



# PRESENTATION Q1 2024

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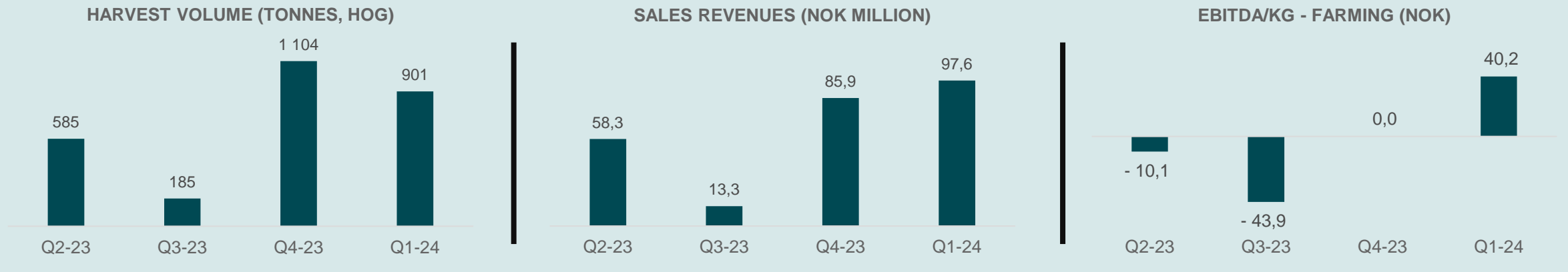


# SALMON EVOLUTION°

- **Highlights**
- Operations
- Financials
- Summary and outlook
- Appendices

# Highlights

- Farming EBITDA of NOK 36.2 million - NOK 40.2 EBITDA/kg.
- Group EBITDA of NOK 24.1 million and EBIT of NOK 5.8 million.
- Q1 harvest volumes of 901 tonnes HOG with average weight of 4.6 kg LW, superior share of 96 % and strong price realization.
- Record high standing biomass of almost 2,700 tonnes LW end of quarter.
- Stable operations with net biomass growth of ~1,560 tonnes LW, up 8 % from Q4.
- Q2 harvest volumes expected in the range of 1,600 – 1,800 tonnes HOG.





The logo for Salmon Evolution, featuring the word "SALMON" in white uppercase letters above the word "EVOLUTION" in white uppercase letters. A diagonal orange line runs through the letter "V" in "EVOLUTION".

# SALMON EVOLUTION®

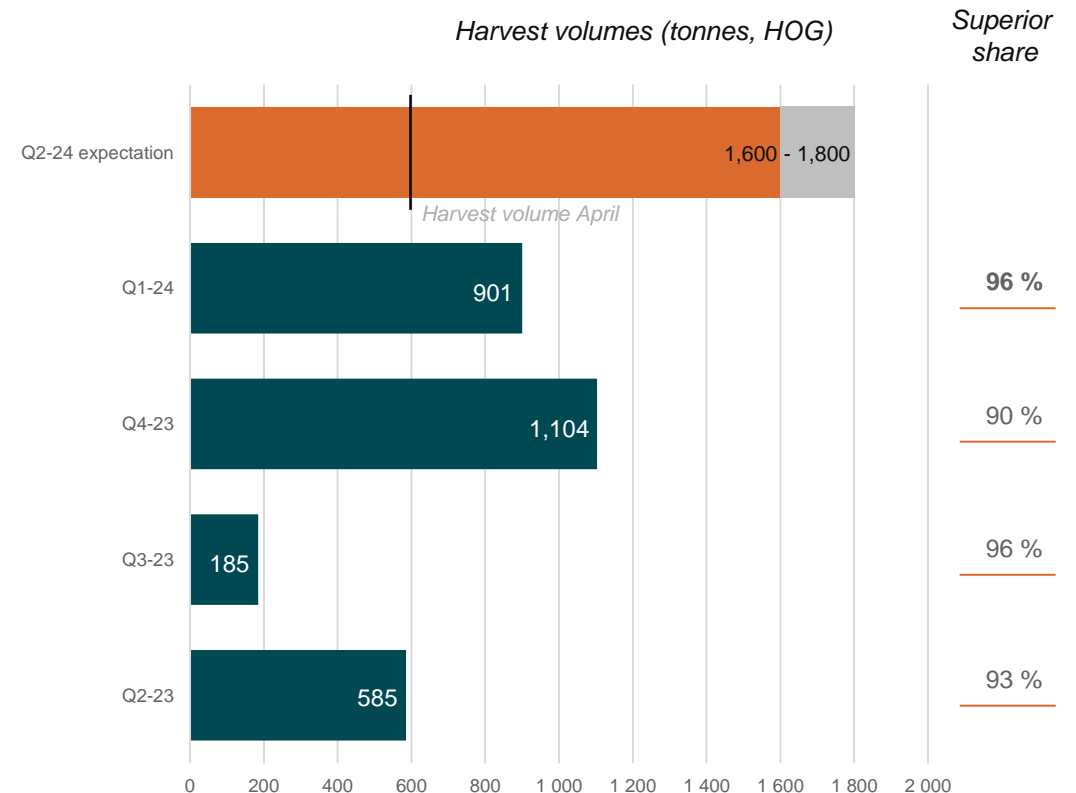
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# Strong harvest results and price realization

## Strong price realization

- Total Q1 harvest volume of 901 tonnes HOG.
- Average weight of ~4.6 kg (LW) and an industry leading superior grade share of 96%.
  - Consistent and tight weight spread.
- All-in price realization of NOK ~108/kg<sup>1</sup> in Q1. Highlights value of having a minimal number of downgrades.
  - Consistently outperforming NASDAQ benchmark price on Superior grade fish.
- April harvest volume of ~600 tonnes HOG with a superior grade share of 96%.
  - Harvest guidance in Q2 of estimated 1,600 – 1,800 tonnes HOG unchanged.
  - Somewhat lower harvest weights in Q2 due to low stocking weights during spring/summer 2023 – offset by record high salmon prices.

## Significant increase in harvest volume Q2

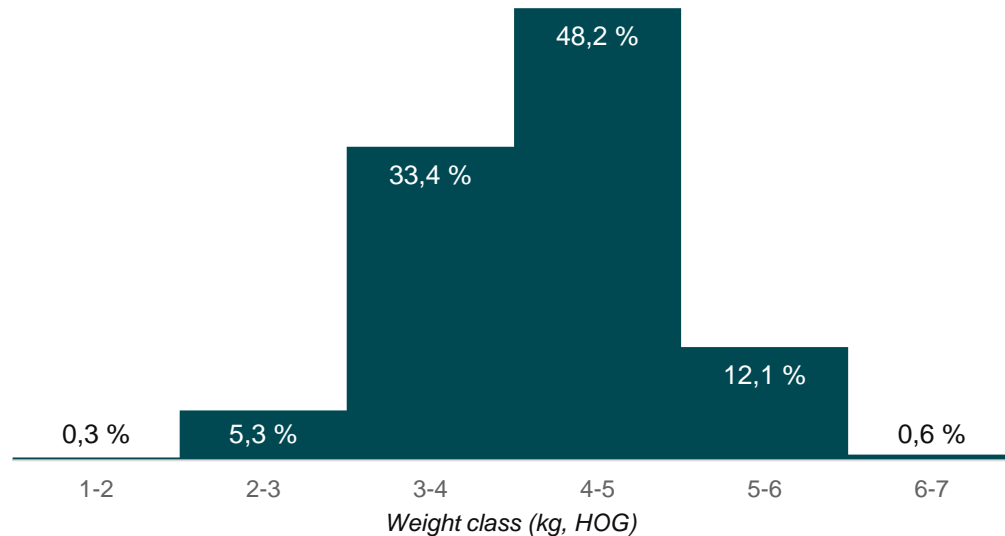


# The right size, and perfect quality

Harvest in week 7 used as an illustration

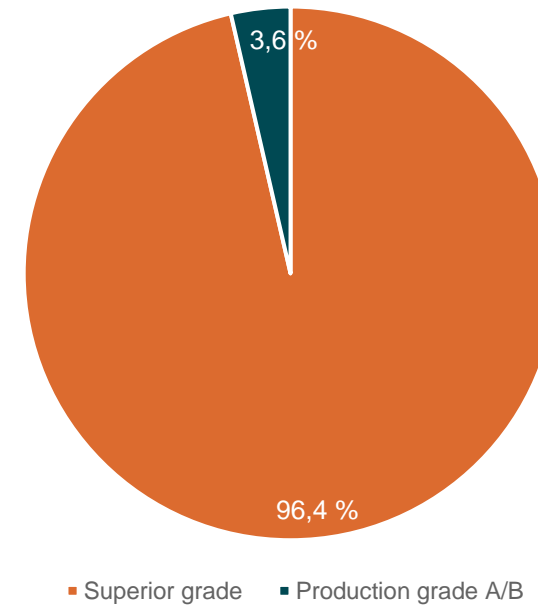
## Exceptionally tight weight spread

Spread distribution (%)



## 'Only' superior fish

Superior grade share (% on all harvested individuals)



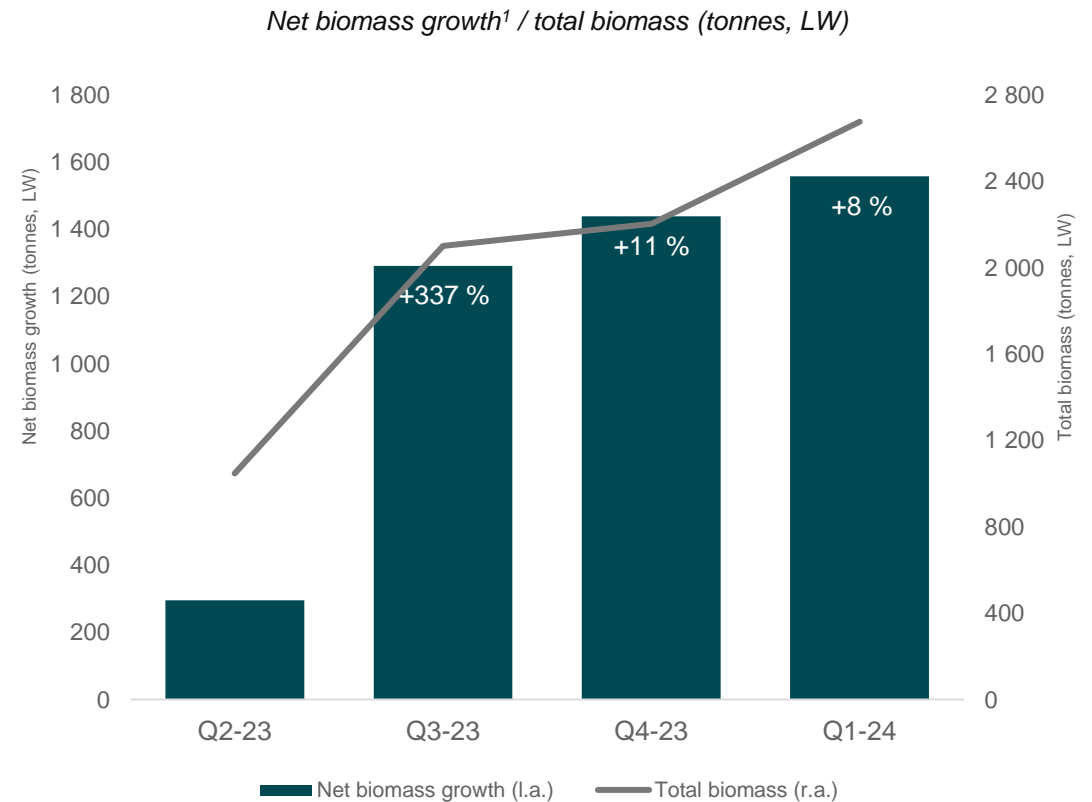
**Exceptional harvest results with core weight category being 4-5 kg and superior grade share of 96%+**

# All time high biomass end of March

## Feeding levels up 25 % in March vs January

- Stable operations with net biomass growth of ~1,560 tonnes LW, up 8 % from Q4.
- Standing biomass of almost 2,700 tonnes LW end Q1, up 21 % from Q4.
- Daily feeding average of 21t/day in March up 25 % from January, continuing the steady increase in biomass growth.
- Batch 11 was stocked in March and has had a good and stable environment after arrival at Indre Harøy. However, poor smolt quality has led to a reduced stocking volume for this batch.
  - Secured overcapacity on smolt through external sourcing – upsizing stocking volume in Q2, minimizing impact on future harvest volumes.
- Low overall mortality – batches set for harvest in Q2 have accumulated mortality to date of 2.6% - 3.7%.

## Steadily increasing biomass growth





# Operational priorities

1

Improve every day

- We are steadily improving our grow-out operations and increasing biomass growth and harvest volumes.
- Run-rate biomass growth supporting 7,900 tonnes HOG in annual harvest targeted during 2H 2024.
- Long-term we anticipate to continue past this point, as we see numerous opportunities optimizing feed, biology and improvements to the production plan.

2

Ensure optimal smolt size and quality

- Stable and regular supply of high quality smolt of the correct size.
- Harmonizing production plan at smolt facility with grow out operation at Indre Harøy. Significant improvement expected in 2024, both on regularity and stocking weights, allowing for optimization of harvest weights and volumes.
- Securing overcapacity on smolt through external sourcing, adding operational flexibility.

3

Initiate Indre Harøy phase 2

- Indre Harøy phase 2 will be an improved copy of phase 1 - key learnings are incorporated.
- Working with our contractors in optimizing cost and reducing uncertainty, continuously making progress. As communicated earlier, final investment decision is expected in Q2.
- Phase 2 will significantly strengthen Salmon Evolution's operational platform.

4

International expansion

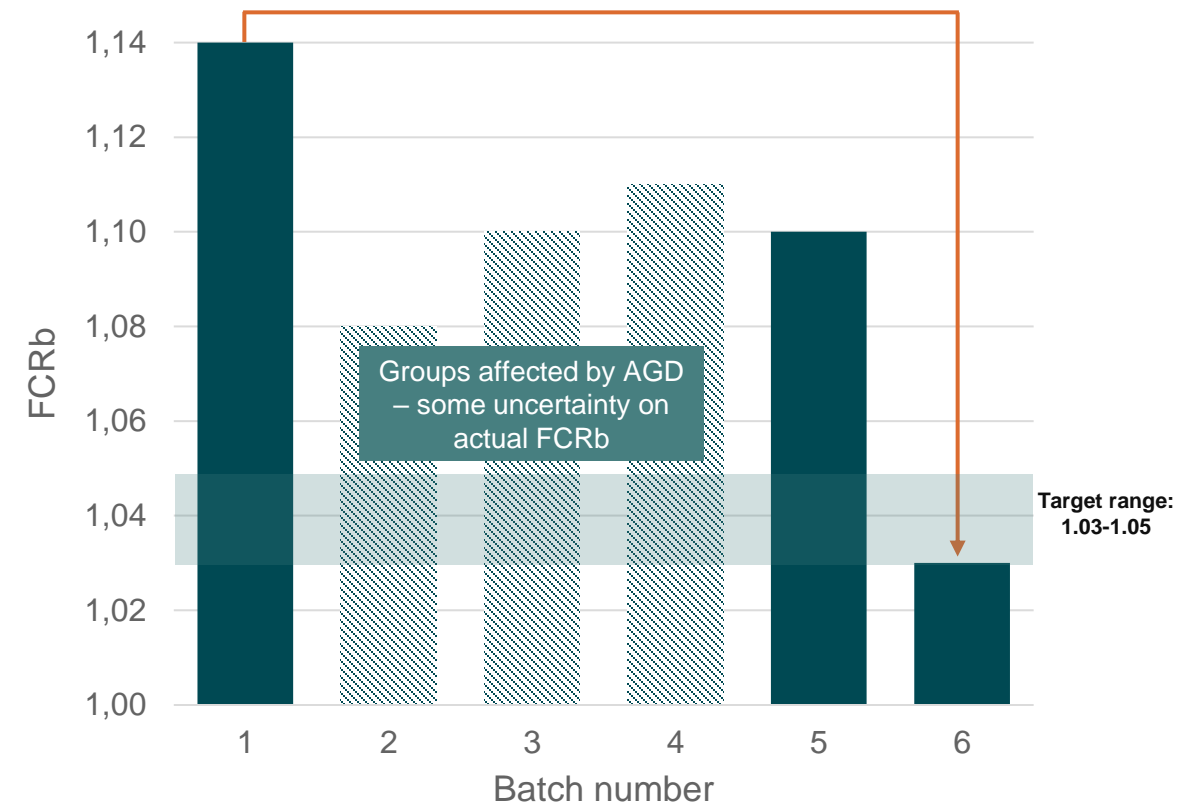
- Securing a site in North America. We are in advanced negotiations on a high-potential site which ticks "all the boxes" on size, topography and water parameters.
- Defining the road ahead in Korea. Current focus is on cost optimization and capital discipline. Design work has been completed, and permitting is on track. Further clarifications expected during Q2.

# Improve every day

## Our core DNA: Operational excellence

- Substantial operational experience obtained after more than 2 years of production.
- Focus shifting from “just managing” operations to continuously seek improvements in **everything** we do, fueled by advanced analytics.
- FCRb development on harvested batches a very good example – from 1.14 on batch 1 to an impressive **1.03** on batch 6 harvested out in April, highlighting the massive potential of operating in a controlled environment.
- Strong operational platform – more than 70 highly skilled employees covering all critical functions; biology, technical, automation, engineers, analytics etc.
- Launched **Salmon Evolution Academy** to institutionalize our human capital base – inhouse multi discipline learning platform for all employees.

## FCRb on harvested batches



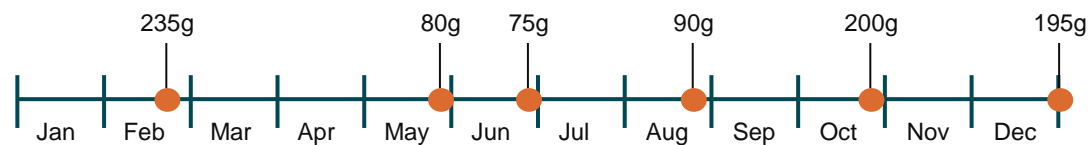
# Ensure optimal smolt size and quality

## Importance of smolt

- Stable and regular supply of high quality smolt of the correct size is required to take out the full potential of Indre Harøy.
- Significant focus have been put into streamlining the operations at our smolt facility at Dale with the grow out operation at Indre Harøy.
  - Various upgrades including more heating capacity to better control growth and smoltification during cold winter period.
  - Altered smolt production plan to harmonize stocking weights throughout the year.
- We are also securing overcapacity on smolt through external sourcing, adding operational flexibility and allowing for utilization of excess tank capacity at Indre Harøy for post smolt production.

## Calibrating smolt and grow out logistics

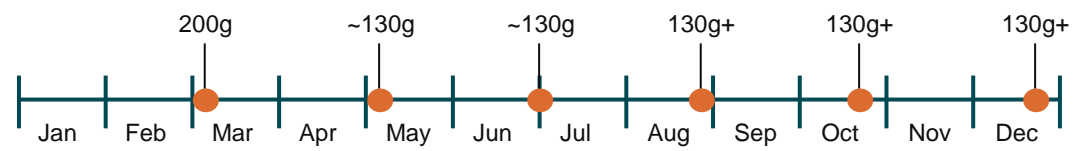
2023 smolt stocking at Indre Harøy



- Irregularity in smolt stocking dates and varying stocking weights causing suboptimal logistics and harvest weights



2024 smolt stocking plan at Indre Harøy



- Smolt stocking evenly spread out over the year with about 2 months between each
- Significant improvement in stocking weights compared to 2023, all at 130g or more, allowing for increase in harvest weights and more regularity on harvest volumes



## ILLUSTRATIVE TIMELINE

# Indre Harøy phase 2: Progressing as planned



- Indre Harøy phase 2 will be an improved copy of phase 1, incorporating key learnings after close to two years in operation.
- Ambition to take final investment decision in Q2 and initiate construction after the summer holiday.
- Navigating the inflation pressure – focus on cost optimization and facilitating competitive tendering processes.
- Assessing phase 2 capital structure, replacement cost of phase 1 substantially higher than invested amount.

# International expansion

## North America – closing in

- Focus centered around areas with an established salmon farming industry and value chain, mirroring the unique benefits, scale and cost leadership position of Indre Harøy.
- Currently in advanced negotiations on a high-potential site. 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.
- Positive dialogues with both public and private stakeholders.



## Korea – focus on cost optimization

- Design and engineering activities for grow-out facility at Yangyang completed in Q1.
- Permitting work on track and not considered a material risk for the realization of the project.
- As previously communicated primary focus over the last quarters centered around cost optimization and capital discipline.
- Working with authorities in South Korea on governmental financial support. Further clarifications expected during Q2-2024.



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# Farming: Above NOK 40/kg in EBITDA margin

**REVENUE**  
**NOK 98.2 million**  
 +14 % vs. Q4 2023

**EBITDA**  
**NOK 36.2 million**  
 >100 % vs. Q4 2023

**EBITDA**  
**NOK 40.2/KG**  
 >100 % vs. Q4 2023

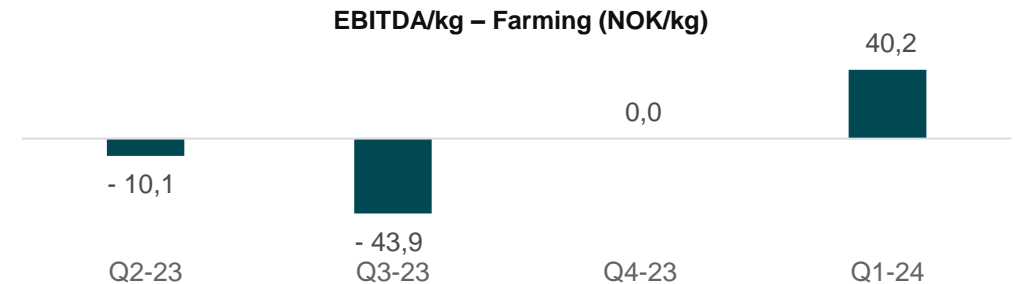
**HARVEST VOLUME**  
**901 TONNES HOG**  
 -18 % vs. Q4 2023

- EBITDA margin above NOK 40/kg.
- Revenues of NOK 98.2m.
- All-in price realization of ~108 NOK/kg.
  - Price realization calculated on all the fish sold, including downgrades.
  - Superior share of 96 %.
  - Consistently outperforming NASDAQ benchmark price on Superior grade fish.
- Farming EBITDA cost of NOK 67/kg, down 12 % from last quarter.
  - Effect of decreasing production costs on batches in a fuller facility.
- Capacity adjustments of NOK 7.9m.

## Farming Norway

(figures in NOK 1000)

	Q1 24	Q4 23	%
Operating revenue	98 205	85 850	14 %
Operational EBITDA <sup>2</sup>	36 236	43	>100 %
Operational EBIT <sup>2</sup>	18 207	-16 722	>100 %
Harvest volumes (tonnes, HOG)	901	1 104	-18 %
Farming EBITDA cost <sup>3</sup> (NOK/kg)	67,0	75,8	-12 %
EBITDA/kg (NOK/kg)	40,2	0,0	>100 %
Operational EBIT adjusted <sup>4</sup>	25 680	-9 249	>100 %
EBIT adjusted/kg <sup>4</sup> (NOK/kg)	28,5	-8,3	>100 %



# Other: Expansion cost base

REVENUE  
NOK 6.5 million

EBITDA  
NOK -12.1 million

EXPANSION PROJECTS  
Three - 3

EXPANSION COST<sup>1</sup>  
NOK 13.5/KG

- In Other segment all resources related to projects and technology department are employed, as well as other corporate functions. A significant portion of costs are related to future expansion.
- Conservative approach to capitalizing costs on new projects and developments.
- Cost base somewhat trimmed, primarily effect of in-housing activities previously with consultants.



Norway - Indre Harøy phase 2



Korea – YangYang



North America

(figures in NOK 1000)	Q1 24	Q4 23	%
Operating revenue	6 463	7 525	-14 %
Operational EBITDA	-12 119	-16 205	-25 %
Expansion cost/kg <sup>1</sup> (NOK/kg)	13,5	14,7	

1) Defines cost base in Other, after allocation of costs to Farming segment and Korea project, as the running expansion cost for Salmon Evolution. Divided by Group harvest volume.

# Group: Positive EBIT margin

**REVENUE**  
**NOK 100.3 million**  
 +13 % vs. Q4 2023

**EBITDA**  
**NOK 24.1 million**  
 >100 % vs. Q4 2023

**EBIT**  
**NOK 5.8 million**  
 >100 % vs. Q4 2023

**EBITDA**  
**NOK 26.8/KG**  
 >100 % vs. Q4 2023

- Positive Group EBIT for the first time.
  - Reflects potential and highlights that scaling costs are covered even at a relatively modest harvest volume.
- Revenues of NOK 100.3m, primarily sales revenues from harvesting 901 tonnes HOG.
- EBITDA of NOK 24.1m before FV adjustment.
- EBIT of NOK 5.8m before FV adjustment.
  - Capacity adjustments of NOK 7.9m.
  - FV adjustment of NOK 0.9m.
- Net financials of NOK –7.9m.
  - Primarily driven by interest rate expenses partly offset by interest income on the cash balance.
- Profit and loss for the period of -1.2m.

Group	Q1 24	Q4 23	%
(figures in NOK 1000)			
Total operating revenue	100 252	88 850	13 %
<b>Operational EBITDA</b>	<b>24 117</b>	<b>-16 162</b>	<b>&gt;100 %</b>
<b>Operational EBIT</b>	<b>5 755</b>	<b>-33 253</b>	<b>&gt;100 %</b>
Fair value adjustment of biomass	942	-2 606	
Operating profit (EBIT)	6 697	-35 859	
Net financials	-7 899	-15 029	
Profit/loss before tax	-1 201	-50 888	
Income tax expense	0	0	
Profit/loss for the period	-1 201	-50 888	
Standing biomass (tonnes, LW)	2 676	2 204	21 %
Harvest volumes (tonnes, HOG)	901	1 104	-18 %
<b>EBITDA/kg (NOK/kg)</b>	<b>26,8</b>	<b>-14,6</b>	<b>&gt;100 %</b>
Operational EBIT adjusted	13 228	-25 780	>100 %
EBIT adjusted/kg (NOK/kg)	14,7	-23,4	>100 %



# Group financial position and cash flow

CASH FLOW OPERATIONS  
NOK -1.8 million

TOTAL CASH FLOW  
NOK -46.2 million

CASH AND CASH EQUIVALENTS  
NOK 340.2 million

NIBD  
NOK 355.3 million

- Very close to having a positive operational cash flow.
  - About 470 tonnes LW in biomass added in Q1 impacting the working capital.
- Investments mostly tied to Indre Harøy phase 2 where work has intensified with project being close to final investment decision.
  - One off effect related to VAT of negative 7.2m.
- Available liquidity of NOK 593 million including available committed undrawn credit facilities but excluding the committed construction facility of NOK 775 million in relation to Indre Harøy Phase 2.

## Summary of financial position

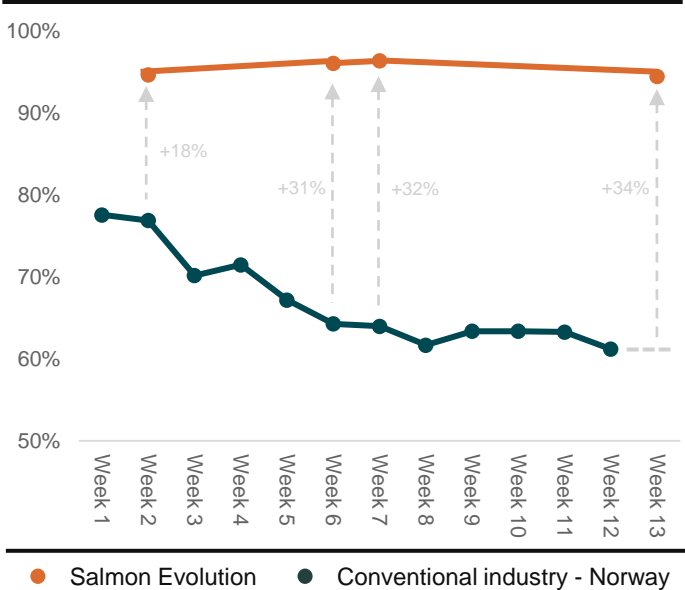
(figures in NOK 1000)	31 March 2024	31 Dec 2023
Non-current assets	2 099 098	2 074 286
Current assets	632 585	634 883
<b>Total assets</b>	<b>2 731 682</b>	<b>2 709 169</b>
Equity	1 919 953	1 920 693
Non-current liabilities	586 208	586 859
Current liabilities	225 521	201 617
<b>Total equity and liabilities</b>	<b>2 731 682</b>	<b>2 709 169</b>
Cash and cash equivalents	340 199	386 396
Net Interest-bearing debt	355 345	299 386
Equity ratio	70 %	71 %

## Summary of cash flow

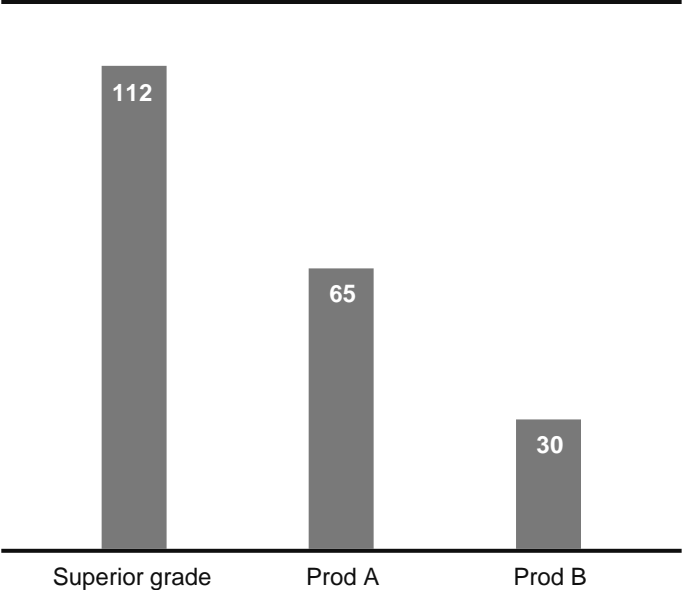
(figures in NOK 1000)	Q1 24	Q4 23 <sup>1</sup>
Net cash flow from operating activities	-1 802	-6 038
Net cash flow from investments activities	-41 460	-67 233
Net cash flow from financing activities	-2 934	13 802
<b>Net change</b>	<b>-46 197</b>	<b>-59 469</b>

# The value of excellent superior grade share

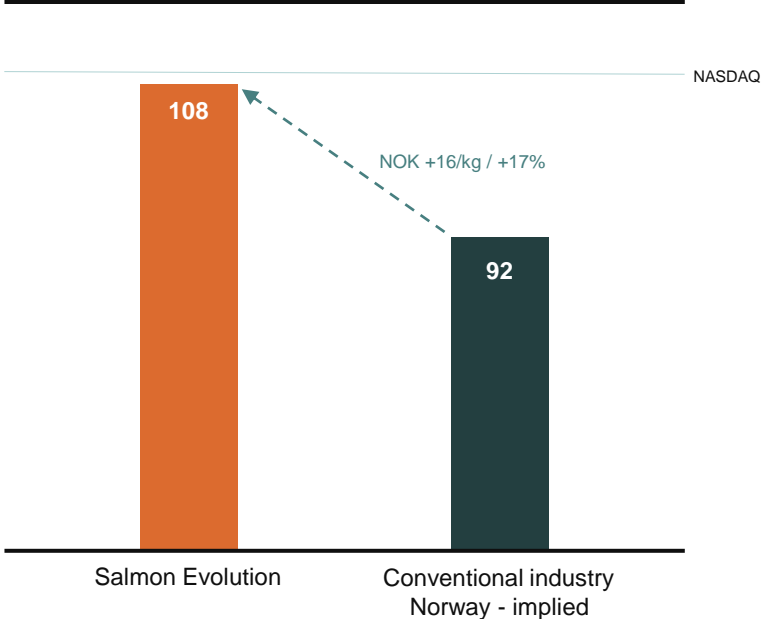
Superior share first part of 2024<sup>1</sup>



Q1 market prices<sup>2</sup> (NOK/kg)



Implied all-in price realization<sup>3</sup>



- According to the Norwegian Food Safety Authority the share of downgraded fish has never been higher than recorded at the start of 2024<sup>1</sup>. In the first 12 weeks of 2024, the share of downgrades varied between 22 % and 38 % on a weekly basis.
- The high share of downgraded fish has a significant impact on all-in price realization for the conventional industry.

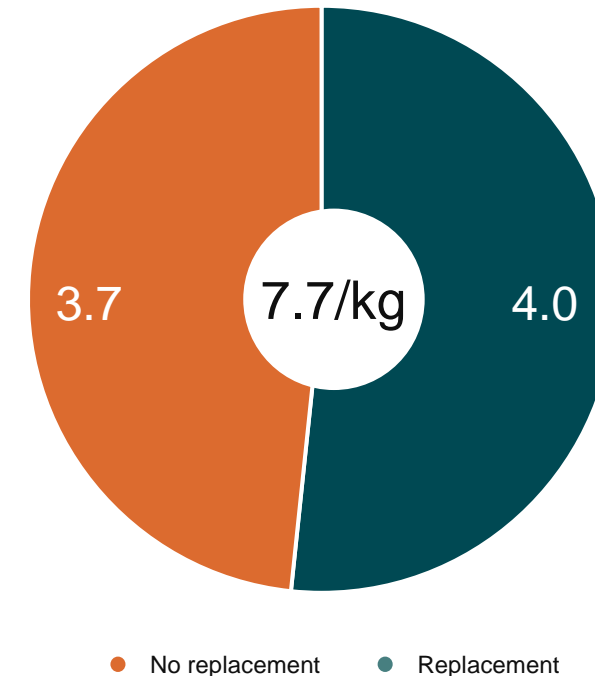
# A high portion of CAPEX carries no future replacement cost

## CAPEX is our license cost...

- For the conventional industry, the license is the biggest investment – licenses are not depreciated.
- A high portion of CAPEX for Salmon Evolution is non-recurring and carries no future replacement cost - but are still being depreciated.
  - Indirect project costs
  - Capitalized internal costs
  - Groundworks and other infrastructure
- The effect is calculated to about NOK 3.7/kg of total depreciations in phase 1 steady state.
- For the Q1 results this would result in a farming EBIT/kg of NOK 28.5.
- In the first decade of operations replacement cost in general is estimated to be limited.

## ...and a high portion is non-recurring

Share of total depreciations – NOK/kg



# Cost leadership is our objective

<i>Company estimates</i>	<b>Phase 1</b>	<b>Phase 1+2</b>	<b>Phase 1+2+3</b>
Harvest volume (kt, HOG)	8	16	32
<b>Farming EBITDA cost/kg (HOG)<sup>1</sup></b>	<b>53,0</b>	<b>51,0</b>	<b>48,0</b>
Depreciations - adjusted <sup>2</sup>	4,0	4,5	5,0
<b>EBIT adjusted cost/kg (HOG) - Farming</b>	<b>57,0</b>	<b>55,5</b>	<b>53,0</b>
Expansion cost/kg (HOG) <sup>3</sup>	6,0	4,0	2,0
Full EBIT adjusted cost/kg - Group	63,0	59,5	55,0

- In phase 1 we have established much of the operational platform needed in phase 2 and 3, reflected in a gradually decreasing Farming EBITDA cost/kg.
- Illustration is based on current input factors and currency rates, except for feed where we apply a slight reduction and use a long term delivered feed cost of NOK 20/kg.



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# Unique growth platform



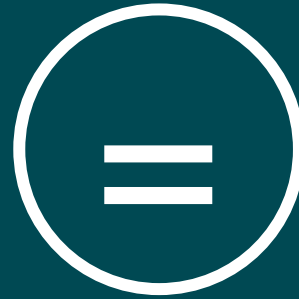
## Highly profitable even at modest harvest volumes

- NOK 40.2 EBITDA/kg in Q1, highlighting the inherent profitability potential.
- Highly attractive market backdrop - strong price outlook for 2024 and beyond.



## Fully operational at industrial scale

- Proof of concept.
- Good fish health and welfare demonstrated by consistent low mortality and exceptionally high superior share.



## Costs and investments on par

- Opex and growth capex on par with traditional farming.
- Norwegian operation have strong advantage on OPEX and value chain.



## Ready for the next step

- Scalable platform on back of more than 2 years in full operation – significant human capital asset base.
- Strong operational platform with 8kt cash generating phase 1.



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# We are not in a tax payable position the next decade

- Significant differences in accounting profit and taxable profit under the Norwegian tax regime.
- Biomass-buildup is directly deductible in the tax accounts.
- Average taxable depreciation-profile of ~17 year versus 32 years under IFRS.
  - Taxable depreciations are 'frontloaded', for 2023 ~7.6 % of asset value in main asset owning company where depreciated.
  - NOK 146m in taxable depreciations vs. NOK 43m in depreciations under IFRS in 2023.
- In Norway we anticipate to continue to build infrastructure and biomass, prolonging the period until we get into a taxable position.
- We have almost NOK 600m in taxable loss carried forward.
  - Reflecting start-up costs, taxable depreciations and said tax-effect from biomass-buildup.
- We do not expect to be in a tax payable position over the next decade.



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# Next update

15<sup>th</sup> August 2024 – Q2 2024 presentation | Q2 operational update will be released early July.