



Extending the ocean potential

**Q2 2022**

SALMON  
EVOLUTION®

# Salmon Evolution – Extending the Ocean Potential

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

- Utilizing a hybrid flow-through ("HFS") system with 30%-35% fresh seawater intake, reducing complexity and biological risk and securing optimal growth at low cost
- 7,900 tonnes HOG Indre Harøy Phase 1 facility in operation – annual harvesting capacity of 31,500 tonnes HOG fully developed
- Joint venture with Dongwon Industries for a 16,800 tonnes HOG production facility in South Korea – planned construction start in 2022 and first production targeted in 2024
- Launched North America expansion plan and established team of dedicated resources
- On track for ~25,000 tonnes capacity by 2024, clear roadmap for 100,000 tonnes by 2032
- Listed on Oslo Stock Exchange main list from July 2021

## SALMON EVOLUTION IS AIMING TO BE THE GLOBAL LEADER IN LAND-BASED SALMON FARMING

*Salmon Evolution in a nutshell*

<p><b>1</b></p> <p><b>Biology is our most important consideration</b></p>  <p><i>Our technology captures the benefits of both land-based and sea-based farming</i></p>	<p><b>2</b></p> <p><b>Born in Norway – the cradle of salmon farming</b></p>  <p><i>There is much to learn, even though we have decades of experience</i></p>	<p><b>3</b></p> <p><b>International expansion with strong local partners</b></p>  <p><i>We don't go solo on our first projects overseas</i></p>	<p><b>4</b></p> <p><b>First-mover aiming for technology leadership</b></p>  <p><i>Developing superior cost position &amp; opportunities to capitalize on technology</i></p>	<p><b>5</b></p> <p><b>Premium position based on quality &amp; ESG</b></p>  <p><i>Committed to quality &amp; sustainability</i></p>
<p><b>Conservative approach in a disruptive industry</b></p>			<p><b>Long-term competitive advantage &amp; profitability</b></p>	

## Highlights in the quarter

- Strong batch 1 biological performance with growth well exceeding expectations. Average weight around 20% ahead of plan and already ~2.3 kg as per 15 August – on track for first commercial harvest in Q4 2022
- Carried out extensive quality testing confirming good filet quality and excellent taste
- Launched North America expansion plan and increasing long term production target to 100,000 tonnes
- Indre Harøy phase 2 preparations continuing – monitoring market development and targeting cost savings
- Completed NOK 300 million private placement to partly fund planned Indre Harøy phase 2 build out and smolt facility expansion
- Available liquidity of NOK 762 million per 30 June 2022 including committed undrawn credit facilities

## Subsequent events

- Successfully completed the upsized second smolt release at Indre Harøy which comprised about 230,000 smolt with an average weight of ~125 grams
- Completed limited test slaughter at Vikenco ahead of first commercial harvest

## Key figures

(figures in NOK 1000)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
<b>IFRS main figures</b>					
Operating Revenues	12,678	0	19,496	0	12,257
EBITDA*	-15,108	-13,568	-25,100	-19,986	-35,612
EBIT	-13,928	-13,971	-24,963	-20,753	-37,841
Profit / (loss) before taxes	-10,478	-9,993	-12,048	-15,574	-26,444
Cash flow from investment activities	-254,984	-119,484	-533,151	-219,580	-754,553
Cash flow from financing activities	379,744	-4,213	546,103	474,990	679,668
Net cash flow	95,243	-147,245	19,620	220,048	-142,261
Available cash	525,165	867,853	525,165	867,853	505,545
Net Interest-bearing liabilities	-45,642	-825,460			
Total assets	2,216,497	1,446,686			
Equity	1,583,510	1,248,183			
Equity ratio	71 %	86 %			

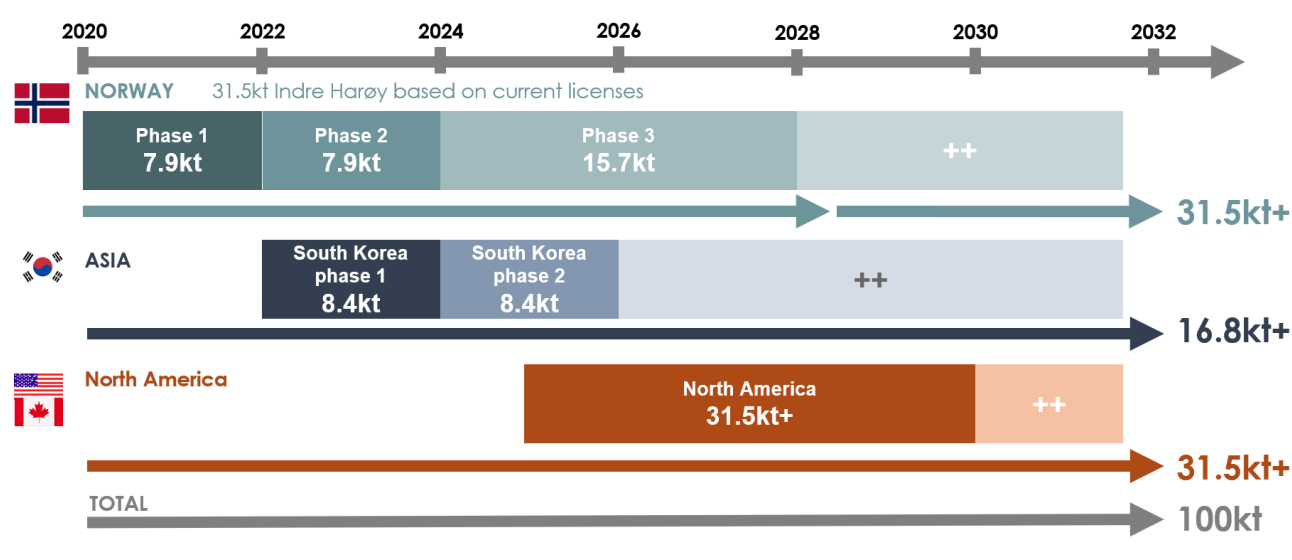
\*Before fair value adjustment related to biological assets

## Roadmap to 100,000 tonnes in 2032

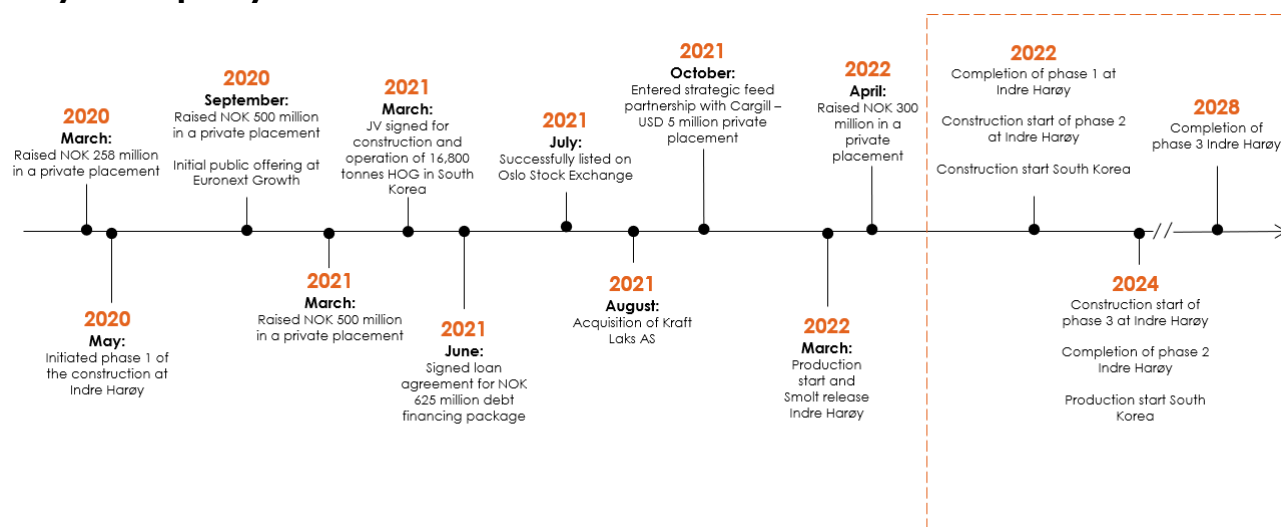
Salmon Evolution targets a leading position in the production of sustainable high-quality salmon from land-based facilities. In addition to its 31,500 tonnes project in Norway, the Company is expanding internationally through a JV in South Korea. In addition, the Company has initiated an expansion plan into North America. Through utilisation of technology,

competence and experience from domestic projects, Salmon Evolution aims to develop projects in targeted growth markets in collaboration with local partners. The Company has a clear road map towards 100,000 tonnes production capacity by 2032 and is on track for ~25,000 tonnes by 2024.

### Roadmap towards +70kt HOG annual harvest



### Key Company milestones



Source: Salmon Evolution

## Important events during the quarter

### Completed NOK 300 million private placement

On 5 April 2022 Salmon Evolution completed a private placement raising gross proceeds of NOK 300 million at a subscription price of NOK 9.00 per share.

The private placement attracted strong interest from Norwegian, Nordic and international high-quality investors and was significantly oversubscribed.

The net proceeds from the private placement will be used to (i) partly fund the second phase of the Indre Harøy facility, (ii) smolt facility expansion and (iii) for general corporate purposes.

As part of the private placement, Salmon Evolution issued 33,333,333 new shares, bringing the total number of outstanding shares to 345,754,822.

### Inside fish tank (May 2022)



Photo: Salmon Evolution

## Launching North America expansion

Salmon Evolution has initiated a process with the aim of expanding its farming operations into North America and at the same time raising its production capacity target to 100,000 tonnes HOG by 2032.

Salmon Evolution is currently evaluating selected identified potential production sites in North America. As part of the site verification processes which include fatal flaws analyses of both biological, technical and regulatory aspects, the Company is currently in dialogue with various stakeholders, both public and private. The Company expects to use the remainder of 2022 for such site selection and initial site verifications.

It is expected that the site verification and relevant regulatory approval processes will take

around three years, allowing for construction start in 2025 or 2026, upon which the plan is to build a full scale 31.5 tonnes HOG “Indre Harøy” facility drawing on the experiences learned in both Norway and Korea.

To facilitate this expansion, the Company has established a dedicated team of both in-house and external resources. Additionally, the Company is in the process of incorporating a US corporate structure under its full ownership.

The Company’s strategy of pursuing accretive partnerships in overseas markets remains unchanged. As the project develops, Salmon Evolution aims to engage in partnership structures leveraging the human capital in our Group and maximizing shareholder value.

### Indre Harøy facing the Atlantic Ocean (March 2022)



Photo: Salmon Evolution

## Norway

### Operations

On 26 March 2022 Salmon Evolution completed its first smolt release at Indre Harøy comprising around 100,000 smolt with an average weight of around 300 grams.

As previously reported the smolt transfer process went according to plan with no negative indicators identified. Furthermore, feeding was gradually increased with the fish showing good appetite and behaviour.

As per 30 June the fish had reached an average weight of around 1.5 kg, significantly exceeding our expectations. The strong performance has continued into the third quarter and the fish now have an average weight of around 2.3 kg, confirming that we are on track for first harvest in Q4 2022. The Company sees this strong growth as a solid verification of our concept and a clear indication of good water quality and fish welfare.

Batch 1 has continued to see low mortality levels. In June the Company also carried out an extensive quality testing with very positive results, confirming good fish health and filet quality, firm meat texture, nice and consistent red meat colour, no maturation issues and excellent salmon taste.

On 13 July Salmon Evolution also released its second smolt batch at Indre Harøy consisting of around 230,000 smolt with an average weight of around 125 grams. This went according to plan, building on the experiences obtained in connection with the first smolt release, enabling a steeper ramp-up in feeding levels. As of 15 August batch 2 had an average weight of around 235 grams, which corresponds to a growth rate higher than what observed for batch 1 for the same time period.

Mortality levels for batch 2 have also been very low. Outside the normal mortality and culling the first days after the smolt transfer, minimal mortality has been registered, confirming good smolt and water quality as well as stable conditions within the farm.

Salmon Evolution is still in the initial phase of its operations and accordingly there is a continuous focus on tuning the facility systems to optimize the biological performance while at the same time reducing risk to a minimum. Such tuning and modification from time to time require pauses in feeding which should also be taken into account when evaluating the biological performance. In this context, the biological performance observed so far is even more encouraging.

Group biomass development							
Batch	30 June 2022			15 August 2022			Comments
	Units (#)	Weight (g)	Biomass (tonnes)	Units (#)	Weight (g)	Biomass (tonnes)	
Batch #1	~100,000	~1,480	148	~100,000	~2,250	225	Stable conditions with growth well exceeding expectations
Batch #2				~230,000	~235	54	Stable conditions and very responsive to feeding shortly after stocking
<b>Total Indre Harøy</b>	<b>~100,000</b>	<b>~1,480</b>	<b>148</b>	<b>~330,000</b>	<b>~845</b>	<b>279</b>	
Smolt	~1,795,000	~30	54				External customer contract completed in Q2 2022
<b>Total Group</b>	<b>~1,895,000</b>		<b>202</b>				

\* Figures for Kraft Laks are only reported on a quarterly basis

Salmon Evolution is also in the process of preparing for the next smolt release, tentatively scheduled for September or October which is expected to comprise around 200,000 smolt. In Q4 this year the Company plans its fourth smolt release of around 280,000 smolt which represent steady state release volumes. From then on, a new batch of smolt will be stocked at Indre Harøy every second month.

During the quarter Salmon Evolution's smolt facility also completed its existing external customer contract and thereby freeing up more tank capacity. Going forward Kraft Laks will solely supply smolt to Indre Harøy which will give the Company even greater operational flexibility and allowing for further optimization of our smolt operation.

### Salmon from quality testing (June 2022)

---



Photo: Salmon Evolution

---



## Project status - Indre Harøy phase 1

All buildings and structural facilities are now completed. The remaining construction works are mainly related to installation of equipment and piping as well as system integration.

As per today, we are holding fish in two of the fish tanks. Over the coming months we will gradually put the remaining tanks into operation following the stocking of new smolt batches and transfer of existing batches into new tanks.

The fish logistics system, allowing for transfer of fish between the fish tanks and sorting of fish based on size is expected to be completed in September as per the original timeline.

We are currently seeing somewhat lower productivity on the construction site which we expect will push the final completion date from Q4 2022 to Q1 2023. We do however not expect any changes in the production plan at this time due to the built-in flexibility during the ramp-up phase.

The lowered productivity is a function of a higher degree of complexity during the ongoing system integration processes and commissioning phase, supply shortages on relevant personnel as well as longer lead times on some equipment.

### Batch 2 smolt release (July 2022)



Photo: Salmon Evolution

## Project financials Indre Harøy phase 1

Following the expected change in final completion date from Q4 2022 to Q1 2023 as well as a lower productivity at the construction site, we now expect full phase 1 capex of about NOK 1,500 million compared to earlier guiding of NOK 1,400 million<sup>1)</sup>.

### Capex overview Indre Harøy Phase 1<sup>1)</sup>

	NOKm	%
<b>Incurred per 30.06.22</b>	<b>1354</b>	<b>90%</b>
<i>Distribution</i>		
2019	19	1%
2020	177	12%
2021	723	48%
2022	434	29%
<b>Remaining</b>	<b>146</b>	<b>10%</b>
<i>Distribution</i>		
2022	131	9%
2023	15	1%
<b>Total</b>	<b>1500</b>	<b>100%</b>

Source: Company data

1) Net of grants directly tied to capital expenditure and exclusive of internal capitalized G&A costs.

Capex during the second quarter amounted to 190 million. In addition, NOK 9.7m of internal

## Indre Harøy phase 2

Since the signing of the Heads of Terms with Artec Aqua in February, Salmon Evolution and Artec Aqua have been working on preparing for the Indre Harøy phase 2 project.

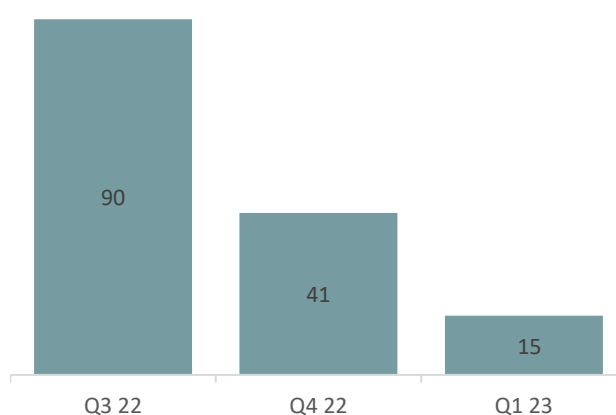
Focus has so far centred around implementing the learnings from phase 1, identifying saving and scaling effects from phase 1, defining a cooperation model designed at further optimizing the project management and develop a cost budget for phase 2.

G&A including construction loan interest were capitalized.

As per 30 June 2022, accumulated capex from project initiation in 2019 amounted to NOK 1,354 million. In addition, accumulated capitalized G&A amounted to NOK 74 million (including capitalized finance costs).

With phase 1 now nearing completion and remaining construction work focused on piping, equipment installation and system integration, the capex intensity is expected to come significantly down over the coming months.

### Capex plan Indre Harøy Phase 1 (NOK million)<sup>1)</sup>



Source: Company data

1) Net of grants directly tied to capital expenditure and exclusive of internal capitalized G&A costs

This preparatory phase is still ongoing, and the Company continues to see areas of improvement, both in terms of cost and quality.

Although significant scaling effects from phase 1 have been identified, the Company is currently seeing inflation pressure on parts of the project, in particular the parts with high raw material intensity. At the same time it is worth noticing that the rally in many raw material prices seem to have slowed down and even in some cases also come somewhat down. There

is however significant uncertainty, both in terms of how the market will develop and lead times with respect to the time needed for changes in the raw material prices to be passed through the value chain.

Furthermore, we are seeing that many construction projects in both Norway and globally are being postponed due to the current market situation.

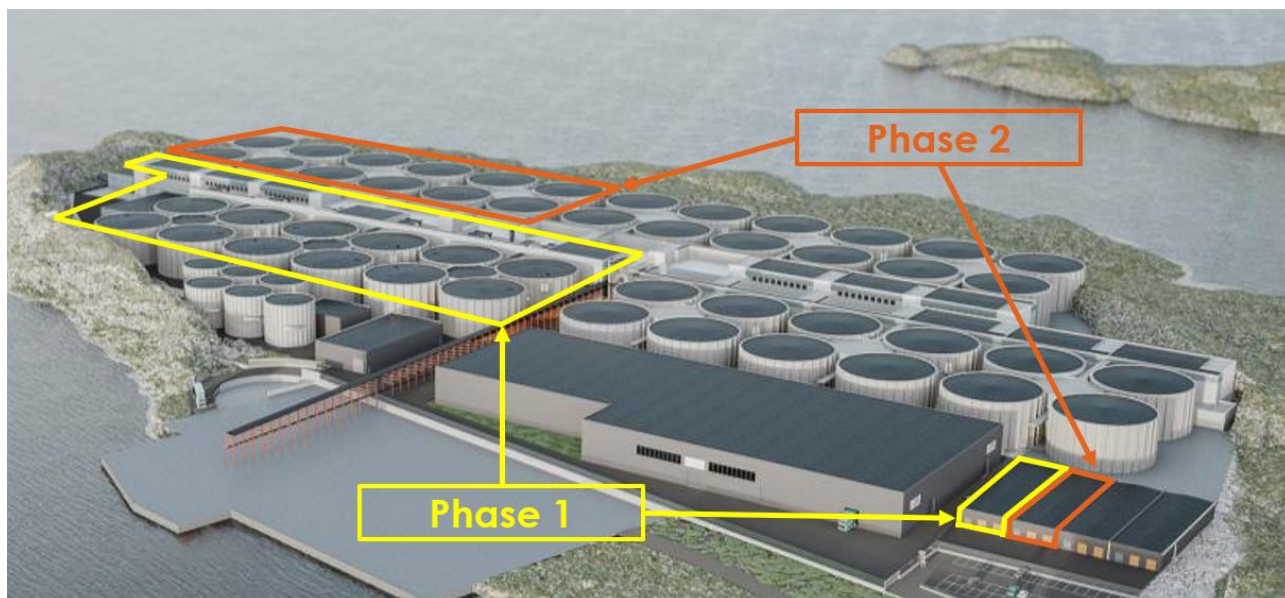
In the light of all this, it is challenging to predict how the market will develop over the coming months and quarters and as per today, the Company sees upward pressure on phase 2 capex compared to previous estimates. Given the uncertainty and volatility in raw material markets, the Company will monitor the market situation closely and continuously seek to identify additional cost savings and revert with a final capex estimate in due course.

With final completion date of phase 1 now expected in Q1 2023, the Company has additional runway to monitor the general market development, obtain additional operational track record from phase 1 and chase further phase 2 cost savings.

Salmon Evolution has made no contractual commitments as to phase 2, although the plan is to commence phase 2 in continuation to the completion of phase 1.

Phase 2 preparatory activities are moderate from a financial perspective, but nevertheless even more important in today's market climate. Upon a final investment decision, the Company intends to structure the projects in a similar way as for phase 1, with financing reservations for the various subcontractors. Finally, if and when phase 2 is formally initiated, the first 6 months are relatively capex light.

**Indre Harøy phase 2 illustration**



As part of the phase 2 project Salmon Evolution is also developing an expansion plan for our smolt facility so that this also can serve the smolt needs for phase 2. This project is ongoing but as

it is interlinked with our Indre Harøy phase 2 project, no investment decision will be taken before we formally decide to initiate phase 2 construction at Indre Harøy.

## Korea

### Introduction to K Smart

The Company has a joint venture 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 and competence.

The joint venture is named K Smart Farming ("K Smart"). The project will be completed in two phases, with each phase aiming to achieve an annual capacity of 8,400 tonnes HOG, 16,800 tonnes combined.

Under the terms of the Joint Venture agreement, Dongwon Industries will facilitate 75% debt financing for K-Smart's phase 1 and Salmon Evolution's total equity contribution for 49% ownership is estimated to about NOK 200 million on a fully funded basis. Phase 2 of the project is planned financed through a combination of bank debt and retained earnings from ongoing operations.

Salmon Evolution's equity contribution is split into milestone driven tranches, reflecting the overall progress of the project. Salmon Evolution executed its first tranche of NOK ~27 million in May 2021.

Salmon Evolution and Dongwon target construction start in 2022, with commencement of production in 2024. The parties have identified a production site in Yangyang on the northeast coastline of South Korea, with solid data points on water quality and temperatures. In addition, K Smart has also acquired an existing smolt facility in Jeongseon which will be upgraded and used for supplying smolt to the grow out facility in Yangyang.



*Yangyang on-growing site*

The acquired smolt facility is based in Jeongseon and has had local production of trout for many years.



*Jeongseon smolt site*

As part of the collaborations, the parties will cooperate to establish branding and marketing of premium, land-based Atlantic salmon from K Smart and Salmon Evolution in the Korean market. K Smart will be responsible for all development-costs and investments related to this project.

The Joint Venture agreement also contains a comprehensive set of corporate governance principles, aimed at serving as a solid foundation for a long-term partnership between Salmon Evolution and Dongwon.

## Project status

Following the completion of a feasibility study during the fourth quarter 2021, Salmon Evolution and Dongwon have been working on tuning the facility layout and production plans in order to optimize the project.

During the first quarter of 2022 K Smart also rewarded Billund Aquaculture a design and engineering contract for the two planned facilities in Korea.

Billund Aquaculture has a long track record in building land-based salmon farming facilities. Moreover, Billund also has significant international experience and a demonstrated track record in working alongside with other contractors responsible for the civil parts of the construction projects which is deemed critical in Korea.

Billund will together with Salmon Evolution's in-house engineering and technology division be responsible for design and engineering of the facilities in Korea and SE is confident that this model will enable K Smart to capitalize on the experiences and knowhow within the Salmon Evolution organization.

During the second quarter focus was centred around design and engineering activities, with several visits to Korea from both Billund and Salmon Evolution team members. Salmon Evolution now have 4 FTEs based in Korea and K Smart has established an organization located in the Dongwon head office in Seoul.

K Smart is also continuing to make progress on the permitting process. The discussions with the respective authorities are developing and K Smart remains confident about receiving approvals needed to carry out the project.

## Sales and marketing

With first harvest now only a few months away, the Company has over the last quarters intensified its commercial focus. Including new recruitments starting in the third quarter our commercial organization will total 5 employees and led by our CCO Odd Frode Roaldsnes.

Furthermore, the Company has an agreement for slaughter services with Vikenco, one of the leading salmon processors in Norway. Vikenco is located only 10 km from Indre Harøy, facilitating cost effective logistics. Moreover, the agreement with Vikenco ensures that Salmon Evolution will benefit from industry scale slaughter costs from day one, rather than building internal slaughter capacity at a suboptimal scale.

The relationship with Vikenco also represents interesting opportunities by way of being able to offer our customers finished products such as filets or portions, rather than just selling whole fish. Specifically in high paying markets, this is expected to have a positive impact.

Although the harvest volumes will be modest during the production ramp-up phase, Salmon Evolution is confident that this phase represent a very good opportunity to present the product for customers worldwide.

As part of the commercial strategy the Company is also working on how to position our product in the market, reflecting a perceived premium quality and alignment with our values. This process has also included market surveys with respect to the opportunity of land-based

salmon in the market place and clearly shows that land-based salmon has an opportunity to

position itself as a new and differentiated category.

**Indre Harøy Batch 1 filet quality (June 2022)**



Photo: Salmon Evolution

## Funding

During 2020, and further throughout 2021, the Company secured both equity and debt financing and is continuously seeking to optimize its capital structure.

In March 2021, the Company issued 83,333,333 shares at a subscription price of NOK 6.0 per share, raising gross proceeds of NOK 500 million.

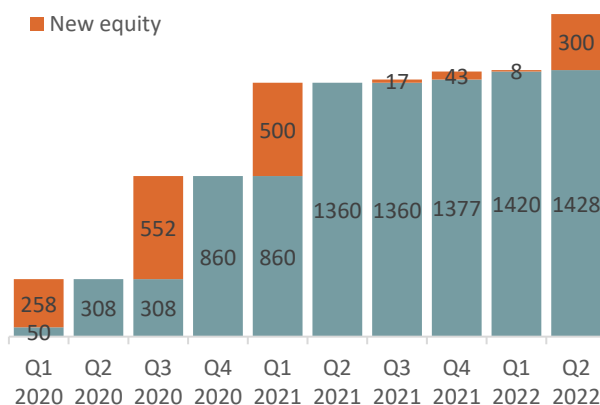
The group further raised NOK 16.6m in new equity in August 2021 as part consideration for the acquisition of Kraft.

In October 2021 the Company also 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.

**Development in paid-in equity (NOK million)**



Source: Company data.

### **Funding Indre Harøy Phase 1**

On 29 June 2021, the Company announced the signing of legally binding loan documentation for a senior secured debt financing package of up to NOK 625 million related to the Phase 1 build out at Indre Harøy.

The debt financing package consists of the following credit facilities:

- NOK 525 million senior secured credit facility with Nordea and Sparebanken Vest which will be used to finance construction capex for Indre Harøy Phase 1 (the "Construction Facility")
- NOK 525 million in long-term debt which will refinance the Construction Facility upon completion of Indre Harøy Phase 1 and consisting of the following:

- NOK 385 million senior secured term loan facility with Nordea and Sparebanken Vest (the "Term Loan Facility")
- NOK 140 million in a separate long-term loan facility with Innovation Norway (the "IN Facility")

- NOK 100 million senior secured overdraft facility with Nordea (the "Overdraft Facility") which will be used for working capital purposes, hereunder financing of biomass and receivables

The Construction Facility and the Term Loan Facility are partly guaranteed by Eksfin.

As per 30 June 2022, NOK 440 million was drawn under the Construction Facility, leaving NOK 85 million undrawn. No draw down was made on the Overdraft Facility.

### **Funding Indre Harøy Phase 2**

In February 2022 Salmon Evolution announced that it had entered into a Heads of Terms with Artec Aqua relating to the phase 2 build out at Indre Harøy. The purpose of the agreement is to enable Salmon Evolution to be in a position to swiftly commence construction of phase 2 following the completion of phase 1. Such timeline requires significant preparatory activities, including but not limited to, planning,

concept and detailed engineering and structuring of subcontractor tender processes.

Although no investment decision has been made as to phase 2, the NOK 300 million private placement completed in April will partly be used to fund phase 2 including the pre-construction phase. If realized, financing of phase 2 is also expected to include significant levels of debt financing.

### **Funding K Smart Farming**

The agreed funding structure of K Smart Farming is 25% equity and 75% debt, where Dongwon Industries is to facilitate debt financing at attractive cost levels (phase 1).

Salmon Evolution's total equity contribution into K Smart is estimated to about NOK 200 million on a fully funded basis, including phase 2. The equity contribution is split in three milestone driven tranches where the Company executed its first tranche of NOK ~27 million in Q2 2021.

### **Funding Kraft Laks**

At the date of the acquisition Kraft Laks had a net cash position with very limited financial debt. The NOK 35 million cash component of the purchase price was funded by cash at hand.

financing package of NOK 52 million in relation to Kraft Laks. The Company deems the bank debt to be at favourable commercial terms, reflecting the solid operational and financial track record of Kraft Laks.

In December the Company announced that it had signed binding agreements for a debt

The bank debt package is split across three separate facilities and will be used as follows:

- General corporate purposes, hereunder financing of working capital
- Investments relating to facility upgrades
- Refinancing of existing NOK 25 million seller's credit with previous owners

As part of the Indre Harøy phase 2 build out, the Company plans to expand the capacity at Kraft Laks, into which parts of the April 2022 private placement proceeds will be allocated. In such scenario further debt financing of Kraft Laks is expected.

### Indre Harøy smolt release (March 2022)

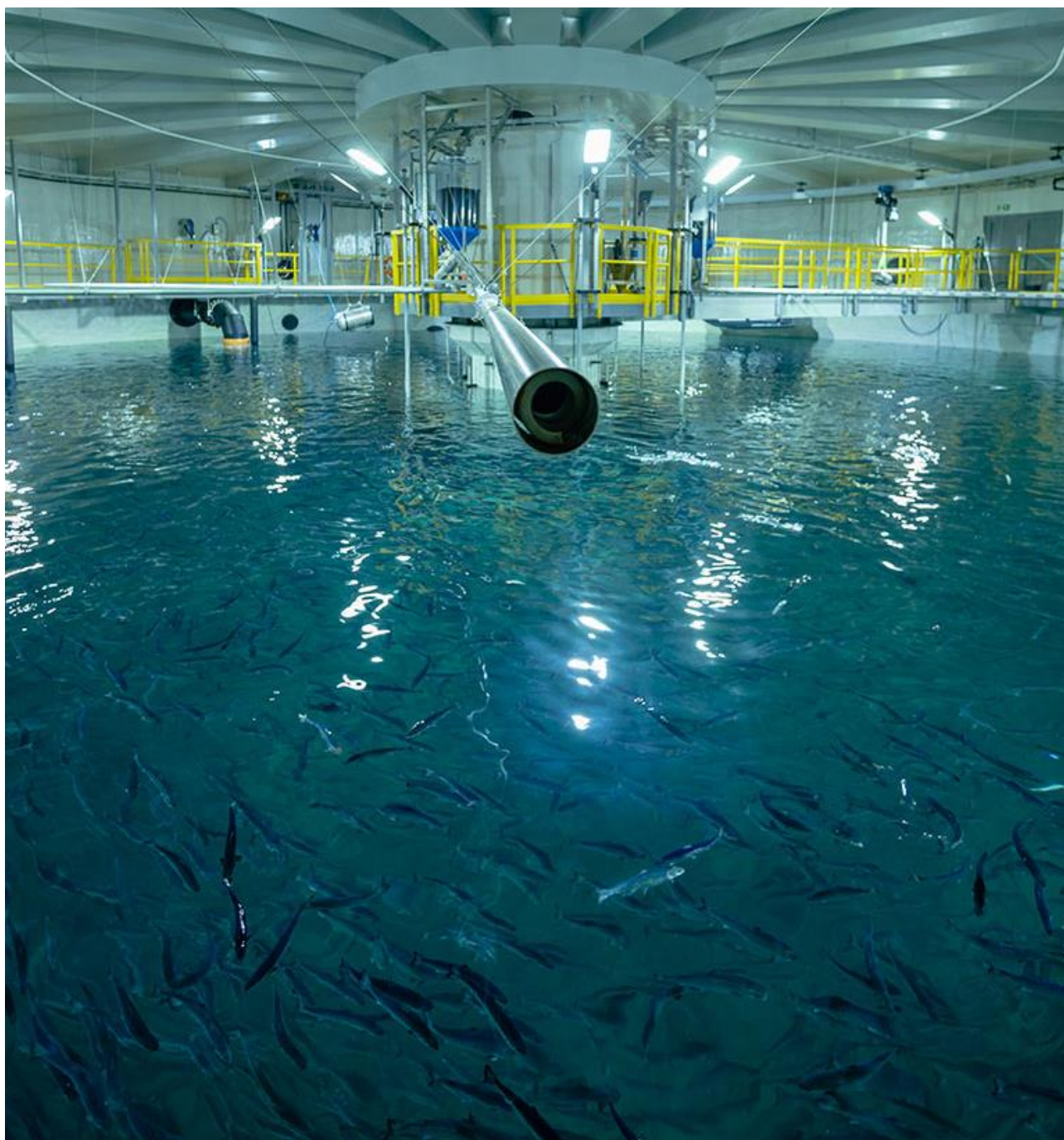


Photo: Salmon Evolution

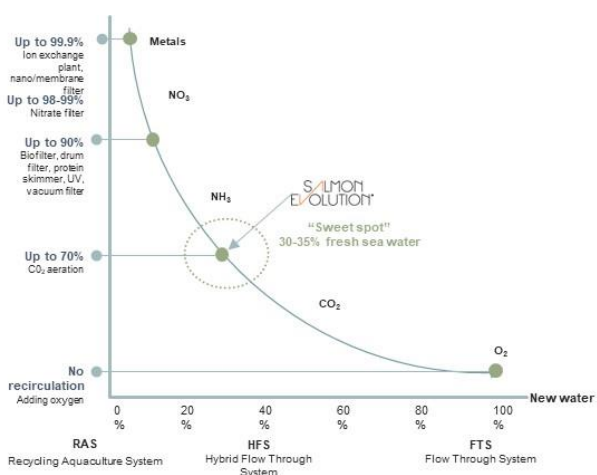


# Extending the ocean potential

## Our Technology – Hybrid flow through system (HFS)

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 that are to be applied in the Company's land-based salmon farming facilities.

Salmon Evolution's 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.

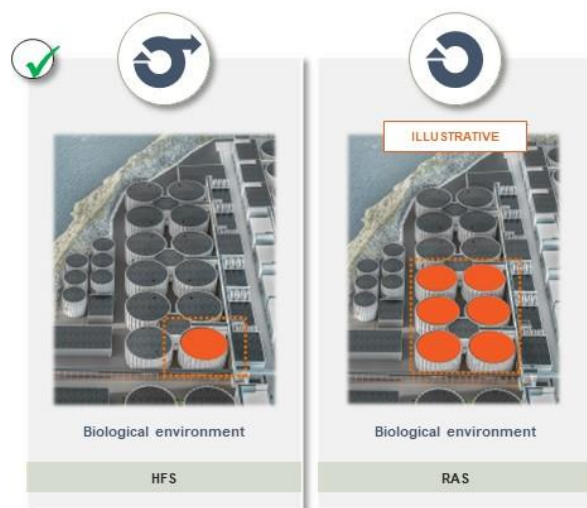
At Indre Harøy the seawater intake is based on two inlet pipes at 25 meters and 95 meters, respectively, enabling the Company to tap into

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 CO<sub>2</sub> 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 truly sustainable production and circular economy, waste is filtered and collected, before being transported to a recirculation plant where it is converted into fertilizer, biogas or similar.

## Financial review

### Summary of result

(figures in NOK 1000)	Note	Q2 22	Q2 21	YTD 22	YTD 21	2021
Revenue from contracts with customers	2	12,689	0	19,515	0	12,047
Other income		-11	0	-19	0	209
<b>Total operating income</b>		<b>12,678</b>	<b>0</b>	<b>19,496</b>	<b>0</b>	<b>12,257</b>
Cost of goods sold	4	-1,830	0	-3,939	0	-908
Personnel expenses	11	-10,684	-6,001	-17,687	-8,726	-21,067
Other operating expenses		-15,273	-7,567	-22,971	-11,260	-25,894
<b>EBITDA before fair value adjustment</b>		<b>-15,108</b>	<b>-13,568</b>	<b>-25,100</b>	<b>-19,986</b>	<b>-35,612</b>
Depreciations	3	-1,467	-404	-2,510	-767	-2,229
<b>EBIT before fair value adjustment</b>		<b>-16,575</b>	<b>-13,971</b>	<b>-27,610</b>	<b>-20,753</b>	<b>-37,841</b>
Fair Value Adjustment	4	2,647	0	2,647	0	0
<b>Operating profit (EBIT)</b>		<b>-13,928</b>	<b>-13,971</b>	<b>-24,963</b>	<b>-20,753</b>	<b>-37,841</b>
Financial income	6	5,780	4,017	15,970	5,250	12,852
Financial expense	6	-2,153	-41	-2,779	-74	-7,335
Share of net income from associated companies	6	-177	3	-276	3	-634
<b>Financial expense - net</b>		<b>3,450</b>	<b>3,979</b>	<b>12,915</b>	<b>5,178</b>	<b>4,884</b>
Profit/loss before tax	8	-10,478	-9,993	-12,048	-15,574	-32,957
Income tax expense	8	0	0	0	0	-1,026
Change in deferred tax		0	0	0	0	7,539
<b>Profit/loss for the period</b>	<b>9</b>	<b>-10,478</b>	<b>-9,993</b>	<b>-12,048</b>	<b>-15,574</b>	<b>-26,444</b>
Basic earnings per share (NOK)	9	-0,03	-0,03	-0,04	-0,06	-0,11
Diluted earnings per share (NOK)	9	-0,03	-0,03	-0,04	-0,06	-0,11

### Statement of Comprehensive Income

Profit/(loss) for the period		-10,478	-9,993	-11,871	-15,574	-26,444
Exchange difference on translating foreign operation	6,7	1,575	39	816	39	-560
<b>Total comprehensive income for the period</b>		<b>-8,904</b>	<b>-9,954</b>	<b>-11,232</b>	<b>-15,535</b>	<b>-27,004</b>

## Q2 2022 results

Revenues for the quarter totalled NOK 12.7 million. The revenues are directly related to the sale of smolt from Kraft Laks to an external client.

Personnel expenses for the quarter totalled NOK 10.7 million. During the quarter approximately 30% of the total personnel expenses were

capitalized and allocated to the building project at Indre Harøy.

Other operating expenses totalled to NOK 15.3 million during the quarter and consisted mainly of operating expenses at our facilities at Kraft Laks and Indre Harøy, costs related to the

establishment in North America, consultancy and legal fees, and other administration expenses.

After adjusting for the fair value adjustment related to the biomass (NOK 2.6 million), operating loss for the period ended at NOK 13.9 million.

Costs deemed to be part of the ongoing assets under construction are capitalized consecutively throughout the year.

Net financials for the quarter was positive at NOK 3.6 million, reflecting about NOK 2.0 million in unrealized profit from financial assets used for hedging purposes.

Loss for the quarter was NOK 10.5 million.

Salmon Evolution's share of K Smart's net income is recognized in the profit and loss statement. The investment in K Smart is accounted for using the equity method where K Smart is regarded as an associated company.

## YTD 2022 results

Total revenues year-to-date accumulates to NOK 19.5 million. The revenues are directly related to the sale of smolt from Kraft Laks to an external client.

Personnel expenses as per 30 June 2022 sums up to NOK 17.7 million. Year-to-date approximately 46% of the total personnel expenses are capitalized and allocated to the building project at Indre Harøy.

Other operating expenses totalled NOK 23.0 million, which is NOK 11.7 million higher than for the same period last year. The increase reflects the higher activity level in the Company, continued progress at Indre Harøy and South Korea, the establishment in North America, alongside operating expenses at our facilities at

Kraft Laks and Indre Harøy, and other administration expenses.

Year-to-date the Company has made fair value adjustments of the biomass of NOK 2.6 million. Adjusted for this effect, the operating loss year to date totalled NOK 25.0.

Total depreciations were NOK 2.5 million and net financials was positive with NOK 12.9 million including unrealized profit from interest rate swaps of NOK 11.5 million.

Loss before tax was NOK 12.0 million as per 30 June 2022.

Assets under construction are not depreciated.

## Cash flow

Consolidated net cash flow from operating activities was NOK -29.5 million in the second quarter of 2022 compared to NOK -23.5 million for the same period last year. The negative change is mainly related to higher operational activity.

Net cash flow from investment activities was NOK -255.0 million during the quarter. The investments are reflecting a continued high

activity level at Indre Harøy. The Company expects that the activity level gradually will be reduced going forward towards completion of phase 1.

Cash flow from financing activities during the quarter was NOK 379.7 million, which consist both of the capital increase done in April raising gross proceeds of NOK 300 million and two drawdowns on the Construction facility.

Total net cash flow during the first quarter was NOK 95.2 million. The liquidity position at the end of the period was strong, with cash and cash

equivalents of NOK 525.0 million and total available liquidity of NOK 762 million including committed undrawn credit facilities.

### Cash flow summary

(figures in NOK 1000)

	Q2 2022	Q2 2021	YTD 2022	YTD 2021	2021
<b>Net cash flow from operating activities</b>	<b>-29,517</b>	<b>-23,548</b>	<b>6,668</b>	<b>-35,363</b>	<b>-67,376</b>
<b>Net cash flow from investments activities</b>	<b>-254,984</b>	<b>-119,484</b>	<b>-533,151</b>	<b>-219,580</b>	<b>-754,553</b>
<b>Net cash flow from financing activities</b>	<b>379,744</b>	<b>-4,213</b>	<b>546,103</b>	<b>474,990</b>	<b>679,668</b>
Net change in cash and cash equivalents	95,243	-147,245	19,620	220,048	-142,261
<b>Cash and cash equivalents at start of period</b>	<b>429,922</b>	<b>1,015,098</b>	<b>505,545</b>	<b>647,806</b>	<b>647,806</b>
<b>Cash and cash equivalents at end of period</b>	<b>525,165</b>	<b>867,853</b>	<b>525,165</b>	<b>867,853</b>	<b>505,545</b>

## Financial position

The carrying amount of Salmon Evolution's total fixed assets as of 30 June 2022 was NOK 1,574.3 million, compared to NOK 534.0 million 30 June 2021. Fixed assets are mainly related to the construction work at Indre Harøy, comprising capitalized costs related to both personnel expenses and construction cost, land acquisition and Kraft Laks as well other smaller items.

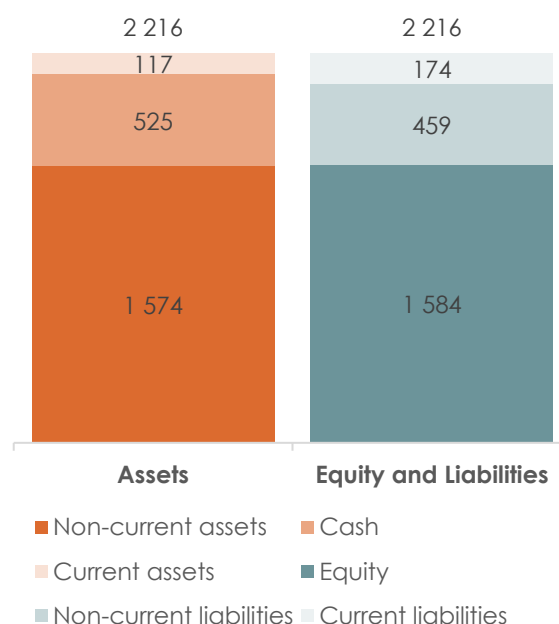
Total equity amounted to NOK 1,583.5 million. With total assets of NOK 2,216.5 million, this corresponds to an equity ratio of 71%. Consolidated interest-bearing liabilities totalled NOK 479.5 million.

In October 2020, Salmon Evolution was granted NOK 14 million in funding from the Norwegian tax incentive scheme Skattefunn. The incentive scheme will be distributed over a three-year period and is designed to stimulate research and development (R&D).

Furthermore, in November 2020 the Company was granted NOK 96.8 million in a funding commitment from ENOVA. The commitment is a cash grant, and the funding will not require any material additional investment needs from

Salmon Evolution. The proceeds from this grant is expected paid out in tranches over the course of Indre Harøy Phase 1 development.

### Balance sheet as per 30.06.2022 (NOK million)



Source: Company data

Both grants are recognized in the financial accounts as a reduction of fixed assets. As of Q2 2022 the Company has recognized NOK 9.5

million in Skattefunn grants and NOK 87.9 million in Enova grants of which NOK 4.8 million and NOK 60 million have been received by 30 June 2022, respectively.

As per 30 June 2022 the Company had bank debt of NOK 440 million, in all material aspects relating to the Construction Facility for Indre Harøy. For further description of the financing package see section "Funding" above.

## Subsequent events

### Successful second smolt release at Indre Harøy

On 14 July 2022 the Company successfully completed the second smolt release at Indre Harøy which comprised about 230,000 smolt with an average weight of around 125 grams. The operation went according to plan with no negative indicators identified.

As reported in the operational update on 4 July 2022, the batch #2 smolt volumes have been significantly upsized and now also include the volumes originally intended for release in August.

### Completed limited test slaughter ahead of first commercial harvest

In August the Company completed a limited test slaughter at Vikenco ahead of the first commercial harvest.

The first commercial harvest is scheduled for Q4 2022.

## Transactions with related parties

During the ordinary course of business, the Company may engage in certain arm's length transactions with related parties.

There were no material transactions with related parties during the first half 2022.

## Share information

On 5 April 2022 Salmon Evolution completed a private placement raising gross proceeds of NOK 300 million through the issuance of 33,333,333 new shares. Following the registration of the new shares the total shares outstanding was 345,754,822. As per 30 June 2022, the Company had a total of 12,166 shareholders.

Ronja Capital II AS was the Company's largest shareholder with 27,393,242 shares, corresponding to 7.9% of the total number of shares outstanding. The 20 largest shareholders held 59.0% of the shares in the Company.

The closing price for the Company's share was NOK 7.51 per share as per 30 June, which corresponded to a market capitalization of NOK 2.6 billion.

During the quarter the average daily, traded volume was about 939,000 shares and the average daily traded value was about NOK 8.1 million (Oslo Børs).

Salmon Evolution ASA was listed on Oslo Børs on 9 July 2021.

### 20 largest shareholders 30 June 2022

Shareholder	# of shares	% share
Ronja Capital II AS	27 393 242	7,9 %
The Bank of New York Mellon SA/NV	22 755 829	6,6 %
Farvatn Private Equity AS	17 649 433	5,1 %
Dongwon Industries Co. Ltd	16 044 572	4,6 %
Rofisk AS	13 697 662	4,0 %
Stette Invest AS	11 569 338	3,3 %
Kjøllås Stansekniver AS	11 207 738	3,2 %
J.P. Morgan SE	9 616 448	2,8 %
Verdipapirfondet Dnb Norge	8 918 344	2,6 %
Mevold Invest AS	8 141 141	2,4 %
Lyndheim Invest AS	7 992 252	2,3 %
Jakob Hatteland Holding AS	7 810 734	2,3 %
Bortebakken AS	7 526 040	2,2 %
EWOS AS	7 441 374	2,2 %
Nordnet Livsforsikring AS	5 874 345	1,7 %
Verdipapirfondet DNB SMB	5 092 491	1,5 %
Verdipapirfondet Norge Selektiv	5 009 172	1,4 %
Salmoserve AS	3 782 921	1,1 %
CACEIS Bank	3 551 011	1,0 %
Småge Eiendom AS	3 033 333	0,9 %
<b>Total 20 largest shareholders</b>	<b>204 107 420</b>	<b>59,0 %</b>
Other shareholders	141 647 402	41,0 %
<b>Total number of shares</b>	<b>345 754 822</b>	<b>100,0 %</b>

Source: VPS, Company

## Risk and uncertainties

As described in the Annual Report for 2021, Salmon Evolution's business activities entail exposure to various types of risk, including risk related to project, market-, operational- and financial development. The current Covid-19 pandemic still poses a risk to most of the Group's operational areas. The Group's internal controls and risk exposure are subject to continuous monitoring and improvement, and efforts to reduce risk in different areas have a high priority. Below is a summary of some of the risks facing the Company.

### **Operational risk**

The greatest operational risk relates to biological developments within the Group's aquaculture operations. Land-based salmon farming is a new industry and is subject to inherent risk by being an industry in the development phase, as well as the risk that the Company's commercialization strategy may fail. The Company is vulnerable to errors in technology,

production equipment and maintenance routines.

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

### **Project risk**

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

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

adverse effects for the Company's ability to realize its business plan. The chosen entrepreneur for the construction projects, Artec Aqua, has limited legal liability for cost overruns and delays.

### **Market risk**

Having entered the operational phase the Group is exposed to the general development of salmon prices. Although prices have remained strong so far in 2022, costs are also

increasing. As of 30 June 2022 the Company has not entered into any hedging programs to reduce market risk.

### **Interest Rate risk**

The Group's interest rate risk relates primarily to borrowings from financial institutions with variable interest rates. Currently, the Group has entered into hedge programs to reduce this risk for only parts of its planned borrowings, thus the

Group remains exposed to changes in the interest rate. As of 30 June 2022, outstanding loans from credit institutions amounted to NOK 440 million (excluding financial leasing).

**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. As of 30 June 2022, there were no such instruments outstanding.

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 relevant counterparty, with a maximum exposure equal to the carrying amount of these instruments. This risk is not considered to be material.

**Liquidity risk**

Management monitors rolling forecasts of the Group's liquidity reserve (comprising cash and cash equivalents) based on 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 and long-term plans.



## Summary and Outlook

Following the first smolt release in late March, Salmon Evolution has now been operating the Indre Harøy facility for almost 5 months. Taking a facility of this magnitude into operation is a highly complex process involving a lot of tuning and adjustments in the beginning. Nevertheless, we have been able to maintain stable conditions and providing a good environment for our salmon not only to live, but also to thrive.

The Company is very pleased with the performance of the fish so far. During the first months of operations, we have seen growth rates and appetite well exceeding the targets set out in our production plan. Although we have not yet completed a full production cycle, this performance is a strong validation of our concept and a demonstration that our design throughput is realistic, which is critical for a capex intensive land-based farming operation, given the relatively higher share of fixed costs.

Furthermore, the Company is also pleased to see that the quality of the salmon looks very good, with firm meat texture, red and consistent meat colour and excellent salmon taste.

Over the coming months and quarters we will gradually ramp up production as the existing batches grow bigger while we at the same time include new batches and start utilizing the remaining parts of the facility. Preparations are already underway for the first harvest which is scheduled for the fourth quarter and the Company look forward to start supplying a record-high salmon market with our premium quality product.

The average Fish Pool salmon price was NOK 107.3/kg in Q2 2022 compared to NOK 63.3/kg in Q2 2021, representing an increase of 70% year over year. Looking at the forward prices for the remainder of 2022, this points to a full year 2022 salmon price of more than NOK 80/kg. In comparison the full year salmon price for 2021

was NOK 58.4/kg. The Company also notes that airfreight costs for in particular the Asian market has been at elevated levels following the pandemic and war in Ukraine, resulting substantially higher salmon prices locally, e.g. in South Korea.

Total Norwegian exports of salmon during Q2 2022 was 288,000 tons compared to 305,000 tons in Q2 2021, a decrease of 5.7%. Given the magnitude of the price increase during the quarter, this reduction in supply is believed to only partly explain the strong prices seen during the quarter.

Looking at 2022 most analysts now expect neutral or slightly negative global supply growth which should support a scenario with high salmon prices. Salmon Evolution sees a significant demand growth potential for salmon over the coming decade subject to the industry being able to grow the supply side. In this context the Company remains firm in its belief that land-based farming will need to play an important role alongside conventional farming.

Building on the experiences from our flagship facility at Indre Harøy, the ambition is to significantly grow the Company's operations over the coming decade. As such, operations in overseas markets are a key pillar in our strategy, but always enabled by a strong operation in Norway.

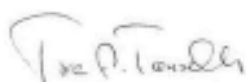
As part of this strategy, Salmon Evolution launched an expansion plan into the North American market during the second quarter. Given the long lead times developing a land-based project, having a solid pipeline of quality projects is critical to the long term value creation in Salmon Evolution. With eventually having a major farming operation on all the three major salmon consuming continents, Salmon Evolution is uniquely positioned to be the global leader within land-based salmon farming.

## Responsibility Statement

Responsibility statement in connection with interim management report by the Board of Directors and CEO of Salmon Evolution ASA.

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2022 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Company's and group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the period and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties facing the group, and major related parties' transactions.

The Board of Directors of Salmon Evolution ASA  
Aalesund/Molde 17 August 2022



Tore Tønseth  
Chair



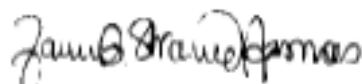
Peder Stette  
Director



Anne Breiby  
Director



Ingvild Vartdal  
Director



Janne-Grethe Strand Aasnæs  
Director



Glen Allan Bradley  
Director



Håkon André Berg  
CEO

## Interim financial statements (IFRS)

### Statement of Profit and Loss

<b>Summary of result</b>						
(figures in NOK 1000)	Note	Q2 22	Q2 21	YTD 22	YTD 21	2021
Revenue from contracts with customers	2	12,689	0	19,515	0	12,047
Other income		-11	0	-19	0	209
<b>Total operating income</b>		<b>12,678</b>	<b>0</b>	<b>19,496</b>	<b>0</b>	<b>12,257</b>
Cost of goods sold	4	-1,830	0	-3,939	0	-908
Personnel expenses	11	-10,684	-6,001	-17,687	-8,726	-21,067
Other operating expenses		-15,273	-7,567	-22,971	-11,260	-25,894
<b>EBITDA before fair value adjustment</b>		<b>-15,108</b>	<b>-13,568</b>	<b>-25,100</b>	<b>-19,986</b>	<b>-35,612</b>
Depreciations	3	-1,467	-404	-2,510	-767	-2,229
<b>EBIT before fair value adjustment</b>		<b>-16,575</b>	<b>-13,971</b>	<b>-27,610</b>	<b>-20,753</b>	<b>-37,841</b>
Fair Value Adjustment	4	2,647	0	2,647	0	0
<b>Operating profit (EBIT)</b>		<b>-13,928</b>	<b>-13,971</b>	<b>-24,963</b>	<b>-20,753</b>	<b>-37,841</b>
Financial income	6	5,780	4,017	15,970	5,250	12,852
Financial expense	6	-2,153	-41	-2,779	-74	-7,335
Share of net income from associated companies	6	-177	3	-276	3	-634
<b>Financial expense - net</b>		<b>3,450</b>	<b>3,979</b>	<b>12,915</b>	<b>5,178</b>	<b>4,884</b>
Profit/loss before tax	8	-10,478	-9,993	-12,048	-15,574	-32,957
Income tax expense	8	0	0	0	0	-1,026
Change in deferred tax		0	0	0	0	7,539
<b>Profit/loss for the period</b>	<b>9</b>	<b>-10,478</b>	<b>-9,993</b>	<b>-12,048</b>	<b>-15,574</b>	<b>-26,444</b>
Basic earnings per share (NOK)	9	-0,03	-0,03	-0,04	-0,06	-0,11
Diluted earnings per share (NOK)	9	-0,03	-0,03	-0,04	-0,06	-0,11
<b>Statement of Comprehensive Income</b>						
Profit/(loss) for the period		-10,478	-9,993	-12,048	-15,574	-26,444
Exchange difference on translating foreign operation	6,7	1,575	39	816	39	-560
<b>Total comprehensive income for the period</b>		<b>-8,904</b>	<b>-9,954</b>	<b>-11,232</b>	<b>-15,535</b>	<b>-27,004</b>

## Statements of financial position

(figures in NOK 1000)	Note	30 June 22	31 March 22	31 Dec 21	30 June 21
<b>Assets</b>					
Intangible assets	3	63,281	62,670	62,586	980
Deferred tax assets	8	1,026	1,026	1,026	0
Assets under construction	3,1	1,444,629	1,241,960	971,122	501,995
Property, plant & equipment	3	24,991	17,394	15,601	1,141
Right-of-use assets	3	13,652	10,746	2,112	2,401
Investment in associated companies	7	26,759	25,361	26,219	27,454
<b>Total non-current assets</b>		<b>1,574,338</b>	<b>1,359,157</b>	<b>1,078,664</b>	<b>533,970</b>
Inventory	4	20,114	15,626	15,050	0
Trade receivables		3,651	8,705	382	0
Other current receivables	6	93,228	69,382	106,262	44,863
Cash and cash equivalents		525,165	429,922	505,545	867,853
<b>Total current assets</b>		<b>642,159</b>	<b>523,636</b>	<b>627,239</b>	<b>912,717</b>
<b>Total assets</b>		<b>2,216,497</b>	<b>1,882,794</b>	<b>1,705,903</b>	<b>1,446,686</b>
<b>Equity and liabilities</b>					
Share capital	10	17,288	15,621	15,540	15,153
Share premium	10	1,627,073	1,342,007	1,334,283	1,275,478
Other reserves	11	7,791	6,455	5,118	3,494
Other equity		0	0	0	0
Uncovered losses		-68,642	-59,739	-57,411	-45,942
<b>Total equity</b>		<b>1,583,510</b>	<b>1,304,343</b>	<b>1,297,530</b>	<b>1,248,183</b>
Long-term interest-bearing debt	5	440,644	350,644	212,352	0
Lease liabilities - long term	5	10,074	7,626	892	1,190
Other long-term liabilities	5	7,976	7,976	7,976	0
<b>Total non-current liabilities</b>		<b>458,694</b>	<b>366,246</b>	<b>221,221</b>	<b>1,190</b>
Short-term interest-bearing debt	5	25,096	24,893	13,086	40,000
Trade payables		134,112	171,298	162,071	150,638
Social security and other taxes		4,102	4,671	4,946	3,238
Lease liabilities - short term	5	3,710	3,147	1,236	1,203
Other short-term liabilities		7,275	8,195	5,812	2,234
<b>Total current liabilities</b>		<b>174,293</b>	<b>212,205</b>	<b>187,152</b>	<b>197,313</b>
<b>Total liabilities</b>		<b>632,987</b>	<b>578,450</b>	<b>408,373</b>	<b>198,504</b>
<b>Total equity and liabilities</b>		<b>2,216,497</b>	<b>1,882,794</b>	<b>1,705,903</b>	<b>1,446,686</b>

## Statement of cash flow

(figures in NOK 1000)	Note	Q2 22	Q2 21	YTD 22	YTD 21	2021
<b>Cash flow from operations</b>						
Profit before income taxes		-10,478	-9,993	-12,048	-15,574	-32,957
<b>Adjustments for:</b>						
Depreciation		1,467	404	2,510	767	2,229
Net finance		-3,450	-3,979	-12,915	-5,178	-4,884
Share based payment expenses		1,336	0	2,673	0	1,624
Gain on lease modification		0	0	0	0	66
<b>Changes in working capital:</b>						
Change in trade receivables		5,054	0	-3,270	0	-382
Change in other current receivables		-21,822	-20,784	24,171	-22,225	-29,217
Change in inventory		-4,488	0	-5,064	0	-1,702
Change in trade payables		2,548	9,807	7,548	-1,166	-684
Change in social security and other taxes		-570	2,108	-845	2,095	-4,387
Change in other current liabilities		-920	-5,087	1,462	743	3,584
<b>Cash generated from operations</b>		<b>-31,323</b>	<b>-27,524</b>	<b>4,224</b>	<b>-40,538</b>	<b>-66,710</b>
Financial expenses paid		-1,951	-41	-2,388	-74	-11,980
Financial income received		3,756	4,017	4,833	5,250	11,315
<b>Net cash flow from operations</b>		<b>-29,517</b>	<b>-23,548</b>	<b>6,668</b>	<b>-35,363</b>	<b>-67,376</b>
<b>Cash flow from investment activities</b>						
Payments for fixed assets and other capitalizations	3	-214,638	-168,899	-496,948	-283,320	-797,959
Payments for intangible assets	3	-612	-183	-696	-547	-881
Acquisition of Kraft Laks		0	0	0	0	-27,249
Change in trade payables investments		-39,734	77,011	-35,508	91,700	98,315
Investment in associated companies		0	-27,413	0	-27,413	-26,779
<b>Net cash flow from investment activities</b>		<b>-254,984</b>	<b>-119,484</b>	<b>-533,151</b>	<b>-219,580</b>	<b>-754,553</b>
<b>Cash flow from financing activities</b>						
Proceeds from issue of equity		286,733	-3,960	294,538	475,231	517,868
Proceeds from new borrowings		90,000	0	240,644	0	202,600
Repayment of borrowings		0	0	-733	0	-40,800
Repayment of lease liabilities		3,011	-253	11,655	-241	0
<b>Net cash flow from financing activities</b>		<b>379,744</b>	<b>-4,213</b>	<b>546,103</b>	<b>474,990</b>	<b>679,668</b>
Net change in cash and cash equivalents		95,243	-147,245	19,620	220,048	-142,261
Cash and cash equ. at the beginning of the period		429,922	1,015,098	505,545	647,806	647,806
<b>Cash and cash equ. at the end of the period</b>		<b>525,165</b>	<b>867,853</b>	<b>525,165</b>	<b>867,853</b>	<b>505,545</b>

## Statement of Changes in Equity

(figures in NOK 1000)	Share capital	Share premium	Other reserves	Other equity	Uncovered losses	Total equity
<b>Balance at 1 January 2021</b>	<b>10 987</b>	<b>804 369</b>	<b>2 974</b>	<b>520</b>	<b>-30 407</b>	<b>788 442</b>
Profit/loss for the period	0	0	0	0	-15 574	-15 574
Other comprehensive income	0	0	0	0	39	39
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-15 536</b>	<b>-15 536</b>
Capital increase, net of transaction cost:	4 167	471 110	0	0	0	475 277
Share options issued	0	0	520	-520	0	0
Share options exercised	0	0	0	0	0	0
<b>Transactions with owners</b>	<b>4 167</b>	<b>471 110</b>	<b>520</b>	<b>-520</b>	<b>0</b>	<b>475 277</b>
<b>Balance at 30 June 2021</b>	<b>15 153</b>	<b>1 275 478</b>	<b>3 494</b>	<b>0</b>	<b>-45 942</b>	<b>1 248 183</b>
Profit/loss for the period	0	0	0	0	-10 870	-10 870
Other comprehensive income	0	0	0	0	-599	-599
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-11 469</b>	<b>-11 469</b>
Capital increase, net of transaction cost:	387	58 805				59 192
Share options issued	0	0	1 624	0	0	1 624
Share options exercised	0	0	0	0	0	0
<b>Transactions with owners</b>	<b>387</b>	<b>58 805</b>	<b>1 624</b>	<b>0</b>	<b>0</b>	<b>60 816</b>
<b>Balance at 31 December 2021</b>	<b>15 540</b>	<b>1 334 283</b>	<b>5 118</b>	<b>0</b>	<b>-57 411</b>	<b>1 297 530</b>
<b>Balance at 1 January 2022</b>	<b>15 540</b>	<b>1 334 283</b>	<b>5 118</b>	<b>0</b>	<b>-57 411</b>	<b>1 297 530</b>
Profit/loss for the period	0	0	0	0	-12 048	-12 048
Other comprehensive income	0	0	0	0	816	816
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-11 232</b>	<b>-11 232</b>
Capital increase, net of transaction cost:	1 748	292 790	0	0	0	294 538
Share options issued	0	0	2 673	0	0	2 673
Share options exercised	0	0	0	0	0	0
<b>Transactions with owners</b>	<b>1 748</b>	<b>292 790</b>	<b>2 673</b>	<b>0</b>	<b>0</b>	<b>297 211</b>
<b>Balance at 30 June 2022</b>	<b>17 288</b>	<b>1 627 073</b>	<b>7 791</b>	<b>0</b>	<b>-68 642</b>	<b>1 583 510</b>

## Selected notes to the quarterly financial statements

### Note 1 – Summary of significant accounting policies

#### General information

Salmon Evolution ASA and its subsidiaries, Salmon Evolution Norway AS, Salmon Evolution Asia AS and Kraft Laks AS, (the "Company", "SE" or "the Group") is a Norwegian business headquartered in Molde 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 of which phase 1 currently under construction 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 with expected completion in Q1 2023. First smolt batch was released at Indre Harøy late March 2022 as per original timeline, and the Group expect first harvest to be in Q4 2022.

These interim financial statements were approved by the Board of Directors for issue on 17 August 2022.

These interim financial statements have not been audited.

#### Consolidation

These condensed consolidated statements for the period ended 30 June 2022 include Salmon Evolution ASA together with its subsidiaries Salmon Evolution Norway AS, Salmon Evolution Asia AS and Kraft Laks AS.

Please note that the comparable previous periods financial statement periods only reflect Salmon Evolution Norway AS, Salmon Evolution Asia AS and Salmon Evolution ASA.

#### Basis of preparation

These interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". These interim financial statements do not provide the same scope of information

as the annual financial statement and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS.

#### Going concern

The Group has adopted the going concern basis in preparing its consolidated 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 Group has adequate resources to continue its operational existence for the foreseeable future.

### **Accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except that income tax expense is recognized in each interim period using the expected weighted average annual income tax rate for the full financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss. The Group does not include net deferred tax benefits in its balance that exceeds the tax effect of group contributions in order to equalize tax payable in its subsidiaries.

### **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

### **Borrowing costs**

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

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 intended use or placed in service. As per 30.06.2022 the Company is still in a test- and verification phase for its Indre Harøy facility and the facility is therefore not deemed ready for intended use. As such, assets under construction are not depreciated.

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 4.

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.



## Note 2 – Segment

The Group is in an early stage of its production ramp-up at the grow-out facility at Indre Harøy which comprises most of the Group's activity as per the reporting date. Internal reporting to the Company's top decision maker is therefore on an aggregated group level and accordingly, the Company does not present segment information as per the reporting date.

To date the Group's revenue is mainly related to sale of smolt in Norway.

## Note 3 – Property, plant and equipment

(figures in NOK 1000)	Intangible assets	Assets under construction	Buildings	Fixtures and fittings	Right-of-use assets	Total
Cost 1 January 2021	432	219 926	0	739	3 187	224 284
Additions	548	282 069	0	905	631	284 153
Disposals						0
<b>Cost 30 June 2021</b>	<b>980</b>	<b>501 995</b>	<b>0</b>	<b>1 644</b>	<b>3 818</b>	<b>508 437</b>
Accumulated depreciation 1 January 2021	0	0	0	-409	-745	-1 154
Depreciation for the period	0	0	0	-94	-673	-767
<b>Net book value 30 June 2021</b>	<b>980</b>	<b>501 995</b>	<b>0</b>	<b>1 141</b>	<b>2 401</b>	<b>506 517</b>

(figures in NOK 1000)	Intangible assets	Assets under construction	Buildings	Fixtures and fittings	Right-of-use assets	Total
Cost 1 January 2022	62 586	971 122	7 607	8 966	3 997	1 054 277
Additions	696	473 507		10 399	13 042	497 643
Disposals					0	0
<b>Cost 30 June 2022</b>	<b>63 281</b>	<b>1 444 629</b>	<b>7 607</b>	<b>19 364</b>	<b>17 039</b>	<b>1 551 920</b>
Accumulated depreciation 1 January 2022	0	0	-302	-670	-1 885	-2 857
Depreciation for the period		0	-324	-685	-1 501	-2 510
<b>Net book value 30 June 2022</b>	<b>63 281</b>	<b>1 444 629</b>	<b>6 981</b>	<b>18 009</b>	<b>13 652</b>	<b>1 546 553</b>

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. As per 30.06.2022 the Company is still in a test- and verification phase for its Indre Harøy facility and the facility is therefore not deemed ready for intended use. As such, assets under construction are not depreciated.

Assets under construction per 30 June 2022 consisted mainly of capitalised costs related to the turnkey project with Artec Aqua for building a land-based salmon farming facility at Indre Harøy, Møre og Romsdal.

## Note 4 – Biological assets and inventory

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.

The fair value of fish in the grow-out facility is calculated by multiplying the estimated biomass at the time of harvest with the estimated sales price at the same time and deducted for estimated costs to sell. For fish not ready for harvest, remaining production costs to grow the fish to harvest weight are deducted. The cash flow is further discounted by a discount rate taking into account both risk adjustment and time value.

The Group considers that the optimal harvest weight is 4.60 kg, which corresponds to around 4 kg gutted weight. Fish with a live weight of 4.60 kg or more are classified as ready for harvest, while fish that have not achieved this weight are classified as not harvestable.

The estimated biomass volume is based on the actual number of individuals in the grow-out departments on the balance sheet date, adjusted for projected mortality up to harvest time and multiplied with the estimated harvest weight per individual at harvest time.

Sales price for the fish in the grow-out facility is based on forward prices from Fish Pool. The net sales value is adjusted for expected quality differences and harvesting, logistic and sales expenses.

BOOK VALUE OF INVENTORY	NOK 1000			
	Q2 2022	Q1 2022	Q4 2021	Q2 2021
Raw materials	1 112	787	112	-
Biological assets	19 002	14 839	14 939	-
Finished goods	-	-	-	-
<b>Total</b>	<b>20 114</b>	<b>15 626</b>	<b>15 050</b>	<b>-</b>

BIOLOGICAL ASSETS	TONNES			
	Q2 2022	YTD 2022	Q2 2021	YTD 2021
<b>Biological assets beginning of period</b>	<b>141</b>	<b>182</b>	-	-
Increase due to production	161	183	-	-
Reduction due to harvest/sale	100	163	-	-
Reduction due to incident based mortality	-	-	-	-
Fair value adjustment beginning of period	N/A	N/A	N/A	N/A
Fair value adjustment end of period	N/A	N/A	N/A	N/A
<b>Biological assets end of period</b>	<b>202</b>	<b>202</b>	-	-

BIOLOGICAL ASSETS	NOK 1000			
	Q2 2022	YTD 2022	Q2 2021	YTD 2021
<b>Biological assets beginning of period</b>	<b>14 839</b>	<b>14 939</b>	-	-
Increase due to production	9 522	14 206	-	-
Reduction due to harvest/sale	-8 006	-12 789	-	-
Reduction due to incident based mortality	-	-	-	-
Fair value adjustment beginning of period	-	-	-	-
Fair value adjustment end of period	2 647	2 647	-	-
<b>Biological assets end of period</b>	<b>19 002</b>	<b>19 002</b>	-	-

## Specification of biological assets

<b>Biological assets per 30.06.2022</b>	<b>Number of fish (1000)</b>	<b>Biomass (tonnes)</b>	<b>Cost of production (NOK 1000)</b>	<b>Fair value adjustment (NOK 1000)</b>	<b>Carrying amount (NOK 1000)</b>
Smolt	1 795	54	7 211	-	7 211
Non-harvestable fish (<4.6 kg)	100	148	9 144	2 647	11 791
Harvestable fish (>4.6 kg)	-	-	-	-	-
<b>Total</b>	<b>1 895</b>	<b>202</b>	<b>16 355</b>	<b>2 647</b>	<b>19 002</b>

<b>Biological assets per 30.06.2021</b>	<b>Number of fish (1000)</b>	<b>Biomass (tonnes)</b>	<b>Cost of production (NOK 1000)</b>	<b>Fair value adjustment (NOK 1000)</b>	<b>Carrying amount (NOK 1000)</b>
Smolt	-	-	-	-	-
Non-harvestable fish (<4.6 kg)	-	-	-	-	-
Harvestable fish (>4.6 kg)	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company is in an early stage of the production ramp-up at 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. As per 30.06.2022 this adjustment amounted to NOK 3,706 thousand which has been expensed directly in the profit and loss statement.

The Company has not yet started depreciation of the grow-out facility at Indre Harøy. Accordingly, depreciation is not reflected in the cost of production and fair value adjustment figures.

## Note 5 – Interest-bearing debt

### Long-term interest bearing debt

(NOK thousand)	30.06.2022	30.06.2021	31.12.2021
Debt to credit institutions	440 644	-	200 000
Other long-term interest bearing debt	-	-	12 352
Leasing liabilities	10 074	1 190	892
<b>Total long-term interest-bearing debt 31.12</b>	<b>450 718</b>	<b>1 190</b>	<b>213 245</b>

### Short-term interest bearing debt

(NOK thousand)	30.06.2022	30.06.2021	31.12.2021
Debt to credit institutions	-	40 000	733
Other short-term interest bearing debt	25 096	-	12 352
Leasing liabilities	3 710	1 203	1 236
<b>Total short-term interest-bearing debt 31.12</b>	<b>28 805</b>	<b>41 203</b>	<b>14 322</b>

<b>Total interest-bearing debt</b>	<b>479 523</b>	<b>42 393</b>	<b>227 567</b>
Cash & cash equivalents	525 165	867 853	505 545
<b>Net interest-bearing debt</b>	<b>-45 642</b>	<b>-825 460</b>	<b>-277 978</b>

The Group entered a senior secured NOK 625 million debt financing package relating to its phase 1 build out at Indre Harøy with Nordea, Sparebanken Vest and Innovation Norway. This package consists of a NOK 525 million senior secured credit facility that are to finance the construction CAPEX at Indre Harøy (Construction Facility) as well as a NOK 100 million overdraft facility. Per 30.06.22 the Group had made drawdowns of NOK 440 million under the Construction Facility. The Construction Facility has no repayments during the construction period and will be converted into a long-term debt facility at completion of Phase 1.

In addition, when acquiring smolt producer Kraft Laks the sellers provided the Company with a seller's credit of NOK 25.1 million, which is classified as short-term debt.

The Group has also entered into loan agreements for a total of NOK 52 million relating to Kraft Laks of which NOK 0.6 million was drawn as per 30 June 2022. This financing is intended to finance working capital and investments in Kraft Laks as well as refinancing of the abovementioned seller's credit.

### 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 exceed 50%. Further, there is a profitability requirement linked to the borrower's minimum EBITDA which shall be greater than NOK 100 million on a last 12-month basis from Q2 2024. Quarterly EBITDA figures shall be measured from Q3 2023 with set minimum EBITDA levels reflecting the company's gradual ramp up of production volumes and profitability.

Finally, there is a minimum cash requirement that stipulates that the cash balance shall be greater than NOK 100 million during construction, and greater than NOK 50 million after completion of the construction work.

### 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 Group's two operating subsidiaries, Salmon Evolution Norway AS and Kraft Laks 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.

Cash movements in financing activities (NOK thousand)	Interest bearing debt	
	Short term	Long term
<b>Balance at January 1, 2022</b>	<b>14 322</b>	<b>213 245</b>
Repayment of loans and borrowings	-733	-
Proceeds from new bank loan	-	240 644
Seller credit Kraft Laks	12 743	-12 352
Obligations due to land and water rights	-	-
Change in obligations under leases	2 473	9 182
<b>Balance at June 30, 2022</b>	<b>28 805</b>	<b>450 718</b>
Transaction cost related to loans and borrowings	-	
Capitalised borrowing cost	9 280	
Interest expense	1 471	
Interest paid	-9 595	
Change accrued interest	1 156	

## Note 6 – Finance income & finance cost

(figures in NOK 1000)

<b>Finance income</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
Interest income	3 041	567	3 591	1 800	4 057
Change in value of financial derivatives	2 024	0	11 137	0	1 537
Foreign exchange gains	705	3 450	1 232	3 450	7 062
Other finance income	10	0	10	0	196
<b>Financial income</b>	<b>5 780</b>	<b>4 017</b>	<b>15 970</b>	<b>5 250</b>	<b>12 852</b>
Share of net income from associated companies	-177	3	-276	3	-634
<b>Total financial income</b>	<b>5 603</b>	<b>4 020</b>	<b>15 694</b>	<b>5 252</b>	<b>12 218</b>

<b>Finance expenses</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
Interest on debts and borrowings	1 204	33	1 471	66	1 007
Foreign exchange losses	949	8	1 283	8	6 287
Other finance expenses	0	0	25	0	40
<b>Total financial expenses</b>	<b>2 153</b>	<b>41</b>	<b>2 779</b>	<b>74</b>	<b>7 335</b>

<b>Net financial income/- expenses</b>	<b>3 450</b>	<b>3 979</b>	<b>12 915</b>	<b>5 178</b>	<b>4 884</b>
--	--------------	--------------	---------------	--------------	--------------

### Fair value adjustments - financial assets

(NOK thousand)	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>31.12.2021</b>
Unrealised changes in the value of interest rate swap	11 480	-	1 263
Unrealised changes in the value of contract related to power supply	-343	-	274
<b>Fair value adjustments recognised in profit and loss</b>	<b>11 137</b>	<b>-</b>	<b>1 537</b>

The Group did not have any fair value adjustments of financial liabilities in the first half of 2022, nor in 2021.

## Note 7 – Investment in associated companies

The group has the following investments in associated companies:

(figures in NOK 1000)	Country	Ownership	Voting share
K Smart Farming Co., Ltd	Korea	49 %	49 %
Investment cost 31.05.21		<b>27 413</b>	
Share of net income 2021		<b>-634</b>	
Foreign currency translation gain/(loss) 2021		<b>-560</b>	
<b>Net book value 31 December 2021</b>		<b>26 219</b>	
Share of net income YTD 2022		<b>-276</b>	
Foreign currency translation gain/(loss) YTD 2022		<b>816</b>	
<b>Net book value 30 June 2022</b>		<b>26 759</b>	

Investments in associated companies are recognized using the equity method.

## Note 8 – Tax

Taxes	H1 2022	H1 2021
(figures in NOK 1000)		
Profit/loss before tax	-12 048	-15 574
Calculated tax (22%)	-2 651	-3 426
Tax payable	0	0
Change in deferred tax (asset)	-2 651	-3 426
Change in deferred tax not shown in the balance sheet	2 651	3 426
<b>Tax expense</b>	<b>0</b>	<b>0</b>

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period ended 30 June 2022 is 22%, compared to 22% for the period ended 30 June 2021.

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. As of 31.12.2021 there was a basis for payable tax in the subsidiary Kraft Laks AS amounting to 1,026 thousand. This is offset with a group contribution from Salmon Evolution ASA. The tax effect is recognized as deferred tax asset.

## Note 9 – Earnings per share

(figures in NOK 1000)	H1 2022	H1 2021
Loss attributable to the equity owners of the Company	-12 048	-15 574
Loss for calculation of diluted earnings per share	-12 048	-15 574
Weighted average number of shares outstanding <sup>1)</sup>	328 275 656	275 286 643
Dilutive options	0	0
Average number om shares and options used in calculation for diluted EPS	328 275 656	275 286 643
<b>Basic earnings per share (NOK)</b>	<b>-0,04</b>	<b>-0,06</b>
<b>Diluted earnings per share (NOK)</b>	<b>-0,04</b>	<b>-0,06</b>

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

H1 2022: The Company 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 in H1 2022 has been calculated by applying a weight of 1/2 of the number of shares before the capital raise in Q1 2022 (310,796,489 shares), and 1/2 of the total number of shares after the capital raise (345,754,822 shares).

H1 2021: The Company issued 83,333,333 new shares in a capital raise in March 2021. The weighted average number of shares outstanding in H1 2021 has been calculated by applying a weight of 2/6 of the number of shares before the capital raise in March 2021 (219,731,088 shares), and 4/6 of the total number of shares after the capital raise (303,064,421 shares).



## Note 10 – Share capital and 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
<b>Opening balance 1 July 2020</b>			<b>5 375 159</b>	<b>0,05</b>			<b>107 503 182</b>
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

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. 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.

## Note 11 – Options

### Options

Effects on financial statement:

NOK thousands	30.06.2022
Other paid-in capital	2673
<b>Net BS</b>	<b>2673</b>
	30.06.2022
Option cost	-1447
<b>Net PL</b>	<b>-1447</b>
	30.06.2022
Capitalized option cost	-1226
<b>Allocated to CAPEX</b>	<b>1226</b>

## Note 12 – Transactions with related parties

During the ordinary course of business, the Company may engage in certain arm's length transactions with related parties.

There were no material transactions with related parties during first half 2022.

## Note 13 – Significant and subsequent events

### Successful second smolt release at Indre Harøy

On 14 July 2022 the Company successfully completed the second smolt release at Indre Harøy which comprised about 230,000 smolt with an average weight of around 125 grams. The operation went according to plan with no negative indicators identified.

As reported in the operational update on 4 July 2022, the batch #2 smolt volumes have been significantly upsized and now also include the volumes originally intended for release in August.

### Completed limited test slaughter ahead of first commercial harvest

In August the Company completed a limited test slaughter at Vikenco ahead of the first commercial harvest.

The first commercial harvest is scheduled for Q4 2022.

## ABOUT SALMON EVOLUTION

Salmon Evolution is a Norwegian land-based salmon farming company targeting a production capacity of 100,000 tonnes HOG by 2032. The Company's core focus is 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 technology (HFS). This secures a truly sustainable production process with controlled and optimal growth conditions and limiting operational and biological risk.

The Company's first production facility is strategically located at Indre Harøy on the Norwegian west coast with unlimited access to fresh seawater, renewable energy, established infrastructure, and an educated and experienced work force. Phase 1 is already in operation and will have an annual capacity of 7,900 tonnes HOG at steady state. Fully developed, the Indre Harøy facility will have an annual capacity of 31,500 tonnes HOG.

The Company has also entered into a joint venture with Dongwon Industries where the parties will develop, construct and operate a land-based salmon farming facility in South Korea with an annual production capacity of 16,800 tonnes HOG, using Salmon Evolution's chosen HFS technology.

Furthermore, the Salmon Evolution has initiated a process with the aim of establishing a land-based salmon farming operation in North America.

Salmon Evolution ASA is listed on Oslo Børs under the ticker SALME.

SALMON  
EVOLUTION\*

### OFFICE ADDRESS

Torget 5, 6440 Elnesvågen (HQ)  
Keiser Wilhelms gate 22, 6003 Ålesund

### PRODUCTION SITES

Grow-out: Indre Harøyvegen 88, 6430 Bud  
Smolt: Dalsfjordvegen 2805, 6120 Folkestad

### ORG NUMBER

NO 925 344 877 MVA

E-mail: [post@salmone.no](mailto:post@salmone.no)

Web: [salmonevolution.no](http://salmonevolution.no)

## BOARD OF DIRECTORS

**Tore Tønseth**  
Chairman of the Board

**Anne Breiby**  
Board Member

**Ingvild Vartdal**  
Board Member

**Peder Stette**  
Board Member

**Janne-Grethe Strand Aasnæs**  
Board Member

**Glen Allan Bradley**  
Board Member

**Eunhong Min**  
Board Member

## MANAGEMENT

**Håkon Andre Berg**  
CEO

**Trond Håkon Schaug-Pettersen**  
CFO

**Ingjarl Skarvøy**  
COO

**Odd Frode Roaldsnes**  
CCO

**Kamilla Mordal Holo**  
Chief Project Officer

**Hans Petter Mortveit**  
Finance Manager

