | 9 | 72 236 | 42 833 |
| Repayment of borrowings | 9 | 0 | -12 841 |
| Net change in right of use assets and liabilities | | -2 697 | -1 685 |
| Interest paid | | -11 497 | -1 924 |
| Interest received | | 16 918 | 45 410 |
| Net cash flow from financing activities | | 269 713 | -41 888 |
| Net change in cash and cash equivalents | | 122 817 | -100 792 |
| Cash and cash equivalents at the beginning of the period | | 254 610 | 355 403 |
| Cash and cash equivalents at the end of the period | | 377 427 | 254 610 |

Statement of Changes in Equity

| (NOK thousands) | Note | Share capital | Share premium | Retained Earnings | Other Reserves | Total equity |
|---------------------------------------|-----------|---------------|------------------|-------------------|----------------|------------------|
| Balance at 1 January 2022 | | 15 540 | 1 313 104 | 7 912 | 4 338 | 1 340 894 |
| Profit/loss for the period | | 0 | 0 | 18 290 | 0 | 18 290 |
| Other comprehensive income | | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income | | 0 | 0 | 18 290 | 0 | 18 290 |
| Share options exercised | | 81 | 7 724 | 0 | 0 | 7 805 |
| Private placement 5. April 2022 | | 1 129 | 202 041 | 0 | 0 | 203 169 |
| Private placement, 2. May 2022 | | 538 | 96 293 | 0 | 0 | 96 831 |
| Private placements, transaction costs | | 0 | -13 267 | 0 | 0 | -13 267 |
| Share options issued | | 0 | 0 | 0 | 3 201 | 3 201 |
| Transactions with owners | | 1 748 | 292 790 | 0 | 3 201 | 297 740 |
| Balance at 31 December 2022 | 13 | 17 288 | 1 605 894 | 26 202 | 7 540 | 1 656 923 |
| Balance at 1 January 2023 | | 17 288 | 1 605 894 | 26 202 | 7 540 | 1 656 923 |
| Profit/loss for the period | | 0 | 0 | 4 132 | 0 | 4 132 |
| Other comprehensive income | | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income | | 0 | 0 | 4 132 | 0 | 4 132 |
| Share options exercised | | 0 | 0 | 0 | 0 | 0 |
| Private placement, April 2023 | | 3 409 | 521 591 | 0 | 0 | 525 000 |
| Private placements, transaction costs | | 0 | -24 018 | 0 | 0 | -24 018 |
| Share options issued | | 0 | 0 | 0 | 2 438 | 2 438 |
| Transactions with owners | 13 | 3 409 | 497 573 | 0 | 2 438 | 503 420 |
| Balance at 31 December 2023 | 13 | 20 697 | 2 103 467 | 30 335 | 9 978 | 2 164 476 |

Note 1 Summary of significant accounting policies

General information

Salmon Evolution ASA is a Norwegian business headquartered in Hustadvika, Møre og Romsdal and listed on the Oslo Børs with the ticker symbol "SALME". Salmon Evolution ASA owns the following subsidiaries (collectively "the Group" or "SE");

- Salmon Evolution Norway AS, headquartered and located in Elnesvågen, Norway
- Salmon Evolution International AS,
- Salmon Evolution Dale AS,
- Salmon Evolution Sales AS

SE is in the process of constructing a land-based salmon farming facility with a planned annual harvesting capacity of 31,500 tonnes HOG. The build-out is expected to be in three phases, with the first phase expected to consist of build out of land acquisition, building of foundation, water pumps supporting all three phases and build out of 12 grow out tanks and hatchery. SE operates a hybrid flow-through system ("HFS"), replacing the water every four hours with clear and fresh water from the Norwegian coast. Construction start of phase I was in Q1 2020 with completion in Q2 2023. Production started in the end of Q1 2022 when the first smolt was entered the first tank with first harvest late Q4 2022. Phase II consists of build out of an additional 12 grow out tanks with first smolt expected entered in H2 2024. The last construction phase, phase III, consists of build-out of an additional 24 grow out tanks.

Basis of preparation and accounting principles

The financial statements of the Company have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS. Principally this means that recognition and measurement comply with IFRS® International Accounting Standards and presentation and note disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles. Any exceptions from measurement and recognition according to IFRS is disclosed below.

Accounting period

The company was incorporated on 3 July 2020. The accounting period for the financial statements are 1 January 2022 - 31 December 2023.

Going concern

The Company has adopted the going concern basis in preparing its financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing customer contracts and other service contracts, debt service and obligations. After making such assessments, management has a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future.

Basis of measurement

The financial statements have been prepared under the historical cost basis.

Investments in subsidiaries

Investments in subsidiaries are valued at cost in the company accounts. The investment is valued as cost of acquiring shares, providing they are not impaired. An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. The recoverable amount of an investment in a subsidiary would normally be based on the present value of the subsidiary's future cash flow.

Dividends and group contributions

The Company has applied simplifications in regard to the Directives specified by the Norwegian Ministry of Finance on 21. of January 2008, related to accounting treatment of dividends and group contributions: Dividends and group contributions will be treated in accordance with the Norwegian Accounting Act and deviates from IAS 10 no. 12 and 13.

Classification of current and non-current items

Assets are classified as current when it is expected to be realized or sold, or to be used in the Company's normal operating cycle, or falls due or is expected to be realized within 12 months after the end of the reporting date. Assets that do not fall under this definition is classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Company or are expected to be settled within 12 months after the reporting date, or if the Company does not have an unconditional right to postpone settlement for at least 12 months after the reporting date. Liabilities that do not fall under this definition are classified as non-current.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Share based payments

Information relating to the Company's employee option scheme is set out in note 5. The fair value of options granted under the scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (eg the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (eg the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and

service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Pensions

The Group offers a defined contribution plan to its employees and pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions are recognized as employee benefit expense when they are due and are included as part of salary and personnel costs in the statement of profit and loss. Prepaid contributions are recognized as an asset to the extent in which a cash refund or a reduction in the future payments is available.

Current and change in deferred tax for the year

Income Tax

The tax expense represents the sum of the tax currently payable and change in deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. The measurement of deferred tax liabilities and assets reflects the tax

consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Leases

All leasing agreements with a duration exceeding 12 months are capitalized. The Group assesses whether a legally enforceable contract is or contains a lease at the inception date of the contract. The assessment includes several criteria to be determined based on judgment that includes whether there is an identifiable asset in connection to the lease, whether the Group has the right to control the use of the identifiable asset, and whether the Group can obtain substantially all economic benefits from the identifiable asset.

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The lease liability is calculated based on the present value of the contractual minimum lease payments using the incremental interest rate of the lease. The contractual minimum lease payments consist of fixed payments based on contractual amount at the time of conclusion of the agreement. The lease liability is subsequently measured at amortized cost under the effective interest rate during the lease term and may also be adjusted to management's reassessment of future lease payments based on options exercised, renegotiations, or changes of an index rate.

The ROU asset is calculated based on the lease liability, plus initial direct costs towards the lease, and less any incentives granted by the lessor. The ROU asset is subsequently amortized under the straight-line method under the shorter of the lease term or the useful life of the underlying asset and is included as part of depreciation and amortization in the accompanying statements of other comprehensive income.

Leases that fall under the IFRS 16 short-term exception are recognized on a straight-line basis over the lease term.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Trade and Other Receivables

Trade receivables are initially recognized at amortized cost, less a provision for expected credit losses. Credit loss provisions are based on individual customer assessments over each reporting period and not on a 12-month period.

Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Company prior to the end of the financial year and are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at their fair value and are subsequently measured at amortized cost using the effective interest method.

Statement of cash flows

The accompanying statements of cash flows are prepared in accordance with the indirect method.

Note 2 Financial risk and capital management

The Company's financial assets and liabilities include trade and other receivables, trade and other payables, cash, and borrowings necessary for its operations. The Company's risk management is carried out by the Company's finance department. The Company is exposed to market risk, credit risk, and liquidity risk.

Market risk

Market risk is linked to both Interest Rate- and Currency fluctuations.

Interest Rate

The Company's interest rate risk relates primarily to borrowings from financial institutions with variable interest rates. As of 31 December 2023 Salmon Evolution Norway AS, a subsidiary of Salmon Evolution ASA, has outstanding loans from credit institutions amounted to NOK 615 million (excluding financial leasing). The Construction Facility which represents the vast majority of the Company's loan with financial institutions has an interest rate of NIBOR 3M plus an agreed margin of 3.75%. In order to reduce exposure to fluctuations in the interest rate Salmon Evolution Norway AS has entered interest rate swap contracts with Nordea and Sparebanken Vest, of respectively NOK 150 million and NOK 50 million. Salmon Evolution ASA is guarantor for the loan.

Foreign Currency

The Company's foreign currency risk relates to the Company's operating, investing, and financing activities denominated in a foreign currency. This includes the Company's revenues, expenses and capital expenditures. As of 31 December 2023 the Company had not made any contracts.

The Company's presentation currency is Norwegian Kroner ("NOK").

Credit risk

With respect to credit risk arising from the financial assets of the Company, which comprise cash and cash equivalents, and other receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. This risk is not considered to be material.

Liquidity risk

A lack of liquidity will entail a risk that the Company will not be able to pay its obligations on maturity. Management monitors rolling forecasts of the Company's liquidity reserve (comprising cash and cash

equivalents) based on expected cash flows. The Company's business plan and growth strategy is capital intensive, and the Company may be dependent upon future equity issues and/or debt financing in order to finance its current long-term plans.

Note 3 Intercompany balances and intercompany transactions

| (NOK thousands) | Non-current receivables | Current receivables | Non-current liabilities | Current liabilities |
|------------------------------------|----------------------------|------------------------|----------------------------|------------------------|
| Salmon Evolution Norway AS | 1 395 187 | 89 736 | 0 | 3 310 |
| Salmon Evolution International AS | 31 190 | 0 | 0 | 0 |
| Salmon Evolution Dale AS | 0 | 3 075 | 0 | 166 |
| Salmon Evolution Sales AS | 1 000 | 27 | 0 | 0 |
| Salmon Evolution North America | 1 964 | 0 | 0 | 0 |
| K Smart Farming Co., Ltd | 0 | 11 326 | 0 | 0 |
| Total intercompany balances | 1 429 342 | 104 164 | 0 | 3 476 |

Intercompany and related party transactions:

| (NOK thousands) | Revenue | Interest |
|--|---------------|---------------|
| Salmon Evolution Norway AS | 19 286 | 48 783 |
| Salmon Evolution International AS | 0 | 1 234 |
| Salmon Evolution Dale AS | 0 | 0 |
| Salmon Evolution Sales AS | 0 | 0 |
| K Smart Farming Co., Ltd | 10 054 | 0 |
| Total intercompany transactions | 29 340 | 50 017 |

Investments in Salmon Evolution Norway AS and Salmon Evolution International AS is partly financed with loan from Salmon Evolution ASA. The interest rate on these loans is set at an interest rate of 4 %.

Intercompany receivables to Salmon Evolution Norway AS are unsecured. The bank loans have security in all material assets of Salmon Evolution Norway AS, including but not limited to land and plant and machinery. Salmon Evolution ASA as parent company of the Group has also fully guaranteed the Group's bank loans.

Carrying value of the investment property pledged as security is NOK 1,981 million.

Salmon Evolution ASA also requires an administration fee from Salmon Evolution Norway AS. This fee covers administration, advice, and development of the company, and is invoiced based on time spent by the employees of the parent company in the various areas. Total amount in 2023 was NOK 19.3 million.

In addition, the company has required refund of costs from K Smart Farming Co., Ltd to expats posted in Korea, and apprentices from Korea who have had residency in Norway.

There were no other transactions with group companies and related parties in 2023.

Note 4 Personnel expenses, remuneration to the board and auditor's fee

Personnel expenses, remuneration to executives and accrued liabilities to be paid in 2023

| (NOK thousands) | 2023 | 2022 |
|--|---------------|---------------|
| Salaries | 35 240 | 12 880 |
| Social security | 6 074 | 2 184 |
| Pensions | 1 859 | 512 |
| Other benefits | 695 | 1 894 |
| Share-based payments | 2 347 | 1 782 |
| Director's fee (both paid in 2023 and liabilities to be paid 2024) | 3 188 | 2 721 |
| Gross personnel expenses | 49 403 | 21 973 |

Number of full-time employment equivalents **30** **9**

Norwegian entities are obligated to establish a mandatory company pension. This obligation is fulfilled under the current pension plan. No loans or guarantees have been given to the members of the board of directors or executive management.

Remuneration and compensation to members of the board

| (NOK thousands) | 2023 | 2022 |
|--|--------------|--------------|
| Tore Tønseth (Chairman of the Board) | 500 | 500 |
| Janne-Grethe A. Strand (Member of the board and leader of audit committee) | 500 | 500 |
| Glen Bradley (Member of the Board and audit committee) | 375 | 375 |
| Peder Stette (Member of the Board) | 250 | 250 |
| Anne Breiby (Member of the Board) | 250 | 250 |
| Eunhong Min (Member of the board) | 250 | 0 |
| Ingvild Vartdal (Member of the Board) | 250 | 250 |
| Håkon Andre Berg (Member of the Board) | 146 | 0 |
| Kristofer Reiten (Member of the Board) | 0 | 250 |
| Yun Ki Yun (Member of the board) | 0 | 250 |
| Frode Kjølås (Nomination committee) | 75 | 75 |
| Berit Rogne (Nomination committee) | 50 | 50 |
| Trond Svinø (Nomination committee) | 50 | 0 |
| Total board of Directors | 2 696 | 2 750 |

Remuneration and compensation to executive management 2023

| (NOK thousands) | Salary | Bonus | Pension | Other | Total |
|--|---------------|------------|------------|------------|---------------|
| Trond Håkon Schaug-Petterson (CEO) | 2 740 | 500 | 71 | 272 | 3 583 |
| Trond Vadset Veibust (CFO from 01.04.2023) | 1 243 | | 71 | 120 | 1 434 |
| Ingjarl Skarvøy (COO) | 1 946 | | 71 | 206 | 2 223 |
| Kamilla Holo Mordal (Project Director) | 1 623 | | 71 | 15 | 1 709 |
| Odd Frode Roaldsnes (CCO) | 1 729 | | 71 | 168 | 1 968 |
| Henriette Nordstrand (Technical Director) | 1 108 | | 64 | 23 | 1 194 |
| Tore-Jakob Reite (Director Strategic Projects from 17.02.2023) | 807 | | 67 | 29 | 903 |
| Total executive management | 11 196 | 500 | 486 | 833 | 13 014 |

Remuneration and compensation to executive management 2022

| (NOK thousands) | Salary | Bonus | Pension | Other | Total |
|--|---------------|------------|------------|------------|---------------|
| Trond Håkon Schaug-Pettersen (CFO/CEO/Chairman) | 2 228 | | 67 | 246 | 2 541 |
| Håkon André Berg (CEO until Oct 22) | 2 722 | | 67 | 208 | 2 997 |
| Ingjarl Skarvøy (COO) | 1 844 | | 67 | 162 | 2 073 |
| Kamilla Holo Mordal (Project Director) | 1 482 | 100 | 67 | 8 | 1 658 |
| Odd Frode Roaldsnes (CCO) | 1 533 | | 67 | 17 | 1 617 |
| Henriette Nordstrand (Technical Director, from 15.08.22) | 380 | | 29 | 22 | 431 |
| Total executive management | 10 190 | 100 | 363 | 663 | 11 316 |

Compensation to executive management related to options 2023

| (NOK thousands) | Options |
|--|--------------|
| Trond Håkon Schaug-Pettersen (CEO) | 871 |
| Trond Vadset Veibust (CFO from 01.04.2023) | 197 |
| Ingjarl Skarvøy (COO) | 351 |
| Kamilla Holo Mordal (Project Director) | 328 |
| Odd Frode Roaldsnes (CCO) | 363 |
| Henriette Nordstrand (Technical Director) | 50 |
| Tore-Jakob Reite (Director Strategic Projects from 17.04.2023) | 50 |
| Total executive management | 2 210 |

Compensation to executive management related to options 2022

| (NOK thousands) | Options |
|--|--------------|
| Trond Håkon Schaug-Pettersen (CEO from oct 2022, CFO) | 1 399 |
| Ingjarl Skarvøy (COO) | 600 |
| Kamilla Holo Mordal (CPO) | 567 |
| Odd Frode Roaldsnes (CCO) | 615 |
| Henriette Nordstrand (Technical Director from sept-22) | 0 |
| Håkon André Berg (CEO until oct 2022) | 20 |
| Total executive management | 3 201 |

Auditor's remuneration

| (NOK thousands) | 2023 | 2022 |
|-----------------------------------|------------|------------|
| Statutory audit | 568 | 440 |
| Service in relation to tax return | 6 | 8 |
| Other services | 19 | 0 |
| Total | 593 | 448 |

Note 5 Share based payments

In August 2021 the Board of the directors established a share option program for members of the Company's executive management where total of 6,900,000 share options were granted, in November 2021 this was updated to 7,650,000 share options. These options were issued on an annual basis with 1/3 each year, with issue dates being 31 August 2021, 1 June 2022 and 1 June 2023. Issued options vest 50% after year one and 50% after year two, with a strike price equal to the closing price of the Company's shares on Oslo Børs on the last trading day prior to the respective to the issue date + 15%.

In 2023, 700,000 share options were granted to executive management in January, 250,000 in June as well as 960,000 to key employees in June. These options were issued with issue date 1 June 2023. Issued options vest 50% after year one and 50% after year two, with a strike price equal to the closing price of the Company's shares on Oslo Børs on the last trading day prior to the respective to the issue date + 15%.

The strike price for the share options issued 31 August 2021 was NOK 9,00 per share, 1 June 2022 NOK 10,06 per share and 1 June 2023 NOK 8,30 per share.

To account for the issued share options, an adjusted Black & Scholes option-pricing model is used by applying a weighted expected average life of 18 months.

The fair value of the options is set on the grant date and is expensed over its lifetime. The fair value of the options has been calculated using the adjusted Black & Scholes option-pricing model, which considers the exercise price, the term of the option, the share price at the grant date, expected price volatility of the underlying share, expected dividend and risk-free rates. Given the recent listing and lack of historical price and volatility data, the expected volatility is based on historical volatility for a selection of comparable companies listed on Oslo Stock Exchange ("Oslo Børs"). The risk-free interest rate is set to equal the interest on Norwegian government bonds with the same maturity as the option. Average key assumptions are listed below.

| Outstanding options (in thousands) | 2023 | 2022 |
|---|--------------|--------------|
| Outstanding options 1 January | 5 150 | 9 275 |
| Options granted | 1 910 | 0 |
| Options exercised | 0 | 1 625 |
| Options forfeited | 0 | 2 500 |
| Outstanding options at end of period | 7 060 | 5 150 |

| (NOK thousands) | 2023 | 2022 |
|---|--------------|--------------|
| Håkon André Berg (CEO until oct 22) | 0 | 20 |
| Trond Håkon Schaug-Pettersen (CEO) | 871 | 1 399 |
| Ingjarl Skarvøy (COO) | 351 | 600 |
| Kamilla Mordal Holo (Project Director) | 328 | 567 |
| Odd Frode Roaldsnes (CCO) | 363 | 615 |
| Trond Vadseth Veibust (CFO) | 197 | 0 |
| Henriette Nordstrand (Technical Director) | 50 | 0 |
| Tore-Jacob Reite (Director Strategic Projects) | 50 | 0 |
| Salmon Evolution ASA -Other Key Personnel | 137 | 0 |
| Salmon Evolution Norway AS - Other Key Personnel | 73 | 0 |
| Salmon Evolution Dale AS - Other Key Personnel | 18 | 0 |
| Total | 2 438 | 3 201 |
| Charges to income statement, Salmon Evolution ASA | 2 347 | 1 782 |
| Charges to the shares in Salmon Evolution Norway AS | 73 | 1 419 |
| Charges to the shares in Salmon Evolution Dale AS | 18 | 0 |

| Key assumptions | 2023 | 2022 |
|---|-------------|-------------|
| Average fair value (NOK) | 0,83 | 1,47 |
| Average exercise price (NOK) | 8,30 | 10,35 |
| Weighted expected average life (in years) | 3,21 | 2,33 |
| Estimated dividend per share (NOK) | 0 | 0 |
| Expected average volatility | 19,6 % | 29,2 % |
| Risk-free rate | 3,31 % | 0,86 % |

| Group management have the following holdings | Holding 01.01 | Awarded | Exercised | Forfeitet | Holding 31.12 |
|--|----------------------|----------------|------------------|------------------|----------------------|
| Håkon André Berg (CEO until oct 22) | 500 | - | - | - | 500 |
| Trond Håkon Schaug-Pettersen (CEO from oct 22 & CFO) | 2 400 | 200 | - | - | 2 600 |
| Ingjarl Skarvøy (COO) | 750 | - | - | - | 750 |
| Kamilla Mordal Holo (Project Director) | 750 | - | - | - | 750 |
| Odd Frode Roaldsnes (CCO) | 750 | - | - | - | 750 |
| Trond Vadseth Veibust (CFO) | - | 500 | - | - | 500 |
| Henriette Nordstrand (Technical Director) | - | 125 | - | - | 125 |
| Tore-Jacob Reite (Director Strategic Projects) | - | 125 | - | - | 125 |
| Total | 5 150 | 950 | - | - | 6 100 |

*Numbers in thousand

Note 6 Property, plant and equipment

| (figures in NOK 1000) | Intangible assets | Fixtures and fittings | Right-of- use assets | Total |
|---|----------------------|--------------------------|-------------------------|---------------|
| Cost 1 January 2023 | 2 564 | 1 193 | 11 682 | 15 439 |
| Additions | 6 059 | 41 | 1 291 | 7 391 |
| Disposals | -2 788 | 0 | 0 | -2 788 |
| Cost 31 December 2023 | 5 835 | 1 234 | 12 973 | 20 042 |
| Accumulated depreciation 1 January 2023 | 0 | 103 | 1 841 | 1 944 |
| Depreciation for the period | 0 | 296 | 2 823 | 3 119 |
| Net book value 31 December 2023 | 5 835 | 835 | 8 309 | 14 980 |

| | | | |
|----------------------------|-----|-----------|-----------|
| Estimated lifetime | n/a | 3-5 years | 3-5 years |
| Depreciation method | n/a | Linear | Linear |

Straight-line depreciation is applied over the useful life of property, plant, and equipment based on the asset's historical cost and estimated residual value at disposal. Depreciation is charged to expense when the property, plant or equipment is ready for use or placed in service.

Capitalised development costs are related to building strategy and purchase of rights for sale and development of own branding.

The company has also activated costs for a research project with grants (Skattefunn) from The Research Council of Norway to improve the quality of landbased salmon. Total cost for this project in 2023 was NOK 3,829 thousand. The receivable is accounted for as a short-term receivable from the tax authorities. In the financial accounts the receivable related to the grant is netted partly against the related asset's acquisition cost and partly against expenses recognised in the income statement. Grants for 2023 amounted to NOK 728 thousand.

| Intangible Assets | 01.01.2023 | Additions | Grants | Disposals | 31.12.2023 |
|---|--------------|--------------|-------------|---------------|--------------|
| "Skattefunn"-project | 0 | 1 551 | -222 | 0 | 1 329 |
| Other research and development projects | 1 250 | 2 788 | 0 | -2 788 | 1 250 |
| Protection rights | 1 314 | 1 942 | 0 | 0 | 3 256 |
| Total | 2 564 | 6 281 | -222 | -2 788 | 5 835 |

Note 7 Leases

Amounts recognised in the balance sheet

(NOK thousands)

31 Dec 2023 31 Dec 2022

Right-of-use assets

| | | |
|----------------------------------|--------------|--------------|
| Rent of premises | 6 153 | 8 101 |
| Car | 938 | 427 |
| Office supply | 1 218 | 1 313 |
| Total right-of-use assets | 8 309 | 9 841 |

Lease liabilities

| | | |
|--------------------------------|--------------|--------------|
| Current | 2 797 | 2 390 |
| Non-current | 5 790 | 7 602 |
| Total lease liabilities | 8 587 | 9 993 |

Amounts recognised in the statement of profit or loss

(NOK thousands)

31 Dec 2023 31 Dec 2022

Depreciation right-of-use assets

| | | |
|--|---------------|---------------|
| Rent of premises | -1 948 | -1 417 |
| Car | -473 | -187 |
| Office supply | -395 | -231 |
| Gross depreciation | -2 816 | -1 836 |
| - Capitalized as assets under construction | | |
| Net depreciation | -2 816 | -1 836 |

| | | |
|----------------------------------|-----------|-----------|
| Leasing period | 3-5 years | 3-5 years |
| Interest expense lease liability | 434 | 409 |

The total cash outflow for leases in 2023 was NOK 3,148 thousand.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentive received
- any initial direct costs, and - restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Company has entered into several lease agreements that are considered to qualify as short-term and/or low-value in accordance with IFRS 16. Payments associated with such short-term and low-value leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Note 8 Other operating expenses

| (NOK thousands) | 2023 | 2022 |
|---|---------------|---------------|
| Cost of premises (not defined as RoU) | 781 | 568 |
| Other operating and administrative expenses | 14 820 | 7 723 |
| Insurance | 699 | 151 |
| Consultancy fees | 21 305 | 17 991 |
| Other fees (Oslo Børs, VPS) | 1 233 | 1 170 |
| Total other operating expenses | 38 838 | 27 603 |

Note 9 Interest bearing debt

Long-term interest bearing debt

| (NOK thousand) | 31.12.2023 | 31.12.2022 |
|--|---------------|---------------|
| Debt to credit institutions | 25 000 | 12 500 |
| Other long-term interest bearing debt | 0 | 0 |
| Leasing liabilities | 5 790 | 7 602 |
| Total long-term interest-bearing debt | 30 790 | 20 102 |

Short-term interest bearing debt

| (NOK thousand) | 31.12.2023 | 31.12.2022 |
|---|---------------|---------------|
| Debt to credit institutions | 90 069 | 30 333 |
| Other short-term interest bearing debt | 0 | 12 841 |
| Leasing liabilities | 2 797 | 2 390 |
| Total short-term interest-bearing debt | 92 866 | 45 565 |

| | | |
|------------------------------------|-----------------|-----------------|
| Total interest-bearing debt | 123 656 | 65 667 |
| Cash & cash equivalents | 377 427 | 254 610 |
| Net interest-bearing debt | -253 771 | -188 943 |

The Group has entered into a senior secured NOK 1,550 million debt financing package relating to its phase 1 and 2 build out at Indre Harøy.

The new debt financing package consists of the following facilities:

- NOK 525 million non-amortizing Term Loan Facility which will refinance the Company's existing NOK 525 million construction loan relating to phase 1 (the "Term Loan")
- NOK 250 million RCF Capex Facility available for general corporate purposes including Indre Harøy phase 2 capex (the "RCF Facility")
- NOK 775 million Construction Facility available for financing of capex relating to phase 2 at Indre Harøy (the "Construction Facility")

Per 31.12.23 the Group had made drawdowns of NOK 525 million under the Construction Facility. In addition, the Company has drawn NOK 90 million on the Overdraft Facility.

The loans are floating interest rate loans denominated in NOK with an interest charge based on NIBOR 3M plus an agreed margin.

Incurred interest expenses and establishing fees during construction period are capitalized as part of assets under construction in accordance with IAS 23.

Financial covenants

The most important financial covenants for the long-term financing of the Group are, respectively, a solvency requirement that the borrower's (Salmon Evolution Norway AS) book equity ratio (including intra-group loans) shall be minimum 45%. Further, there is a profitability requirement linked to the borrower's EBITDA which shall be greater than NOK 150 million on a last 12-month basis from Q4 2025. Quarterly EBITDA figures shall be measured from Q4 2023 with set minimum EBITDA levels reflecting the company's gradual ramp up of production volumes and profitability. In anticipation of not being able to meet its minimum EBITDA requirement for Q4 2023, the loan agreement was amended from lender dated 19 December 2023. First test of EBITDA requirement will be Q1 2024.

Finally, there is a minimum cash requirement that stipulates that the obligors (Salmon Evolution Norway AS, Salmon Evolution Sales AS and Salmon Evolution ASA) cash balance shall be greater than NOK 100 million at any time. Any undrawn and available amounts under the revolving facility and the overdraft is included in the calculation of the cash balance.

Security

The Company's bank debt facilities are fully guaranteed by Salmon Evolution ASA. The respective lenders also have a pledge over 100% of the shares in Salmon Evolution Norway AS and Salmon Evolution Dale AS. Furthermore, the respective lenders have a pledge over all material operating assets of the Group, hereunder inter alia, land, plant and machinery, operating licenses, inventory and receivables.

Note 10 Taxes

Calculation of deferred tax/deferred tax benefit

| (NOK thousands) | 2023 | 2022 |
|---|---------------|---------------|
| Fixed assets | -38 | 206 |
| Right-of-use assets | 8 309 | 9 841 |
| Lease liabilities | -8 587 | -9 993 |
| Net temporary differences | -315 | 54 |
| Tax losses carried forward | 62 453 | 53 995 |
| Basis for deferred tax | 62 769 | 53 941 |
| Deferred tax (22%) | 13 809 | 11 867 |
| Deferred tax benefit not recognised in the balance sheet* | -9 918 | -6 662 |
| Deferred tax in the balance sheet | 3 891 | 5 205 |

*Deferred tax benefit has not been recognised in the balance sheet as the Company is in its start-up phase and does not have any historical results to refer to when assessing whether future taxable profits will be sufficient to utilize the tax benefit. However, there is payable tax in the subsidiary Salmon Evolution Sales AS and deferred tax liability in the subsidiary Salmon Evolution Dale AS. The group assumes to utilize tax losses carried forward against tax positions in its

Basis for income tax expense, changes in deferred tax and tax payable

| (NOK thousands) | 2023 | 2022 |
|--|----------------|---------------|
| Result before taxes | 3 369 | 17 804 |
| Permanent differences* | -21 635 | -23 610 |
| Basis for the tax expense | -18 266 | -5 806 |
| Change in temporary differences | 370 | -55 |
| Basis for payable taxes in the income statement | -17 897 | -5 861 |

Components of the tax expense

| (NOK thousands) | 2023 | 2022 |
|--|-------------|-------------|
| Payable tax on this year's result | 0 | 0 |
| Change in deferred tax | -1 942 | -251 |
| Change in deferred tax due to previous year group contribution | -2 077 | 0 |
| Change in deferred tax not capitalized in the balance sheet | 3 255 | -234 |
| Tax expense | -764 | -486 |

Reconciliation of the tax expense with the nominal tax rate

| (NOK thousands) | 2023 | 2022 |
|----------------------|---------------|---------------|
| Result before taxes | 3 369 | 17 804 |
| Calculated tax (22%) | 741 | 3 917 |
| Tax expense | -764 | -486 |
| Difference | -1 505 | -4 403 |

The difference consists of:

| | | |
|--|--------|--------|
| Tax on permanent differences | -4 761 | -5 194 |
| Change in deferred tax not shown in the balance sheet | 3 255 | -234 |
| Change due to group contribution from previous year (tax wise) | 0 | 1 025 |
| Sum explained differences | -1 505 | -4 403 |

Note 11 Investments in subsidiaries

| (NOK thousands) | Location and place of business | Ownership/ voting right | Equity 31.12.23 (100%) | Result 2023 (100%) | Balance sheet value |
|---|--------------------------------|----------------------------|------------------------------|-----------------------|------------------------|
| Salmon Evolution Norway AS | Molde, Norway | 100 % | 105 374 | -131 025 | 281 212 |
| Salmon Evolution Internationc | Molde, Norway | 100 % | -10 959 | -9 189 | 1 000 |
| Salmon Evolution Dale AS | Folkestad, Norway | 100 % | 20 120 | 1 224 | 76 077 |
| Salmon Evolution Sales AS | Ålesund, Norway | 100 % | 2 535 | 1 855 | 1 000 |
| K Smart Farming Co., Ltd* | Gangwangnak-ro, South Kc | 49 % | 32 988 | -14 485 | 0 |
| Balance sheet value as of 31 December 2023 | | | | | 359 288 |

*K Smart Farming Co., Ltd is owned through Salmon Evolution International AS

Investments in subsidiaries are valued at cost in the company accounts. The investment is valued as cost of acquiring shares, providing they are not impaired. An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. The recoverable amount of an investment in a subsidiary would normally be based on the present value of the subsidiary's future cash flow. As of 31.12.2023 no impairment indicators was assessed to be present for the Company's investments.

Movement in investment in subsidiaries during 2023 is analysed in the following way:

| (NOK thousands) | |
|--|----------------|
| Opening balance 01 January 2023 | 359 197 |
| Share options issued (Salmon Evolution Norway) | 73 |
| Share options issued (Salmon Evolution Dale) | 18 |
| Closing balance 31 December 2023 | 359 288 |

Note 12 Cash and restricted cash

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|--|----------------|----------------|
| Cash in bank | 375 377 | 355 126 |
| Restricted bank deposits | 2 050 | 2 229 |
| Total cash and cash equivalents | 377 427 | 254 610 |

Restricted cash are related to tax withholdings for employees (NOK 2,050 thousand).

Note 13 Share capital

| | Nominal value | 31 Dec 2023 | 31 Dec 2022 |
|--------------------------|---------------|-------------|-------------|
| Ordinary shares | 0,05 | 413 936 640 | 345 754 822 |
| Average number of shares | 0,05 | 395 531 302 | 337 015 239 |

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|-----------------|------------------|------------------|
| Share capital | 20 697 | 17 288 |
| Share premium | 2 103 467 | 1 605 894 |
| Total | 2 124 164 | 1 623 182 |

The number of shares issued in the company at 31 December 2023 was 413,936,640 with a nominal value of NOK 0.05 each. All shares carry equal voting rights.

| 20 largest shareholders as of 31.12.23 | No of shares | Percentage share |
|--|--------------------|------------------|
| Ronja Capital II AS | 30 140 645 | 7,3 % |
| The Bank of New York Mellon SA/NV | 26 128 070 | 6,3 % |
| Farvatn Private Equity AS | 18 939 433 | 4,6 % |
| Hongkong and Shanghai Banking Corp | 16 044 572 | 3,9 % |
| Rofisk AS | 14 537 897 | 3,5 % |
| Kjølås Stansekniver AS | 12 506 439 | 3,0 % |
| J.P. Morgan SE | 11 761 639 | 2,8 % |
| Stette Invest AS | 11 744 288 | 2,8 % |
| Verdipapirfondet DNB Norge | 11 113 276 | 2,7 % |
| Ewos AS | 9 480 984 | 2,3 % |
| Verdipapirfondet DNB SMB | 9 302 408 | 2,2 % |
| Jakob Hatteland Holding AS | 8 758 786 | 2,1 % |
| Mevold Invest AS | 8 141 141 | 2,0 % |
| Lynghheim Invest AS | 8 049 252 | 1,9 % |
| Bortebakken AS | 7 856 330 | 1,9 % |
| VPF DNB Norge Selektiv | 7 424 509 | 1,8 % |
| J.P. Morgan SE | 4 652 771 | 1,1 % |
| Salmoserve AS | 4 000 000 | 1,0 % |
| Verdipapirfondet Nordea Avkastning | 3 578 295 | 0,9 % |
| Clearstream Banking S.A. | 3 377 732 | 0,8 % |
| Total 20 largest shareholders | 227 538 467 | 54,9 % |
| Other shareholders | 186 398 173 | 45,1 % |
| Total number of shares | 413 936 640 | 100,0 % |

As of 31 December 2023, shares directly or indirectly held by members of the Board of Directors, Chief Executive officer, and Executive Management consisted of the following:

| | No of shares | Percentage share |
|--|-------------------|------------------|
| Peder Stette, Member of the board - Stette Invest AS | 11 744 288 | 2,8 % |
| Vibecke Bondø, Member of the board - Bondø Invest AS | 1 948 052 | 0,5 % |
| Ingjarl Skarvøy, COO - Terra Mare AS and private | 1 800 150 | 0,4 % |
| Janne-Grethe Strand Aasnæs, Member of the board - Nikaro AS | 480 000 | 0,1 % |
| Trond Håkon Schaug-Pettersen, CEO - Troha Invest AS | 400 000 | 0,1 % |
| Odd Frode Roaldsnes, CCO - Anno Invest AS | 250 000 | 0,1 % |
| Anne Breiby, Member of the board | 168 935 | 0,0 % |
| Kamilla Mordal Holo, Project Director - C10 Holding AS & private | 160 060 | 0,0 % |
| Trond Vadset Veibust, CFO - Trollkyrkja AS | 55 000 | 0,0 % |
| Jan-Emil Johannessen, Member of the board - Jawendel AS | 40 000 | 0,0 % |
| Henriette Nordstrand, Technical Director - Heno Holding AS | 32 849 | 0,0 % |
| Tore-Jakob Reite, Director Strategic Projects | 1 250 | 0,0 % |
| Total | 17 080 584 | 4,1 % |

Capital History

| (NOK thousands) | Date | Capital Increase | Share Capital After Change | Par Value | Subscription price per share | New shares | Total no. of outstanding shares |
|------------------------------------|-------------------|------------------|----------------------------|-------------|------------------------------|-------------|---------------------------------|
| Opening balance 1 July 2020 | | | 5 375 159 | 0,05 | | | 107 503 182 |
| Share options exercised | 10 July 2020 | 30 000 | 5 405 159 | 0,05 | 3,33 | 600 000 | 108 103 182 |
| Private placement | 23 July 2020 | 581 395 | 5 986 554 | 0,05 | 4,30 | 11 627 906 | 119 731 088 |
| Private placement | 11 September 2021 | 5 000 000 | 10 986 554 | 0,05 | 5,00 | 100 000 000 | 219 731 088 |
| Private placement | 23 March 2021 | 4 166 667 | 15 153 221 | 0,05 | 6,00 | 83 333 333 | 303 064 421 |
| Acquisition Kraft Laks | 16 August 2021 | 109 535 | 15 262 756 | 0,05 | 7,58 | 2 190 694 | 305 255 115 |
| Private placement | 12 October 2021 | 277 068 | 15 539 824 | 0,05 | 7,71 | 5 541 374 | 310 796 489 |
| Share options exercised | 26 March 2022 | 81 250 | 15 621 074 | 0,05 | 4,80 | 1 625 000 | 312 421 489 |
| Private placement | 5 April 2022 | 1 666 667 | 17 287 741 | 0,05 | 9,00 | 33 333 333 | 345 754 822 |
| Private placement | 18 April 2023 | 3 409 091 | 20 696 832 | 0,05 | 7,70 | 68 181 818 | 413 936 640 |

The Company entered into an investment agreement with Dongwon Industries and completed a NOK 50 million private placement towards Dongwon Industries in July 2020.

The Company raised NOK 500 million in a private placement in connection with its initial public offering related to the admission on Merkur Market (now Oslo Børs) in September 2020. Further, the Company also raised another NOK 500 million in a private placement in March 2021.

In August 2021 the Company acquired 100% of the shares in Kraft Laks AS (now Salmon Evolution Dale AS). As part of the settlement the Company issued 2,190,694 new shares of NOK 7.5775 per share, and thereby increased its equity by NOK 16.6 million. In October 2021 the Company carried out a private placement of USD 5m (NOK ~43m) towards Cargill.

Further, in April 2022 the Company carried out a private placement raising gross proceeds of NOK 300 million at a subscription price of NOK 9.00 per share, bringing total raised equity to more than NOK 1.7 billion.

In April 2023 the Company carried out a private placement raising gross proceeds of NOK 525 million at a subscription price of NOK 7,7 per share, bringing total raised equity to more than NOK 2.2 billion.

Note 14 Trade and other current liabilities

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|-----------------------------|--------------|--------------|
| Trade payables | 2 836 | 5 415 |
| Total trade payables | 2 836 | 5 415 |

| (NOK thousands) | 31 Dec 2023 | 31 Dec 2022 |
|--|---------------|--------------|
| Payroll withholding tax, VAT and other taxes | 2 049 | 109 |
| Employer's national insurance contributions | 1 822 | 605 |
| Accrued salaries, holiday pay and bonus provisions | 7 084 | 2 373 |
| Total other current liabilities | 10 995 | 5 984 |

Note 15 Events after the reporting date

No material subsequent events.

Directors responsibility statement

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Director's report and the consolidated and separate financial statements for Salmon Evolution ASA for the year ended 31 December 2023 ("Annual report 2023").

Salmon Evolution ASA's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and applicable additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for Salmon Evolution ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of December 31, 2023. The Board of Directors' report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian accounting standard no 16, as of December 31, 2023.

To the best of our knowledge:

4. The annual financial statements for 2023 have been prepared in accordance with applicable financial reporting standards
5. The annual financial statements give a true and fair view of the assets, liabilities, financial position, and profit as a whole as of 31 December 2023 for the Group
6. The Board of Directors' report for the Group includes a fair review of:
 - c. the development and performance of the business and the position of the Group, and
 - d. the principal risks and uncertainties the Group face

The Board of Directors of Salmon Evolution ASA Elnesvågen/Ålesund 16 April 2024



Tore Tønseth
Chair



Janne-Grethe Strand Aasnæs
Director



Anne Breiby
Director



Peder Stette
Director



Vibecke Bondø
Director



Eunhong Min
Director



Ingvild Vartdal
Director



Jan-Emil Johannessen
Director



Trond Håkon Schaug-Pettersen
CEO

Independent Auditor's Report

To the General meeting of Salmon Evolution ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Salmon Evolution ASA.

The financial statements comprise:

- The financial statements of the parent Company, which comprise the balance sheet as at 31 December 2023, income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and
- The financial statements of the Group, which comprise the balance sheet as at 31 December 2023, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion:

- The financial statements comply with applicable statutory requirements,
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.
- The accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Salmon Evolution ASA for 4 years from the election by the general meeting of the shareholders on 3 July 2020 for the accounting year 2020 (with a renewed election on the 7 June 2023).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Description of the key audit matter | How the key audit matter was addressed in the audit |
|--|---|
| <p>Valuation of biological assets</p> <p>The biological assets are valued at fair value in accordance with IAS 41 and IFRS 13. The fair value adjustment included in the carrying amount was NOK 31,9m as of 31 December.</p> <p>The estimation of fair value is complex and requires significant judgement from management such as:</p> <ul style="list-style-type: none"> - Market price - Quality - Biomass volume (for instance dependent on mortality) - Time the fish uses to be ready for harvest (for instance based on growth and the feed conversion rate) - Remaining expenses including both direct and indirect cost <p>See further information on valuation of biological assets in note 6.</p> <p>Given that this is a key figure to evaluate the business going forward and the degree of judgement involved in the estimation, we consider valuation of biological assets to be a key audit matter.</p> | <p>We reviewed the Group`s calculation model for valuation of biological assets by comparing it against the criteria in IAS 41 and IFRS 13. Further, we performed the following procedures:</p> <ul style="list-style-type: none"> - We tested the model for mathematical accuracy - We examined the biomass and number of fish used in the Group`s model for calculation of fair value to the Group`s biomass system - We compared the estimated future market price with available observable market prices and reviewed the arguments for adjustments - We reviewed quality assumptions to historically achieved quality - We reconciled harvested volume to theoretical volume - We compared the Feed Conversion rate to the industry handbook and considered its reasonableness - We compared estimated future direct and indirect cost to historical cost - We reviewed the historical accuracy of prior period`s forecast and evaluated explanations related to deviations - We performed a sensitivity analysis of the critical assumptions in the model <p>In addition, we assessed whether the disclosures in the notes appropriately explained the methods applied for valuation of biological assets and if the information was in accordance with the requirements in the accounting standards.</p> |

Other information

The Board of Directors and the Managing Director (management) are responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Directors' report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Report on compliance with requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Salmon Evolution ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name salme-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>.

Molde, 16 April 2024
BDO AS



Roald Viken
State Authorized Public Accountant

Sustainability Indicators and GRI Index

Being transparent in our reporting and operation have been important factors for us from the start. Therefore, we have chosen to report on our environmental, social, and governance factors in 2022. Due to the fact that we are still growing and there is still a lot of uncertainty on actual impact, we have chosen to report *with reference to* the Global Reporting Initiative (GRI) Standards (2021) in the 2022 reporting. We have ambitions for reporting *in accordance with* from next year and have plans in place to extend and enhance our reporting process going forward.

| | GRI DISCLOSURE | LOCATION |
|---------------------------------|--|---|
| GRI 2: General Disclosures 2021 | | |
| | 2-1 Organizational details | p. 5-8, 11-14 |
| | 2-2 Entities included in the organization's sustainability reporting | Salmon Evolution ASA with subsidiaries, p. 110 |
| | 2-3 Reporting period, frequency and contact point | 01.01.2023-31.12.2023 Annual reports from 2023 Contact point: CFO |
| | 2-4 Restatements of information | p. 15 |
| | 2-5 External assurance | N/A – no external assurance of ESG reporting for the 2023 report |
| | 2-6 Activities, value chain and other business relationships | p. 5-7, 24, 25 |
| | 2-7 Employees | p. 26-29 |
| | 2-8 Workers who are not employees | N/A – only employees or subcontractors |
| | 2-9 Governance structure and composition | p. 31 |
| | 2-10 Nomination and selection of the highest governance body | p. 40-41 |
| | 2-11 Chair of the highest governance body | p. 41 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | p. 41 |
| | 2-13 Delegation of responsibility for managing impacts | p. 30 |
| | 2-15 Conflicts of interest | p. 29, 39 |
| | 2-16 Communication of critical concerns | p. 39 |
| | 2-17 Collective knowledge of the highest governance body | p. 33-36 |
| | 2-19 Remuneration policies | p. 41 |
| | 2-20 Process to determine remuneration | p. 41 |
| | 2-22 Statement on sustainable development strategy | p. 19-20 |

| | | |
|-------------------------------|--|--|
| | 2-23 Policy commitments | p. 19-20 |
| | 2-24 Embedding policy commitments | p. 19-20 |
| | 2-27 Compliance with laws and regulations | p. 32 |
| | 2-28 Membership associations | p. 40 |
| | 2-29 Approach to stakeholder engagement | p. 30 |
| | 2-30 Collective bargaining agreements | p. 28-29 |
| GRI 3: Material Topics | | |
| | 3-1 Process to determine material topics | p. 16 |
| | 3-2 List of material topics | p. 16 |
| | 3-3 Management of material topics | p. 16 |
| GRI 201: Economic Performance | | |
| | 201-1 Direct economic value generated and distributed | See financial statements and notes p. 58-104 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | p. 19-21 |
| | 201-3 Defined benefit plan obligations and other retirement plans | See financial statements and notes p. 58-104 |
| | 201-4 Financial assistance received from government | See financial statements and notes p. 58-104 |
| GRI 205: Anti-corruption | | |
| | 205-2 Communication and training about anti-corruption policies and procedures | p. 37 |
| | 205-3 Confirmed incidents of corruption and actions taken | Zero (0) incidents |
| GRI 301: Materials | | |
| | 301-1 Materials used by weight or volume | p. 25 |
| | 301-2 Recycled input materials used | p. 19 |
| GRI 302: Energy | | |
| | 302-1 Energy consumption within the organization | pp. 19-20 |
| | 302-2 Energy consumption outside of the organization | pp. 19-20 |
| GRI 303: Water and Effluents | | |
| | 303-1 Interactions with water as a shared resource | pp. 19-24 |
| | 303-2 Management of water discharge-related impacts | pp. 19-24 |

| | | |
|---|---|--|
| | 303-3 Water withdrawal | pp. 19-24 |
| | 303-4 Water discharge | pp. 19-24 |
| | 303-5 Water consumption | pp. 19-24 |
| GRI 304: Biodiversity | | |
| | 304-2 Significant impacts of activities, products and services on biodiversity | p. 22 |
| GRI 305: Emissions | | |
| | 305-1 Direct (Scope 1) GHG emissions | p. 25 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | p. 20 – 100% renewable energy |
| | 305-5 Reduction of GHG emissions | p. 25 |
| GRI 306: Waste | | |
| | 306-1 Waste generation and significant waste-related impacts | pp. 21-22 |
| GRI 401: Employment | | |
| | 401-1 New employee hires and employee turnover | p. 28 |
| | 401-3 Parental leave | p. 26 |
| GRI 403: Occupational Health and Safety | | |
| | 403-1 Occupational health and safety management system | pp. 26-27 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | pp. 26-27 |
| | 403-3 Occupational health services | pp. 26-27 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | pp. 26-27 |
| | 403-5 Worker training on occupational health and safety | Health and safety training for all employees |
| | 403-6 Promotion of worker health | pp. 26-27 |
| | 403-9 Work-related injuries | pp. 26-27 |
| | 403-10 Work-related ill health | Zero (0) incidents |
| GRI 404: Training and Education | | |
| | 404-1 Average hours of training per year per employee | p. 26 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | p. 26 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | p. 26 |

| | | |
|--|--|-----------------------------|
| GRI 405: Diversity and Equal Opportunity | | |
| | 405-1 Diversity of governance bodies and employees | pp. 13-14, 27, 32-35 (BoD) |
| | 405-2 Ratio of basic salary and remuneration of women to men | p. 27 |
| GRI 406: Non-discrimination | | |
| | 406-1 Incidents of discrimination and corrective actions taken | Zero (0) incidents reported |
| GRI 413: Local Communities | | |
| | 413-1 Operations with local community engagement, impact assessments, and development programs | pp. 30 |

Important of abbreviations used in this report

- LW: Live weight
- HOG: Head on gutted
- HFS: Hybrid flow-through system
- ESG: Environmental, Social and Governance
- CAGR: Compounded Annual Growth Rate

ABOUT SALMON EVOLUTION

Salmon Evolution is the global leader within land-based salmon farming with a clear roadmap for 100,000 tonnes HOG annual production capacity. Pioneering the hybrid flow-through system (HFS), Salmon Evolution is Extending the Ocean Potential by creating optimal growth conditions in a controlled environment on land. This approach, capturing the benefits of both land-based and sea-based farming, puts biology first and limits operational and biological risk.

Salmon Evolution is strategically located the heart of the global aquaculture industry on the west coast of Norway, where the Company has its first facility and global centre of excellence fully operational at industrial scale. Enabled by the proof of concept in Norway, Salmon Evolution targets significant international expansion.

Salmon Evolution is listed on Oslo Børs under the ticker SALME. To learn more, please visit www.salmevolution.no.



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