



Extending the ocean potential

**Q2 2021**

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
- First production facility under construction at Indre Harøy in Norway, with 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 grow-out production targeted in 2024
- On track for ~25,000 tonnes by 2024, clear roadmap for 70,000 by 2030
- Listed on Oslo Stock Exchange main list from July 2021
- Fully funded for committed projects in Norway and Korea

### Salmon Evolution – Extending the ocean potential

*A Norwegian land-based salmon farming company with a goal to become a global supplier of high-quality and sustainable salmon*



First production facility under construction in Norway – annual harvesting capacity of 31,500 tonnes head-on-gutted ("HOG") fully developed



Joint venture with Dongwon Industries for a 16,800 tonnes HOG production facility in South Korea – first grow-out production targeted in 2024



Utilizing hybrid flow-through system ("HFS") with 30%-35% fresh seawater intake, reducing complexity and biological risk and securing optimal growth at low cost



Targeting a position as a global leading land-based farmer, enabled by a strong ESG profile

Indre Harøy illustration – fully developed



South Korea project illustration (Source: Dongwon)



## Highlights in the quarter

- Construction of Phase 1 at Indre Harøy progressing according to plan – on time and on budget
- Closing of first equity tranche of NOK 27.4 million in Korean JV company K Smart and signed agreement for extended feasibility study for both the smolt and grow out facility in South Korea
- Secured and formalized a NOK 625 million debt financing package ensuring a fully funded platform for Indre Harøy phase 1 and equity commitment for K Smart
- Available cash of NOK 868 million (NOK 2.86 per share) on 30 June 2021

## Subsequent events

- Listing of the company's shares at the main list on Oslo Stock Exchange
- Acquisition of renowned smolt company Kraft Laks AS securing in-house sourcing of high quality smolt for Indre Harøy phase 1, with identified growth potential to cover smolt needs for at least Phase 2

## Key figures

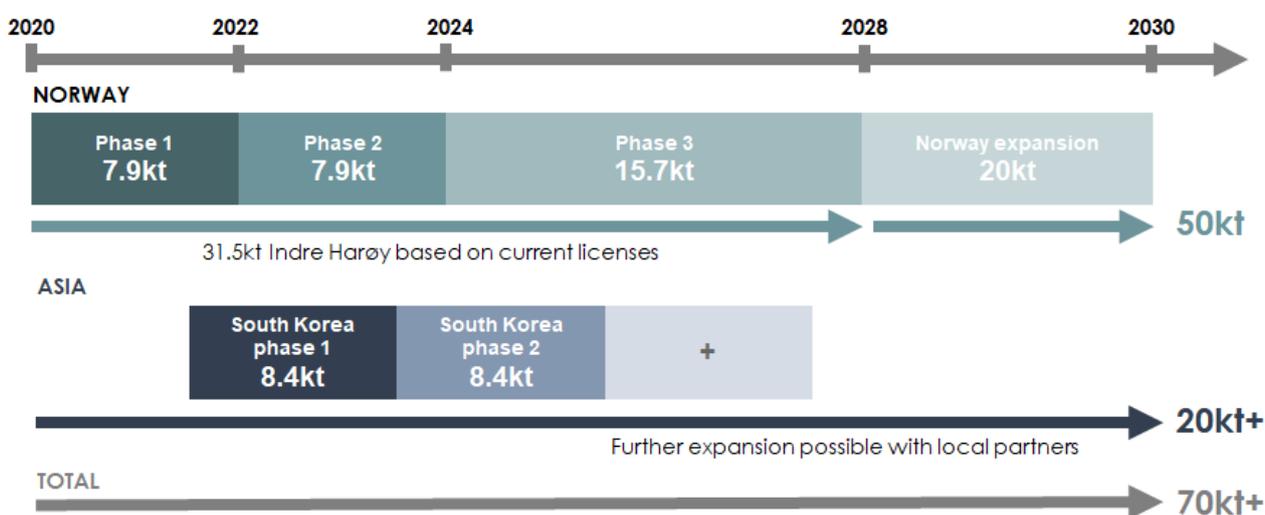
(figures in NOK 1000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
<b>IFRS main figures</b>					
Operating Revenues	0	0	0	30	704
EBITDA	-13,568	-3,391	-19,985	-6,223	-17,126
EBIT	-13,971	-3,472	-20,752	-6,371	-17,676
Profit / (loss) before taxes	-9,993	-3,479	-15,574	-6,385	-16,826
Cash flow from investment activities	-119,484	-57,980	-219,580	-68,245	-165,961
Cash flow from financing activities	-4,213	244,609	474,990	244,609	802,664
Net cash flow	-147,245	183,403	220,048	169,008	626,682
Available cash	867,853	190,131	867,853	190,131	647,806
Available cash per share	2.86				
Net Interest-bearing liabilities	-825,460				
Total assets	1,446,686				
Equity	1,248,183				
Equity ratio	86 %				

## Roadmap to 70,000 tonnes in 2030

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. 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 +70,000 tonnes production capacity by 2030 and is on track for ~25,000 tonnes by 2024.

### Roadmap towards +70kt HOG annual harvest



### Securing in-house smolt production – acquisition of Kraft Laks

On 16 August 2021 Salmon Evolution announced that it had entered into an agreement to acquire Kraft Laks AS (“Kraft Laks”), a family-owned smolt producer located in Dalsfjorden in Volda municipality. Kraft Laks has an annual production of around 1.8 million smolt p.a., but has a license to produce 5 million smolt p.a. subject to certain conditions.

Further, Kraft Laks has a documented track record as a high quality smolt producer and the facility has been producing smolt since 1995 under the ownership of the selling family. Over the last years the majority of the smolt produced

has been sold to one of the major salmon farmers.

One of the major advantages with Kraft Laks is their excellent freshwater supply. From 3 inlet stations (2 rivers) Kraft Laks has rich access to clean freshwater from the surrounding mountains. Also, a royal resolution secure minimum freshwater supply from the local power station at all times.

The solid freshwater access has enabled Kraft Laks to utilize a similar production technology as Salmon Evolution's hybrid flow-through system (HFS) with reuse of water, CO2 stripping and

oxygenation, making Kraft Laks a perfect fit for Salmon Evolution.

The acquisition of Kraft Laks gives Salmon Evolution full operational control over the critical value chain and secures that SE is self-supplied with smolt for phase 1 at Indre Harøy. In the evaluation leading up to the acquisition, Salmon Evolution has also identified significant expansion opportunities for Kraft Laks which, if realized, is expected to cover Salmon Evolution's smolt needs for at least phase 2 at Indre Harøy.



As high quality smolt is a critical foundation for any successful salmon farming operation, Salmon Evolution sees a strong strategic rationale of acquiring a well established smolt producer in close proximity to the site at Indre Harøy that can have a dedicated focus on providing us with the best possible smolt.

The acquisition of Kraft Laks is the result of a thorough process where Salmon Evolution has evaluated a number of alternatives with respect to sourcing of smolt. The company is confident that acquiring an existing operation with documented track record has a significant risk mitigating effect. It also gives us flexibility with respect to our production plan at Indre Harøy and finally it does so in a cost and capex effective manner.

At the moment Kraft Laks is fully stocked with smolt to cover its existing customer contract. The existing inventory is also aligned to cover Salmon

Evolution's expected smolt needs from and including the first smolt release at Indre Harøy planned in March 2022 based on the current plan.

The founder, majority owner and general manager of Kraft Laks, Knut Endre Heltne, will continue in his position and lead Salmon Evolution's smolt operations and thereby securing continuity for Kraft Laks.

Kraft Laks has for many years had a stable and strong financial performance. The purchase price for the shares in Kraft Laks is agreed to NOK 76.5 million which is based on an enterprise value of NOK 70 million on a cash and debt free basis. This equals an EV/EBITDA multiple of 7x based on average EBITDA for the last 3 years.

The purchase price of NOK 76.5 million is payable as follows:

- NOK 16.6 million in the form of new Salmon Evolution ASA shares at a subscription price of NOK 7.5775 per share which equals the volume weighted average price the last 20 days prior to the transaction. As a result, Salmon Evolution will issue 2,190,694 new shares to the previous Kraft Laks owners. These shares will be subject to a 12 month lock-in.
- NOK 35 million payable in cash at closing and the remaining balance structured as a deferred cash payment.



## Kraft Laks smolt facility

---



Photo: Salmon Evolution

---

## Freshwater source at nearby mountain

---

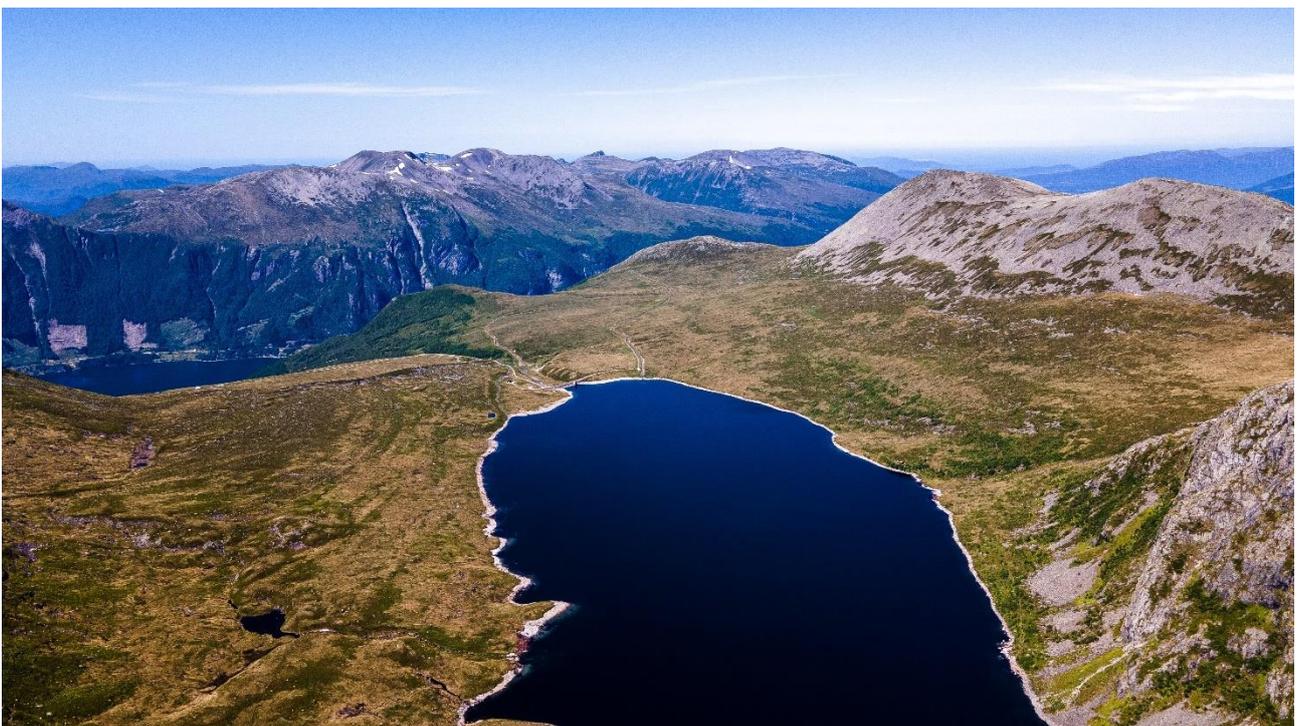


Photo: Salmon Evolution

---

## Project review

### Status - Indre Harøy

Since the groundwork started in May 2020, the Phase 1 project at Indre Harøy has developed according to plan.

Blasting work for the fish-tanks and buildings is completed, and the masses have been transported out or crushed for reuse. Concrete works, including foundations for buildings and tanks, started in September 2020 and the tunnel for wastewater was successfully finished in December 2020.

Construction work during H1 2021 has mainly been focused on the production facilities, where the company has had solid progress on construction of buildings and structures. Seven out of twelve fish tanks are assembled, where the remaining fish tanks are expected to be completed in Q4. Concrete work on water intake station is almost completed and water

inlet pipes have arrived at site and are awaiting installation.

The first process equipment and pipes have also arrived at Indre Harøy and are expected to be installed during the next quarters.

The company remains on track for the first smolt release which is scheduled to be in March 2022.

Currently some 130 workers are working on site. As workload increase the number of workers is estimated to peak in Q3/Q4 with an estimated 250 workers on site.

Along with the higher activity work, complexity increases. To reduce risk for accidents, Salmon Evolution aims for a close dialogue with contractors and workers to secure controlled and safe project progression.

### The assembly of fish-tanks well underway (August 2021)



Photo: Salmon Evolution

## Milestones

Phase 1 includes a stepwise construction of 12 grow-out tanks with an annual combined capacity of 7,900 tonnes HOG.

Handover of the first four tanks is scheduled for late Q1 2022, followed by completion of the remaining eight tanks consecutively throughout Q2 2022 to Q4 2022.

Production of the first batches is expected to commence in Q1 2022, with first harvest expected in Q4 2022 and steady state annualized harvest volumes of 7,900 tons HOG from Q3 2023.

### Indre Harøy facility to be built in three Phases with a total annual harvest volume of 31.5kt HOG

Phase	Description	Capacity	Capex est.	EBIT Cost/kg***
Phase 1	<ul style="list-style-type: none"> <li>- Land acquisition</li> <li>- Building of foundations</li> <li>- Construction of 12 grow-out tanks</li> </ul>	~7,900t HOG	NOK 1.2 bn*	NOK 40.8
Phase 2	<ul style="list-style-type: none"> <li>- Construction of additional 12 grow-out tanks</li> </ul>	~7,900t HOG	NOK 1.2 bn**	NOK 38.6
Phase 3	<ul style="list-style-type: none"> <li>- Construction of additional 24 grow-out tanks</li> <li>- Construction of 4 holding tanks</li> <li>- Construction of intake station</li> </ul>	~15,700t HOG	NOK 2.1 bn	NOK 36.1
<b>Total</b>		<b>~31,500t HOG</b>	<b>NOK 4.5 bn</b>	<b>NOK 36.1</b>

\* Capex exclusively related to phase 1

\*\*Smolt facility not included

\*\*\*Target EBIT cost at steady state full production volumes for each phase

## Project financials

When comparing cost estimates for Phase 1 and a fully built out facility, efficiency gains in both capex and opex are expected to increase. Capex efficiencies are related to synergies between phases (groundwork, reduced mobilization costs, etc.), increased efficiency in assembly, and increased efficiency in planning, design and execution together with suppliers. As of 30 June, total capital expenditure amounts to NOK 475 million<sup>1</sup>, representing some 37% of total capital expenditure of about NOK 1.3 billion.

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

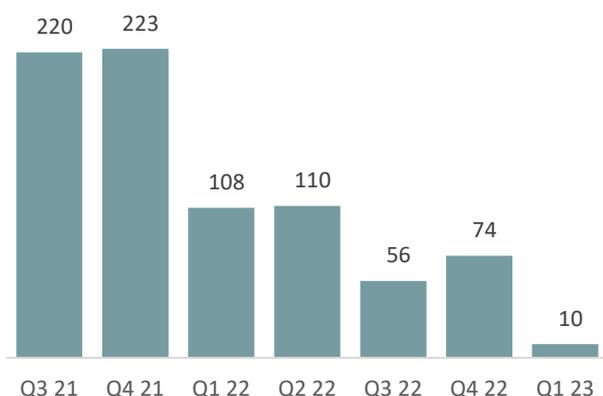
	NOKm	%
<b>Incurred per 30.06.21</b>	<b>475</b>	<b>37 %</b>
<i>Distribution</i>		
2019	19	2 %
2020	177	14 %
2021	278	22 %
<b>Remaining per 30.06.21</b>	<b>801</b>	<b>63 %</b>
<i>Distribution</i>		
2021	351	28 %
2022	426	33 %
2023	24	2 %

Source: Company data

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

According to the company's capex plan, payments will peak in Q3/Q4 2021 and gradually decrease towards completion.

**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.

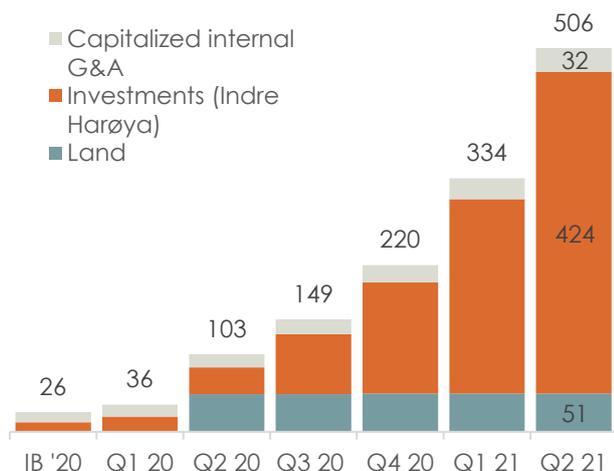


Photo: Salmon Evolution

**Allocation of accumulated CAPEX**

Total capital expenditures during the second quarter amounted to NOK 171.8 million, of which NOK 168.0 million were investments related to the turnkey project with Artec Aqua and NOK 3.8 million was capitalized personnel and shared cost.

**Accumulated CAPEX (NOK million)**

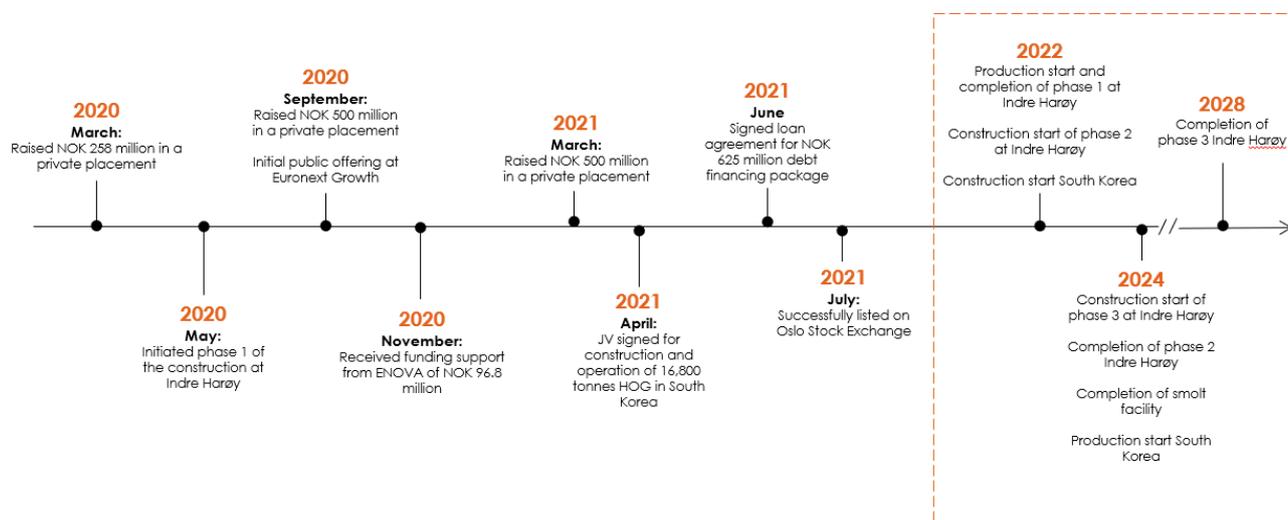


As per 30 June 2021, accumulated capex from project initiation in 2019 amounts to NOK 506 million.

In May 2020, Salmon Evolution acquired necessary land for development and construction of the operations at Indre Harøy. Capex related to land investments accounts for approximately 10% of the total incurred capex.

Accumulated capex account for 37% of total capex, and the company remains confident with its capex budget.

## Project timeline



Source: Salmon Evolution

## K Smart – Korean JV

The company has entered 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. Total project cost for phase 1 is estimated to NOK 1.6 billion, including capex, project management, contingencies and working capital build-up.

Under the terms of the Joint Venture agreement, Dongwon Industries will facilitate 75% debt financing for K-Smart 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 27.4 million during May 2021. Together with Dongwon's initial equity investment into K Smart, the proceeds will be used to finance: (i) design and engineering, (ii) site evaluation and permitting, (iii) acquisition of an existing and operating smolt facility in Jeongseon of which closing has already taken place and (iv) general corporate purpose

Salmon Evolution and Dongwon target construction start in 2022, with commencement of grow out 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. Preliminary estimates indicate an EBITDA cost in the range of NOK 39-41/kg (HOG) and an EBIT cost of NOK 44-46/kg (HOG).

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 the 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.

The two parties will jointly consider future opportunities for scaling similar projects in other attractive markets in the region.

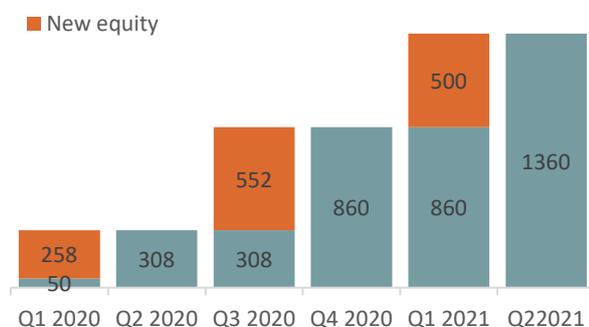
During the second quarter K Smart engaged Artec Aqua to do an extended feasibility study for both the smolt site and the grow out site. This work is expected to be completed during October 2021.

## Funding

During 2020, and further into H1 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.

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



Source: Company data

In parallel, K Smart has filed for most of the relevant permits which are currently pending approval from respective Korean authorities. K Smart expects to start receiving approvals during 2H 2021.

K Smart is also in the process of retaining a Korean civil engineering and project management company and Salmon Evolution and Dongwon Industries has established a joint project team.

Simultaneously, Salmon Evolution is further strengthening its organization and commitment to the project and has recently retained a separate project manager responsible for following up the project. Our new Head of Asia, Odd Frode Roaldsnes starts in his position in September.

As of 30 June 2021, Salmon Evolution had available cash and cash equivalents amounting to NOK 867.9 million.

### Funding Indre Harøy Phase 1

On 29 June 2021, the company announced that it had signed legally binding loan documentation for a senior secured debt financing package of up to NOK 625 million relating to its 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 the Norwegian Export Credit Guarantee Agency ("GIEK").

In July 2021 the company made a NOK 50 million draw down under the Construction Facility, of which NOK 40 million was used to fully repay the existing NOK 40 million bank debt raised in November 2020.

### **Funding K Smart Farming**

The total project cost for the establishment and development of Phase 1 in K Smart is estimated to around NOK 1,600 million. 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.

Salmon Evolution's total equity contribution into K Smart is estimated to 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 27.4 million in Q2 2021.

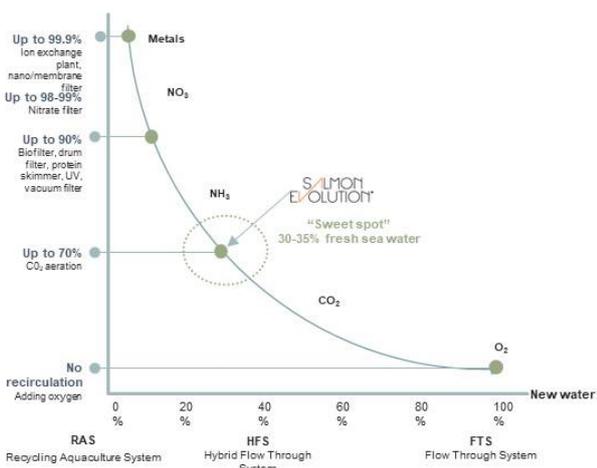


## Extending the ocean potential

### 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 will a lower level of reuse lead to significantly higher energy costs in connection with pumping and heating of water.

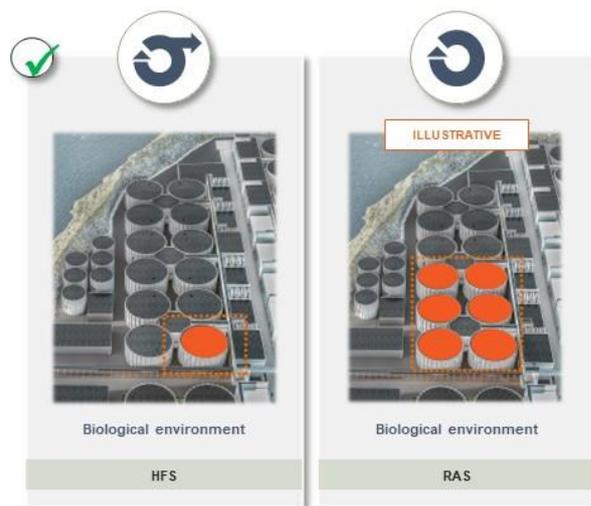
At Indre Harøy the seawater intake is based on two inlet pipes at 25 meters and 95 meters, respectively, enabling the company to tap into ideally tempered water and hence reducing

energy costs in connection with the heating of seawater.

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

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

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



As part of Salmon Evolution commitment to a 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 2021	Q2 2020	YTD 2021	YTD 2020	2020
<b>Total operating income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>704</b>
Personnel expenses		-6,001	-1,370	-8,726	-2,478	-8,877
Depreciations	2	-404	-81	-767	-148	-550
Other operating expenses		-7,567	-2,021	-11,260	-3,775	-8,954
<b>Operating profit (EBIT)</b>		<b>-13,971</b>	<b>-3,472</b>	<b>-20,752</b>	<b>-6,371</b>	<b>-17,676</b>
Financial income	8	4,017	0	5,250	1	1,114
Financial expense	8	-41	-8	-74	-16	-263
Share of net income from associated companies	8	3	0	3	0	0
<b>Financial expense - net</b>		<b>3,979</b>	<b>-7</b>	<b>5,178</b>	<b>-15</b>	<b>850</b>
Profit/loss before tax	4	-9,993	-3,479	-15,574	-6,385	-16,826
Income tax expense	4	0	0	0	0	0
<b>Profit/loss for the period</b>	<b>5</b>	<b>-9,993</b>	<b>-3,479</b>	<b>-15,574</b>	<b>-6,385</b>	<b>-16,826</b>
Basic earnings per share (NOK)	5	-0,03	-0,03	-0,06	-0,09	-0,13
Diluted earnings per share (NOK)	5	-0,03	-0,03	-0,06	-0,09	-0,13

### Statement of Comprehensive Income

Profit/(loss) for the period		-9,993	-3,479	-15,574	-6,385	-16,826
Exchange difference on translating foreign operation	8,9	39	0	39	0	0
<b>Total comprehensive income for the period</b>		<b>-9,954</b>	<b>-3,479</b>	<b>-15,535</b>	<b>-6,385</b>	<b>-16,826</b>

## Q2 2021 results

Personnel expenses for the quarter totalled NOK 6.0 million, which includes NOK 2.2 million in board fee for 2020. During the quarter approx. 30% of the total personnel expenses were capitalized.

Other operating expenses totalled to NOK 7.6 million during the quarter and consisted mainly of consultancy and legal fees and other administration expenses. In the second quarter the company had about NOK 3.2 million in one-off costs relating to legal advisory for the establishment of K Smart and further both financial and legal advisory relating to the up-listing to Oslo Børs.

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

Salmon Evolution recognized an unrealized agio of NOK 3.5 million in the second quarter relating to a EUR 15 million cash deposit held for hedging purposes relating to underlying Euro exposure under its construction contract for Indre Harøy. Loss for the period was NOK 10.0 million.

From Q2 2021 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.

## H1 2021 results

Personnel expenses summed up to NOK 8.7 million, which includes NOK 2.2 million in board fee for 2020. Year-to-date approx. 40% of the total personnel expenses are capitalized. Other operating expenses totalled NOK 11.3 million, which is NOK 7.5 million higher than in the same period last year. The increase reflects the higher activity level in the company and continued

progress at Indre Harøy and in South Korea. Operating loss summed up to NOK 20.8 million.

Total depreciations were NOK 0.8 million and net financials ended at NOK 5.3 million, resulting in a loss before tax of NOK 15.8 million.

Assets under construction are not depreciated.

## Cash flow

Consolidated net cash flow from operating activities was NOK -23.5 million in the second quarter. Year-to-date cash flow from operating activities is NOK -35.4 million. Compared to last year this is a change of NOK -28.0 million which reflects a higher activity level in the company, both in terms of a bigger organisation and continued progress at Indre Harøy and in South Korea.

venture agreement of NOK 27.4 million. The company expects high investment activity in the third and fourth quarter of 2021.

Cash flow from financing activities during the quarter was NOK -4.2 million. Year-to-date the cash flow from financing activities is NOK 475.0 million. This includes proceeds from the successful NOK 500 million private placement that was completed in March, less transaction cost relating to this transaction.

Net cash flow from investing activities was NOK -119.5 million during the quarter. Year-to-date cash flow from investment activities have now reached NOK -219.6 million. Investments is related to the increasing activity at the facility at Indre Harøy and will gradually increase as the extent of the project increases going forward. In the second quarter the company also made the first equity contribution that is part of the joint-

Total net cash flow during the second quarter was NOK -147.2 million, and NOK 220.0 million year-to-date. The level of free liquidity at the end of the period was strong, with available cash and cash equivalents totalling NOK 867.9 million.

### Cash flow summary

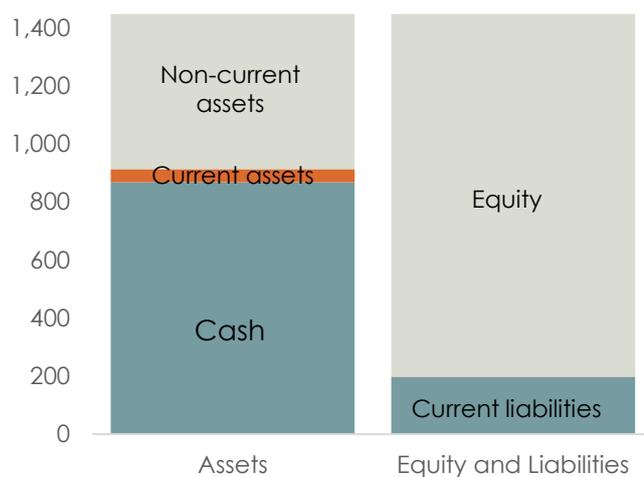
(Figures in NOK 1000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
<b>Net cash flow from operating activities</b>	<b>-23,548</b>	<b>-3,226</b>	<b>-35,363</b>	<b>-7,356</b>	<b>-10,021</b>
<b>Net cash flow from investments activities</b>	<b>-119,484</b>	<b>-57,980</b>	<b>-219,580</b>	<b>-68,245</b>	<b>-165,961</b>
<b>Net cash flow from financing activities</b>	<b>-4,213</b>	<b>244,609</b>	<b>474,990</b>	<b>244,609</b>	<b>802,664</b>
Net change in cash and cash equivalents	-147,245	183,403	220,048	169,008	626,682
<b>Cash and cash equivalents at start of period</b>	<b>1,015,098</b>	<b>6,729</b>	<b>647,806</b>	<b>21,124</b>	<b>21,124</b>
<b>Cash and cash equivalents at end of period</b>	<b>867,853</b>	<b>190,131</b>	<b>867,853</b>	<b>190,131</b>	<b>647,806</b>

## Financial position

The carrying amount of Salmon Evolution's total fixed assets as of 30 June 2021 was NOK 534.0 million, compared to NOK 103.0 million at 30 June 2020. The increase is mainly related to the purchase of the land and construction work at Indre Harøy, comprising capitalized costs related to both personnel expenses and construction cost, land acquisition, in addition to some minor amounts in inventory and receivables.

Total equity amounted to NOK 1,248.2 million. With total assets of NOK 1,446.7 million, this corresponds to an equity ratio of 86%. Consolidated non-interest-bearing liabilities totalled NOK 156.1 million.

### Balance sheet as per 30.06.2021 (NOK million)



Source: Company data

In October 2020, Salmon Evolution was granted NOK 14 million in funding from the Norwegian tax incentive scheme Skattefunn. The tax 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.

As per 30 June 2021 the company had bank debt of NOK 40 million. This loan was later refinanced in July by a NOK 50 million draw down under the new Construction Facility. For further description of the new financing package see section "Funding" above.

## Subsequent events

Early July, the prospectus for the transfer of listing of Salmon Evolution ASA from Euronext Growth to Oslo Børs was approved. First day of trading on Oslo Børs was July 9.

On 16 August 2021 the company acquired renowned smolt company Kraft Laks AS securing in-house sourcing of high quality smolt for Indre Harøy phase 1, with identified growth potential to cover smolt needs for at least Phase 2. Kraft Laks has for many years had a stable and strong financial performance. The purchase price for the shares in Kraft Laks is agreed to NOK 76.5 million which is based on an enterprise value of NOK 70 million on a cash and debt free basis. This equals an EV/EBITDA multiple of 7x based on average EBITDA for the last 3 years.

The purchase price of NOK 76.5 million is payable as follows:

- NOK 16.6 million in the form of new Salmon Evolution ASA shares at a subscription price of NOK 7.5775 per share which equals the volume weighted average price the last 20 days prior to the transaction. As a result, Salmon Evolution will issue 2,190,694 new shares to the previous Kraft Laks owners. These shares will be subject to a 12 month lock-in.
- NOK 35 million payable in cash at closing and the remaining balance structured as a deferred cash payment.

## COVID-19

Salmon Evolution is managing the COVID-19 situation with its highest priority to safeguard its employees, suppliers and partners.

Salmon Evolution strives to follow and implement the local and national advice and recommendations regarding COVID-19. The company has taken necessary measures in all sites and locations to be able to limit the spread of the virus.

At the same time, the company works to ensure that the construction work progresses on time and budget.

The construction work currently involves 20-25 partners and suppliers with approximately 130

workers on site. Artec Aqua as contractor, is responsible for project coordination of all activities, and Salmon Evolution is in continuous close dialogue with the contractor on the status, progress and actions taken to address and handle the challenges.

To minimize the risk of contamination among workers, the work force is organized in teams, each operating separately.

Further, the company has developed extensive contingency plans to address possible outbreaks, including transport and logistics, isolation and quarantine routines.

## Transactions with related parties

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

Pursuant to the agreement entered with Artec Aqua AS, Salmon Evolution has had a significant volume of transactions in the first half of 2021 related to the ongoing construction of the production facilities at Indre Harøy. Artec Aqua AS was until mid-March 2021 a 100%-owned

subsidiary of Artec Holding AS, which per 31.03.2021 held 3.7% of the total shares outstanding in Salmon Evolution ASA.

Due to the acquisition of Artec Aqua AS by Endur ASA in Q1 2021, Artec Aqua is no longer considered a related party to Salmon Evolution ASA. As a result of this there were no transactions with related parties during Q2 2021.

## Share information

As per 30 June 2021, Salmon Evolution ASA had 303.06 million issued shares, divided between 5,477 shareholders.

Ronja Capital II AS is the company's largest shareholder with 26,687,687 shares, corresponding to 8.8% of total number of share outstanding. The 20 largest shareholders own 67.9% of the shares in the company.

The closing price for the company's share was NOK 6.86 per share as per 30 June, which corresponds to a market capitalization of NOK 2.1 billion.

During the quarter the average daily, traded volume was about 657,000 shares and the average daily traded value was about NOK 4.1 million.

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

### 20 largest shareholders 30 June 2021

Shareholder	# of shares	% share
Ronja Capital II AS	26 687 687	8,8 %
The Bank of New York Mellon SA/NV	21 495 654	7,1 %
Romsdalsfisk AS	21 089 339	7,0 %
Farvatn Private Equity AS	17 093 878	5,6 %
Dongwon Industries Co. Ltd	16 044 572	5,3 %
Rofisk AS	13 274 174	4,4 %
Verdipapirfondet Dnb Norge	11 878 330	3,9 %
Stette Invest AS	11 236 005	3,7 %
Artec Holding AS	11 139 339	3,7 %
Kjøllås Stansekniver AS	10 539 339	3,5 %
Jakob Hatteland Holding AS	8 706 006	2,9 %
Nordnet Livsforsikring AS	5 846 919	1,9 %
Verdipapirfondet Norge Selektiv	5 631 133	1,9 %
The Bank of New York Mellon SA/NV	4 750 000	1,6 %
Vpf Dnb Am Norske Aksjer	4 112 633	1,4 %
Skandinaviska Enskilda Banken AB	3 817 295	1,3 %
Salmoserve AS	3 727 366	1,2 %
Danske Invest Norge Vekst	3 150 000	1,0 %
Småge Eiendom AS	3 033 333	1,0 %
Møring AS	2 666 666	0,9 %
<b>Total 20 largest shareholders</b>	<b>205 919 668</b>	<b>67,9 %</b>
Other shareholders	97 144 753	32,1 %
<b>Total number of shares</b>	<b>303 064 421</b>	<b>100,0 %</b>

## Risk and uncertainties

As described in the Annual Report for 2020, Salmon Evolution business activities entail exposure to various types of risk, including risk related to project, market-, operational- and financial development.

### Project risk

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. Over the next six months the project will be centred around construction and execution. 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.

### Interest Rate

The Group's interest rate risk relates primarily to borrowings from financial institutions with variable interest rates. Currently, the Group does

not have any fixed-interest loans nor hedge programs to reduce this risk, thus the group is exposed to changes in the interest rate. On 30 June 2021, outstanding loans from credit institutions amounted to NOK 40,000,000 and was subject to an interest rate of NIBOR 3M plus an agreed margin of 4.50%.

### Foreign Currency

The Group's foreign currency risk relates to the Group's operating, investing and financing activities denominated in a foreign currency. This includes the Group's revenues, expenses and capital expenditures. On 30 June 2021 the group had an EUR 15,000,000 cash deposit for hedging purposes relating to underlying EUR exposure on the construction contract for Indre Harøy. The Group's presentation currency is Norwegian Kroner ("NOK").

## Outlook

Salmon Evolution has had an eventful first half in 2021 with strong and visible progress at the construction site at Indre Harøy, formalization of the joint venture with Dongwon Industries and securing a fully funded platform for our committed projects. These highly important milestones were later accompanied by the listing on Oslo Børs on 9 July and the acquisition of the renowned smolt producer Kraft Laks on 16 August.

All of the above play a vital role in providing Salmon Evolution with a unique platform to deliver on its mission – *Extending the ocean potential*.

As we move forward, the company's main focus is centred around successfully managing our two construction projects, preparing for the first smolt release in March 2022 and integrating Kraft Laks into the group.

Over the coming months we will scale up our organization recruiting more and more

### 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 long-term plans.

operating personnel. In parallel, significant resources will be devoted for the development of internal systems and infrastructure.

The average Fish Pool salmon price was NOK 63.30/kg in Q2 2021, up from NOK 59.20/kg in Q2 2020 and almost at the same level as in 2019. The price recovery in Q2 2021 should also be seen in context with the strong volumes year to date which signals a strong underlying market for salmon.

The recent spikes from the Covid-19 delta variant do however represent some risk for the salmon market, but as global supply growth is expected to slow down for the remainder of the year along with more and more people being vaccinated and societies opening further up, Salmon Evolution remains optimistic about the market outlook for the coming 6-18 months.

Following a very receptive capital market for land-based salmon farming projects during 2H 2020 and going into 2021 the sentiment has

become more cautious. With this backdrop, Salmon Evolution is in a unique position with its fully funded platform.

Salmon Evolution is confident that land-based salmon farming will play a vital role in growing the overall salmon market, but it will take time before meaningful volumes are brought forward as lead times are long, capital intensity is high

and access to competent and experienced personnel may become a bottleneck.

With a solid project pipeline already established, funding secured and a strong organization in place, Salmon Evolution is uniquely positioned to take a global frontrunner position in the future development of land-based salmon farming.

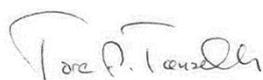


## Responsibility Statement

Responsibility statement From 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 2021 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 first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

The Board of Directors of Salmon Evolution ASA  
Aalesund/Molde 18 August 2021



Tore Tønseth  
Chair



Kristofer Reiten  
Director



Anne Breiby  
Director



Ingvild Vartdal  
Director



Peder Stette  
Director



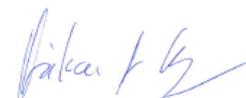
Kiyun Yun  
Director



Glen Allan Bradley  
Director



Janne-Grethe Strand Aasnæs  
Director



Håkon André Berg  
CEO

## Interim financial statements (IFRS)

### Statement of Profit and Loss

#### Summary of result

(figures in NOK 1000)

	Note	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
<b>Total operating income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>704</b>
Personnel expenses		-6,001	-1,370	-8,726	-2,478	-8,877
Depreciations	2	-404	-81	-767	-148	-550
Other operating expenses		-7,567	-2,021	-11,260	-3,775	-8,954
<b>Operating profit (EBIT)</b>		<b>-13,971</b>	<b>-3,472</b>	<b>-20,752</b>	<b>-6,371</b>	<b>-17,676</b>
Financial income	8	4,017	0	5,250	1	1,114
Financial expense	8	-41	-8	-74	-16	-263
Share of net income from associated companies	8	3	0	3	0	0
<b>Financial expense - net</b>		<b>3,979</b>	<b>-7</b>	<b>5,178</b>	<b>-15</b>	<b>850</b>
Profit/loss before tax	4	-9,993	-3,479	-15,574	-6,385	-16,826
Income tax expense	4	0	0	0	0	0
<b>Profit/loss for the period</b>	<b>5</b>	<b>-9,993</b>	<b>-3,479</b>	<b>-15,574</b>	<b>-6,385</b>	<b>-16,826</b>
Basic earnings per share (NOK)	5	-0,03	-0,03	-0,06	-0,09	-0,13
Diluted earnings per share (NOK)	5	-0,03	-0,03	-0,06	-0,09	-0,13

#### Statement of Comprehensive Income

Profit/(loss) for the period		-9,993	-3,479	-15,574	-6,385	-16,826
Exchange difference on translating foreign operation	8,9	39	0	39	0	0
<b>Total comprehensive income for the period</b>		<b>-9,954</b>	<b>-3,479</b>	<b>-15,435</b>	<b>-6,385</b>	<b>-16,826</b>

## Statements of financial position

(figures in NOK 1000)	Note	30 June 2021	31 March 2021	31 Dec 2020	30 June 2020
<b>Assets</b>					
Intangible assets	2	980	796	432	0
Assets under construction	2	501,995	333,964	219,926	102,167
Property, plant & equipment	2	1,141	474	331	342
Right-of-use assets		2,401	2,603	1,678	495
Investment in associated companies	9	27,454	0	0	0
<b>Total non-current assets</b>		<b>533,970</b>	<b>337,837</b>	<b>222,367</b>	<b>103,004</b>
Other current receivables		44,863	24,079	22,638	4,024
Cash and cash equivalents		867,853	1 015,098	647,806	190,131
<b>Total current assets</b>		<b>912,717</b>	<b>1,039,177</b>	<b>670,444</b>	<b>194,155</b>
<b>Total assets</b>		<b>1,446,686</b>	<b>1,377,015</b>	<b>892,810</b>	<b>297,159</b>
<b>Equity and liabilities</b>					
Share capital	3	15,153	15,153	10,987	5,375
Share premium	3	1,275,478	1,279,393	804,369	290,328
Other reserves		3,494	2,974	2,974	780
Other equity		0	520	520	0
Uncovered losses		-45,942	-35,944	-30,407	-19,967
<b>Total equity</b>		<b>1,248,183</b>	<b>1,262,097</b>	<b>788,442</b>	<b>276,516</b>
Long-term interest bearing debt		0	0	0	1,500
Lease liabilities - long term		1,190	1,226	933	99
<b>Total non-current liabilities</b>		<b>1,190</b>	<b>1,226</b>	<b>933</b>	<b>1,599</b>
Short-term interest bearing debt		40,000	40,000	40,000	0
Trade payables		150,638	63,820	60,104	17,082
Social security and other taxes		3,238	1,130	1,144	668
Lease liabilities - short term		1,203	1,421	696	328
Other short-term liabilities		2,234	7,321	1,491	966
<b>Total current liabilities</b>		<b>197,313</b>	<b>113,692</b>	<b>103,435</b>	<b>19,044</b>
<b>Total liabilities</b>		<b>198,504</b>	<b>114,918</b>	<b>104,368</b>	<b>20,643</b>
<b>Total equity and liabilities</b>		<b>1,446,686</b>	<b>1,377,015</b>	<b>892,810</b>	<b>297,159</b>

## Statement of cash flow

(figures in NOK 1000)	Note	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
<b>Cash flow from operations</b>						
Profit before income taxes		-9,993	-3,479	-15,574	-6,385	-16,826
<b>Adjustments for:</b>						
Depreciation	2	404	81	767	148	550
Net interest	8	-3,976	7	-5,176	15	-850
Share based payment expenses		0	0	0	0	2,714
Gain on lease modification		0	0	0	0	-7
<b>Changes in working capital:</b>						
Change in other current receivables		-20,787	-1,438	-22,228	-1,274	-20
Change in trade payables		9,807	2,871	-1,166	283	2,695
Change in social security and other taxes		2,108	-1,256	2,095	-127	345
Change in other current liabilities		-5,087	-5	743	0	528
<b>Cash generated from operations</b>		<b>-27,524</b>	<b>-3,219</b>	<b>-40,538</b>	<b>-7,341</b>	<b>-10,871</b>
Interest paid		-41	-8	-74	-16	-263
Interest received		4,017	0	5,250	1	1,114
<b>Net cash flow from operations</b>		<b>-23,548</b>	<b>-3,226</b>	<b>-35,363</b>	<b>-7,356</b>	<b>-10,021</b>
<b>Cash flow from investment activities</b>						
Payments for fixed assets and other capitalizations	2	-168,899	-57,980	-283,320	-68,245	-165,529
Payments for intangible assets		-183	0	-547	0	-432
Change in trade payables investments		77,011	0	91,700	0	0
Investment in joint venture		-27,413	0	-27,413	0	0
<b>Net cash flow from investment activities</b>		<b>-119,484</b>	<b>-57,980</b>	<b>-219,580</b>	<b>-68,245</b>	<b>-165,961</b>
<b>Cash flow from financing activities</b>						
Proceeds from issue of equity		-3,960	244,703	475,231	244,703	764,355
Proceeds from new borrowings		0	0	0	0	40,000
Repayment of borrowings		0	0	0	0	-1,500
Repayment of lease liabilities		-253	-95	-241	-95	191
<b>Net cash flow from financing activities</b>		<b>-4,213</b>	<b>244,609</b>	<b>474,990</b>	<b>244,609</b>	<b>802,664</b>
Net change in cash and cash equivalents		-147,245	183,403	220,048	169,008	626,682
Cash and cash equ. at the beginning of the period		1,015,098	6,729	647,806	21,124	21,124
<b>Cash and cash equ. at the end of the period</b>		<b>867,853</b>	<b>190,131</b>	<b>867,853</b>	<b>190,131</b>	<b>647,806</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 2020</b>	<b>1 500</b>	<b>49 500</b>	<b>780</b>	<b>0</b>	<b>-13 581</b>	<b>38 198</b>
Profit/loss for the period	0	0	0	0	-6 386	-6 386
Other comprehensive income	0	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6 386</b>	<b>-6 386</b>
Capital increase, net of transaction cost	3 875	240 828	0	0	0	244 703
Share options issued	0	0	0	0	0	0
Share options exercised	0	0	0	0	0	0
<b>Transactions with owners</b>	<b>3 875</b>	<b>240 828</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>244 703</b>
<b>Balance at 30 June 2020</b>	<b>5 375</b>	<b>290 328</b>	<b>780</b>	<b>0</b>	<b>-19 967</b>	<b>276 515</b>
<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>1 275 479</b>	<b>3 494</b>	<b>0</b>	<b>-45 942</b>	<b>1 248 183</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 and Salmon Evolution Asia AS, (together "SE" or "the Group") is a Norwegian business headquartered at Indre Harøy in Møre og Romsdal. SE is building a land-based salmon farming facility with a planned annual production of 31,500t HOG. The build-out is expected to be in three phases, with the first phase expected to consist of build out of land acquisition, building of foundation, water pumps supporting all three phases and build out of 12 grow out tanks. SE will operate a hybrid flow-through (HFS) system, replacing the water every four hours

with clear and fresh water from the Norwegian coast. Construction start of phase 1 was in Q2 2020 with expected completion in Q4 2022. Production is expected to start during Q1 2022 when the first smolt is expected to enter the holding tanks with expected harvest in Q4 2022.

These interim financial statements were approved by the Board of Directors for issue on 18 August 2021.

These interim financial statements have not been audited.

#### Consolidation

Salmon Evolution ASA was incorporated on 23 July 2020 prior to the planned listing on Merkur Market (now Euronext Growth) which was completed on 18 September 2020. These condensed consolidated statements for the period ended 30 June 2021 include Salmon

Evolution ASA together with its subsidiaries Salmon Evolution Norway AS and Salmon Evolution Asia AS. Please note that the comparable previous periods financial statement periods (first half 2020) only reflect Salmon Evolution Norway AS.

#### Consolidation principles

Subsidiaries are all entities over which the Group has control. The Group considers control over an entity to exist when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and can affect those returns through its ability to direct the operations of the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The accompanying consolidated financial statements include the accounts of Salmon Evolution Norway AS and Salmon Evolution Asia AS. When necessary, adjustments are made to the local financial statements of the Group subsidiaries to

conform with the consolidated Group's accounting policies presented under IFRS. All intercompany balances, transactions, and unrealized gains from intercompany transactions are eliminated upon consolidation. Unrealized losses from intercompany transactions are also eliminated upon consolidation unless the transaction provides evidence of an impairment of the transferred asset. The assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date in which the Group gains control until the date in which the Group ceases to control the subsidiary.

**Basis of preparation**

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

**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

**Accounting principles**

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

**Borrowing costs**

The Group entered into loan agreements during Q4 2020, of which the following principles related to borrowing costs are applied, in accordance with IAS 23:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time

as the annual financial statement and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS.

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.

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.

that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

## Note 2 – Property, plant and equipment

(figures in NOK 1000)	Intangible assets	Assets under construction	Fixtures and fittings	Total
Cost 1 January 2020	0	25 546	450	25 996
Additions	0	76 621	22	76 643
Disposals				0
<b>Cost 30 June 2020</b>	<b>0</b>	<b>102 167</b>	<b>472</b>	<b>102 639</b>
Accumulated depreciation 1 January 2020	0	0	-99	-99
Depreciation for the period	0	0	-31	-31
<b>Net book value 30 June 2020</b>	<b>0</b>	<b>102 167</b>	<b>342</b>	<b>102 509</b>

(figures in NOK 1000)	Intangible assets	Assets under construction	Fixtures and fittings	Total
Cost 1 January 2021	432	219 926	739	221 097
Additions	548	282 069	905	283 521
Disposals				0
<b>Cost 30 June 2021</b>	<b>980</b>	<b>501 995</b>	<b>1 644</b>	<b>504 619</b>
Accumulated depreciation 1 January 2021	0	0	-409	-409
Depreciation for the period			-94	-94
<b>Net book value 30 June 2021</b>	<b>980</b>	<b>501 995</b>	<b>1 141</b>	<b>504 115</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 such, assets under

construction are not depreciated. Assets under construction at 30 June 2021 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.

### Contractual and financial commitments

The company is in the process of building a land-based salmon farming facility at Indre Harøy. The turnkey project agreement with Artec Aqua includes a clause for financing

reservations until further financing is secured, limiting the Group's financial commitments to the following items where the financing reservation has been lifted as of 30 June 2021:

(figures in NOK 1000)	30 June 2021
Ground enterprise contract	290 005
Engineering	91 125
Technical equipment	182 490
Fishing tanks	53 117
Concrete element	87 036
Fish handling and transport	28 879
<b>Total financial commitments</b>	<b>732 653</b>

## Note 3 – 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

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 Euronext Growth) in September 2020.

Further, the Company also raised another NOK 500 million in a private placement in March 2021.

## Note 4 – Tax

(figures in NOK 1000)	H1 2021	H1 2020
Profit/loss before tax	-15 574	-6 385
Calculated tax (22%)	-3 426	-1 405
Tax payable	0	0
Change in deferred tax (asset)	-3 426	-1 405
Change in deferred tax not shown in the balance sheet	3 426	1 405
Tax expense	0	0

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 2021 is 22%, compared to 22% for the period ended 30 June 2020.

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.

## Note 5 – Earnings per share

(figures in NOK 1000)	H1 2021	H1 2020
Loss attributable to the equity owners of the Company	-15,574	-6,385
Loss for calculation of diluted earnings per share	-15,574	-6,385
Weighted average number of shares outstanding <sup>1)</sup>	275,286,643	68,751,591
Dilutive options	0	0
Average number om shares and options used in calculation for diluted EPS	275,286,643	68,751,591
<b>Basic earnings per share (NOK)</b>	<b>-0,06</b>	<b>-0,09</b>
<b>Diluted earnings per share (NOK)</b>	<b>-0,06</b>	<b>-0,09</b>

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

1)

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 the number of shares before the capital raise in March 2021 (219,731,088 shares), and 4/6 to the total number of shares after the capital raise (303,064,421 shares).

H1 2020: The Company issued 77,503,182 new shares in a capital raise in March 2020. The weighted average number of shares outstanding in H1 2020 has been calculated by applying a weight of 3/6 the number of shares before the capital raise in March 2020 (30,000,000 shares), and 3/6 to the total number of shares after the capital raise (107,503,182 shares).

## Note 6 – Transactions with related parties

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

Pursuant to the agreement entered with Artec Aqua AS, Salmon Evolution has had a significant volume of transactions in the first half of 2021 related to the ongoing construction of the production facilities at Indre Harøy. Artec Aqua AS was until mid-March 2021 a 100%-owned

subsidiary of Artec Holding AS, which per 31.03.2021 held 3.7% of the total shares outstanding in Salmon Evolution.

Due to Endur ASA's acquisition of Artec Aqua AS in Q1 2021, Artec Aqua is no longer considered a related party to Salmon Evolution ASA. As a result of this there were no transactions with related parties during Q2 2021.

## Note 7 – Significant and subsequent events

Listed at Oslo Stock Exchange: Early July, the prospectus for the transfer of listing of Salmon Evolution from Euronext Growth to Oslo Børs was approved. First day of trading on Oslo Børs was 9 July 2021.

Acquisition of renowned smolt company Kraft Laks AS: Securing in-house sourcing of high quality smolt for Indre Harøy phase 1, with identified growth potential to cover smolt needs for at least Phase 2. Kraft Laks has for many years had a stable and strong financial performance. The purchase price for the shares in Kraft Laks is agreed to NOK 76.5 million which is based on an enterprise value of NOK 70 million on a cash and debt free basis. This equals an EV/EBITDA multiple of 7x based on average EBITDA for the last 3 years.

The purchase price of NOK 76.5 million is payable as follows:

- NOK 16.6 million in the form of new Salmon Evolution ASA shares at a subscription price of NOK 7.5775 per share which equals the volume weighted average price the last 20 days prior to the transaction. As a result, Salmon Evolution will issue 2,190,694 new shares to the previous Kraft Laks owners. These shares will be subject to a 12 month lock-in.
- NOK 35 million payable in cash at closing and the remaining balance structured as a deferred cash payment.

## Note 8 – Finance income & finance cost

(figures in NOK 1000)

<b>Finance income</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>YTD 2021</b>	<b>YTD 2020</b>	<b>2020</b>
Interest income	567	0	1 800	1	1 114
Foreign exchange gains	3 450	0	3 450	0	0
<b>Financial income</b>	<b>4 017</b>	<b>0</b>	<b>5 250</b>	<b>1</b>	<b>1 114</b>
Share of net income from associated companies	3	0	3	0	0
<b>Total financial income</b>	<b>4 020</b>	<b>0</b>	<b>5 253</b>	<b>1</b>	<b>1 114</b>
<b>Finance expenses</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>YTD 2021</b>	<b>YTD 2020</b>	<b>2020</b>
Interest on debts and borrowings	33	8	66	16	263
Foreign exchange losses	8	0	8	0	
<b>Total financial expenses</b>	<b>41</b>	<b>8</b>	<b>74</b>	<b>16</b>	<b>263</b>
<b>Net financial income/- expenses</b>	<b>3 976</b>	<b>-7</b>	<b>5 176</b>	<b>-15</b>	<b>850</b>

Foreign exchange gains are related to a cash deposit for hedging purposes relating to underlying EUR exposure on the construction contract for Indre Harøy.

## Note 9 – Investment 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		<b>3</b>	
Foreign currency translation gain/(loss)		<b>39</b>	
<b>Net book value 30 June 2021</b>		<b>27 454</b>	

The group has the following investments in associated companies.

Investments in associated companies are recognized using the equity method.

## ABOUT SALMON EVOLUTION

Salmon Evolution is a Norwegian land-based salmon farming company focused on extending the ocean's potential by transferring the best preconditions offered by the sea to farm fish on land through its 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 under construction at Indre Harøy, strategically located on the Norwegian west coast with unlimited access to fresh seawater, renewable energy, established infrastructure for salmon farming, and an educated and experienced work force. The entire project is designed for an annual capacity of approx. 31,500 tonnes HOG.

The Company has also entered 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 HFS technology.

Salmon Evolution ASA is listed at Oslo Stock Exchange under the ticker SALME.



### OFFICE ADDRESS

Eikremsvingen 4,  
6422 Molde, Norway

### PRODUCTION SITE

Indre Harøyvegen 88,  
6430 Bud, Norway

### 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

**Kristofer Reiten**  
Board Member

**Anne Breiby**  
Board Member

**Ingvild Vartdal**  
Board Member

**Peder Stette**  
Board Member

**Janne-Grethe Strand Aasnæs**  
Board Member

**Glen Allan Bradley**  
Board Member

**Kiyun Yun**  
Board Member

## MANAGEMENT

**Håkon Andre Berg**  
CEO

**Trond Håkon Schaug-Pettersen**  
CFO

**Ingjarl Skarvøy**  
COO

**Trond Valderhaug**  
CCO

**Kamilla Mordal Holo**  
Project Director

**Hans Petter Mortveit**  
Finance Manager

