



## Salmon Evolution AS

Financial Statements

2019

## Statement of Profit or Loss

NOK thousands	Note	2019	2018
Other income	9	(175)	1 150
Total operating income		(175)	1 150
Personnel expenses	10,19	(3 754)	(1 182)
Depreciation, amortisation and impairment loss	6,17	(181)	0
Other operating expenses	10,11	(7 752)	(1 933)
Operating profit (EBIT)		(11 862)	(1 965)
Financial income	12	622	0
Financial expenses	12,17	(30)	(9)
Financial expense - net		593	(9)
Profit/(loss) before tax		(11 269)	(1 974)
Income tax expense	7	0	0
Profit/(loss) for the period		(11 269)	(1 974)

## Statement of Comprehensive Income

NOK thousands	Note	2019	2018
Profit/(loss) for the period		(11 269)	(1 974)
<b>Items that are or may be reclassified to profit or loss:</b>			
Currency translation differences		0	0
Total comprehensive income for the period, net of tax		(11 269)	(1 974)

## Statement of Financial Position

NOK thousands	Note	31 December 2019	31 December 2018	1 January 2019
<b>Assets</b>				
Assets under construction	6	25 546	975	469
Property, plant & equipment	6	352	0	0
Right-of-use assets	17	712	0	0
<b>Total non-current assets</b>		<b>26 610</b>	<b>975</b>	<b>469</b>
Other current receivables	14	2 749	700	457
Cash and cash equivalents	13	21 124	370	111
<b>Total current assets</b>		<b>23 873</b>	<b>1 070</b>	<b>568</b>
<b>Total assets</b>		<b>50 483</b>	<b>2 046</b>	<b>1 037</b>
<b>Equity and liabilities</b>				
Share capital	16	1 500	1 000	1 000
Share premium	16	49 500	0	0
Other paid-in capital	19	780	0	0
Uncovered losses		(13 581)	(2 312)	(339)
<b>Total equity</b>		<b>38 198</b>	<b>(1 312)</b>	<b>661</b>
Long-term interest bearing debt	4,5	1 500	1 500	0
Lease liabilities - long term	17	227	0	0
<b>Total non-current liabilities</b>		<b>1 727</b>	<b>1 500</b>	<b>0</b>
Trade payables	15	8 401	167	130
Social security and other taxes	15	799	69	67
Lease liabilities - short term	17	394	0	0
Other current liabilities	15	963	1 622	178
<b>Total current liabilities</b>		<b>10 557</b>	<b>1 858</b>	<b>375</b>
<b>Total liabilities</b>		<b>12 285</b>	<b>3 358</b>	<b>375</b>
<b>Total equity and liabilities</b>		<b>50 483</b>	<b>2 046</b>	<b>1 037</b>

## Statement of cash flows

NOK thousands	Note	2019	2018
<b>Cash flow from operations</b>			
Profit before income taxes		(11 269)	(1 974)
<b>Adjustments for:</b>			
Depreciation	6,17	181	0
Net interest	12,17	(593)	9
Share based payment expenses	19	780	0
<b>Changes in working capital:</b>			
Change in trade receivables	14	0	0
Change in other current receivables	14	(2 049)	(243)
Change in trade payables	15	8 235	36
Change in other provisions	15	1 570	1 446
Cash generated from operations		(3 146)	(725)
Interest paid	12,17	(30)	(9)
Interest received	12	622	0
Income taxes paid	7	0	0
Net cash flow from operations		(2 553)	(734)
<b>Cash flow from investments</b>			
Purchase of fixed assets and other capitalizations	6	(25 021)	(506)
Net cash flow from investments		(25 021)	(506)
<b>Cash flow from financing</b>			
Repayment of lease liabilities	17	(172)	0
Proceeds from issuance of equity	16	50 000	0
Proceeds from borrowings	5	0	1 500
Repayment of loans	5	(1 500)	0
Net cash flow from investments		48 328	1 500
Net change in cash and cash equivalents		20 753	259
Cash and cash equivalents at the beginning of the period		370	111
Cash and cash equivalents at the end of the period		21 124	370

## Statement of Changes in Equity

NOK thousands	Share capital	Share premium	Other paid-in capital	Uncovered losses	Total equity
<b>Balance at 1 January 2018</b>	1 000	0	0	(339)	661
Profit/loss for the period	0	0	0	(1 974)	(1 974)
Other comprehensive income	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1 974)</b>	<b>(1 974)</b>
Capital increase	0	0	0	0	0
Transactions with owners	0	0	0	0	0
<b>Balance at 31 December 2018</b>	<b>1 000</b>	<b>0</b>	<b>0</b>	<b>(2 312)</b>	<b>(1 312)</b>
Profit/loss for the period	0	0	0	(11 269)	(11 269)
Other comprehensive income	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(11 269)</b>	<b>(11 269)</b>
Capital increase	500	49 500	0	0	50 000
Share options issued	0	0	780	0	780
Transactions with owners	500	49 500	780	0	50 780
<b>Balance at 31 December 2019</b>	<b>1 500</b>	<b>49 500</b>	<b>780</b>	<b>(13 581)</b>	<b>38 198</b>



## Note 1 - Summary of significant accounting policies

### General information

Salmon Evolution AS (SE) is a Norwegian company headquartered at Indre Harøy in Møre og Romsdal. SE is building a land-based salmon farming facility with a planned annual production of 30.775t HOG. The build-out is expected to be in three phases, with the first phase expected to consist of build out of land acquisition, building of foundation, water pumps supporting all three phases and build out of 12 grow out tanks and hatchery. SE will operate a flowthrough system ("FTS-R"), replacing the water every four hours with clear and fresh water from the Norwegian coast. Construction start of phase I is expected in Q1 2020 with expected completion Q3 2022. Production is expected to start during Q4 2021 when the first smolt is expected to enter the holding tanks with expected harvest in Q2 2023. Phase II consists of build out of an additional 12 grow out tanks and 2 holding tanks with first smolt entered in Q3 2023, further a build-out of smolt & hatchery facility will occur during this phase. The last construction phase, phase III, consists of build-out of an additional 24 grow out tanks and 4 holding tanks. Expected completion of phase III is during Q3 28.

### Basis for Preparation of the Annual Accounts

For all periods up to and including the year ended 31 December 2019, the Company prepared its financial statements in accordance with generally accepted accounting principles in Norway (NGAAP). These restated financial statements for the year ended 31 December 2019, including restated comparable figures as of 31 December 2018, will be the first annual financial statements that comply with IFRS. In these financial statements, the term "Norwegian GAAP" or "NGAAP" refers to Norwegian GAAP in use before the adoption of IFRS. Subject to certain transition elections and exceptions disclosed in note 2, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at 1 January 2018 throughout all periods presented, as if these policies had always been in effect. Note 2 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended 31 December, 2019 prepared under Norwegian GAAP.

### Going concern

The Company's financial statements is prepared on a going concern basis. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows, debt service and obligations. After making such assessments, management has a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future.

### Basis of measurement

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

### Functional and presentation currency

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

### Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currency) are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other financial items. Non-monetary items that are measured at fair value in a foreign currency are converted to NOK using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not subsequently revaluated.

### Government grants

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

## Employee benefits

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

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

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

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

## Taxes

### *Income Tax*

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

### *Current tax*

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

### *Deferred tax*

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

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

### *Current tax and deferred tax for the year*

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

### **Leases**

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

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The lease liability is calculated based on the present value of the contractual minimum lease payments using the implicit interest rate of the lease. The Company uses the incremental borrowing rate in the case the implicit rate cannot be readily determined from the lease contract. The contractual minimum lease payments consist of fixed or variable payments, including those resulting from options in which management is reasonably certain it will exercise during the lease term. The lease liability is subsequently measured at amortized cost under the effective interest rate during the lease term and may also be adjusted to management's reassessment of future lease payments based on options exercised, renegotiations, or changes of an index rate.

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

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

### **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Trade receivables, loans and other receivables**

Trade receivables, loans and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. See note X for further information about the Company's accounting for trade receivables, loans, other receivables and credit risk.

### **Property, plant & equipment**

Property, plant, and equipment is capitalized at acquisition cost, which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. Acquisition costs include expenditures that are directly attributable to the acquisition and placement of fixed assets in service. Costs of major replacements and renewals that substantially extend the economic life and functionality of fixed asset are capitalized. Costs associated with normal maintenance and repairs are expensed as incurred.

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

Depreciation is charged to expense when the property, plant or equipment is ready for use or placed in service. As such, assets under construction are not depreciated.

### **Intangible assets**

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

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

### **Impairment**

Management reviews long-lived assets for impairment annually, or more frequently, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. As of 31 December 2019, and 2018, management did not consider an allowance for impairment necessary for long-lived assets.



**Classification of current and non-current items**

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

**Trade and Other Receivables**

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

**Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowings derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in consolidated statement of profit or loss within the line other financial items, net. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**Trade and Other Payables**

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

**Pensions**

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

**Statements of cash flow**

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

## Note 2 - Critical estimates and judgments

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

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

### 1) Capitalised costs as assets under construction

As part of the construction of the Company's production facilities, the Company has capitalised certain costs (such as personnel expenses, rent of premises and equipment and other project related costs), as "assets under construction" in accordance with IAS 16 based on an allocation key. Management's assessment of the appropriate allocation key requires the use of estimates and judgment that could result in outcomes that require a material adjustment to the carrying amount of these assets in future periods. Reference is made to note 6 for details of additions to "assets under construction".

### Note 3 - First time adoption of IFRS

As stated in note 1, these are the Company's first financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 31 December 2019, the comparative information presented in these financial statements for the year ended 31 December 2018 and in the preparation of an opening IFRS statement of financial position at 1 January 2018 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has adjusted the amounts reported previously in the financial statements prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP). An explanation of how the transition from NGAAP to IFRS has affected the Group's financial position and financial performance and cash flows is set out in the tables below and the notes that accompany these tables.

#### Estimates

The various types of estimates in accordance with the NGAAP financial statements as at 1 January 2018, 31 December 2018 and 31 December 2019, are equally applicable under IFRS.

The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 January 2018, the date of transition to IFRS at 31 December 2018 and at 31 December 2019. In accordance with IFRS 1, any information received subsequent to the date of transition to IFRSs about estimates made under previous GAAP has been treated in the same way as non-adjusting events after the reporting period in accordance with IAS 10 Events after the Reporting Period.

#### Reconciliation of statement of financial position as at 1 January 2018

NOK thousands	Note	1 January 2018		
		NGAAP	Adjustments	IFRS
<b>Assets</b>				
Assets under construction		469	0	469
Property, plant & equipment		0	0	0
Deferred tax asset	A	176	(176)	0
Total non-current assets		644	(176)	469
Other current receivables		457	0	457
Cash and cash equivalents		111	0	111
Total current assets		568	0	568
Total assets		1 212	(176)	1 037
<b>Equity and liabilities</b>				
Share capital		1 000	0	1 000
Share premium		0	0	0
Uncovered losses	A	(163)	(176)	(339)
Total equity		837	(176)	661
Long-term interest bearing debt		0	0	0
Total non-current liabilities		0	0	1 500
Trade payables		130	0	130
Social security and other taxes		67	0	67
Other current liabilities		178	0	178
Total current liabilities		375	0	375
Total liabilities		375	0	375
Total equity and liabilities		1 212	(176)	1 037

Reconciliation of statement of financial position as at 31 December 2018

NOK thousands	Note	31 December 2018		IFRS
		NGAAP	Adjustments	
<b>Assets</b>				
Assets under construction		975	0	975
Property, plant & equipment		0	0	0
Total non-current assets		975	0	975
Other current receivables		700	0	700
Cash and cash equivalents		370	0	370
Total current assets		1 070	0	1 070
Total assets		2 046	0	2 046
<b>Equity and liabilities</b>				
Share capital		1 000	0	1 000
Share premium		0	0	0
Uncovered losses		(2 312)	0	(2 312)
Total equity		(1 312)	0	(1 312)
Long-term interest bearing debt		1 500	0	1 500
Total non-current liabilities		1 500	0	1 500
Trade payables		167	0	167
Social security and other taxes		69	0	69
Other current liabilities		1 622	0	1 622
Total current liabilities		1 858	0	1 858
Total liabilities		3 358	0	3 358
Total equity and liabilities		2 046	0	2 046



Reconciliation of statement of financial position as at 31 December 2019

NOK thousands	31 December 2019			
	Note	NGAAP	Adjustments	IFRS
<b>Assets</b>				
Assets under construction		25 546	0	25 546
Property, plant & equipment		352	0	352
Right-of-use assets	B	0	712	712
Total non-current assets		25 898	712	26 610
Other current receivables	B	2 874	(125)	2 749
Cash and cash equivalents		21 124	0	21 124
Total current assets		23 998	(125)	23 873
Total assets		49 896	587	50 483
<b>Equity and liabilities</b>				
Share capital		1 500	0	1 500
Share premium		49 500	0	49 500
Other paid-in capital	C	0	780	780
Uncovered losses	B,C,D	(12 551)	(1 030)	(13 581)
Total equity		38 449	(251)	38 198
Long-term interest bearing debt		1 500	0	1 500
Lease liabilities - long term	B	0	227	227
Total non-current liabilities		1 500	227	1 727
Trade payables		8 401	0	8 401
Social security and other taxes		799	0	799
Lease liabilities - short term	B	0	394	394
Other current liabilities	D	747	216	963
Total current liabilities		9 947	610	10 557
Total liabilities		11 447	838	12 285
Total equity and liabilities		49 896	587	50 483

Reconciliation of total comprehensive income for the year ended 31 December 2018

NOK thousands	2018		
	NGAAP	Adjustments	IFRS
Revenue from contracts with customers	0	0	0
Other income	1 150	0	1 150
Total operating income	1 150	0	1 150
Personnel expenses	(1 182)	0	(1 182)
Depreciation, amortisation and impairment loss	0	0	0
Other operating expenses	(1 933)	0	(1 933)
Operating profit (EBIT)	(1 965)	0	(1 965)
Financial income	0	0	0
Financial expenses	(9)	0	(9)
Financial expense - net	(9)	0	(9)
Profit/(loss) before tax	(1 974)	0	(1 974)
Income tax expense	A (176)	176	0
Profit/(loss) for the period	(2 149)	176	(1 974)

NOK thousands	2018		
	NGAAP	Adjustments	IFRS
Profit/(loss) for the period	(2 149)	176	(1 974)
Items that are or may be reclassified to profit or loss:			
Currency translation differences	0	0	0
Total comprehensive income for the period, net of tax	(2 149)	176	(1 974)

## Reconciliation of total comprehensive income for the year ended 31 December 2019

NOK thousands	2019		
	NGAAP	Adjustments	IFRS
Revenue from contracts with customers	0	0	0
Other income	(175)	0	(175)
Total operating income	(175)	0	(175)
Personnel expenses	C,D (2 759)	(996)	(3 754)
Depreciation, amortisation and impairment loss	B (99)	(82)	(181)
Other operating expenses	B (7 826)	74	(7 752)
Operating profit (EBIT)	(10 858)	(1 004)	(11 862)
Financial income	622	0	622
Financial expenses	B (3)	(27)	(30)
Financial expense - net	619	(27)	593
Profit/(loss) before tax	(10 239)	(1 030)	(11 269)
Income tax expense	0	0	0
Profit/(loss) for the period	(10 239)	(1 030)	(11 269)

NOK thousands	2019		
	NGAAP	Adjustments	IFRS
Profit/(loss) for the period	(10 239)	(1 030)	(11 269)
<b>Items that are or may be reclassified to profit or loss:</b>			
Currency translation differences	0	0	0
Total comprehensive income for the period, net of tax	(10 239)	(1 030)	(11 269)

### Adjustment A:

The deferred tax assets recognised in the NGAAP financial statements as at 1 January 2018 are not considered to meet the recognition requirements under IFRS.

### Adjustment B:

Lease agreements recognised as operational lease under NGAAP has been recognised in accordance with IFRS 16 Leases. Under IFRS 16, almost all leases (except for short-term and low-value leases) are required to be recognised in the balance sheet by lessees, as the distinction between operating and financial leases is removed. Please refer to note 1 and note 17 for recognition principles and details on the recognised amounts.

### Adjustment C:

The effect of issued stock options has not been recognised in the NGAAP financial statements. Under IFRS, the services received in a share-based payment transaction are recognised when the services are received. Please refer to note 19 for further details of the recognised amounts.

### Adjustment D:

In accordance with IFRS, remaining severance pay for dismissed personnel has been recognised as an accrual at the time that the employee has left the company.

## Note 4 - Financial risk and capital management

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

### Market risk

#### Interest Rate

The Company's interest rate risk relates primarily to borrowings from financial institutions with variable interest rates. Currently, the Company does not have any fixed-interest loans nor hedge programs to reduce this risk, thus the Company is exposed to changes in the interest rate. As at 31 December 2019, outstanding loans from credit institutions amounted to NOK 1 500 000 and interest-rate risk is thus currently assessed to be limited.

#### Interest rate sensitivity

NOK thousands	2019	2018
Interest expense effect of a 1% increase on floating interest rate	3	0

### Foreign Currency

The Company's foreign currency risk relates to the Company's operating, investing, and financing activities denominated in a foreign currency. This includes the Company's revenues, expenses and capital expenditures. As at 31 December 2019 the Company did not hold any cash balances, pay any expense, nor receive any revenue in currencies other than its presentation and functional currency. The Company's presentation currency is Norwegian Kroner ("NOK").

#### Foreign currency sensitivity

NOK thousands	2019	2018
Effect of a 10% reduction in the value of NOK to USD	-	-
Effect of a 10% reduction in the value of NOK to EUR	-	-

### Credit risk

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

### Liquidity risk

Management monitors rolling forecasts of the Company's liquidity reserve (comprising cash and cash equivalents) on the basis of expected cash flows. The Company has no material external borrowings. In 2020 the group completed a private placement of approximately NOK 258 million, further details of this is disclosed in note 20. The company's business plan and growth strategy is capital intensive and the Company is dependant upon future equity issues and/or debt financing in order to finance its current long-term plans.



## Note 5 - Borrowings

NOK thousands	2019	2018
Borrowings	1 500	1 500
Total borrowings	1 500	1 500
Current portion	0	0
Non-current portion	1 500	1 500
Total borrowings	1 500	1 500

As of 31 December 2019 Borrowings related to a loan from Innovasjon Norge. The loan is guaranteed by the Company's shareholders for an amount of NOK 300 000. The loan does not involve any covenants. The loan was issued in December 2017 and has a four year maturity. Interest is capitalized arrears at an effective rate of 2.7%. The loan is subject to its first repayment 2 years after the issuance of the loan.

## Note 6 - Property, plant and equipment

NOK thousands	Assets under construction	Fixtures and fittings	Total
Cost price 1 January 2019	975	0	975
Additions	24 571	450	25 021
Disposals	0	0	0
Cost price 31 January 2019	25 546	450	25 997
Accumulated depreciation 1 January 2019	0	0	0
Depreciation for the year	0	(99)	(99)
Net book value 31 December 2019	25 546	352	25 898

NOK thousands	Assets under construction	Fixtures and fittings	Total
Cost price 1 January 2018	469	0	469
Additions	506	0	506
Disposals	0	0	0
Cost price 31 January 2018	975	0	975
Accumulated depreciation 1 January 2018	0	0	0
Depreciation for the year	0	0	0
Net book value 31 December 2018	975	0	975

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 as at 31 December 2019 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, Møre. As of 31 December 2019 Salmon Evolution had no material financial commitments towards the turnkey project agreement as the agreement included a clause that Salmon Evolution is not financially committed until further financing of the Company is secured through either a private placement or new debt financing.

## Note 7 - Taxes

### Calculation of deferred tax/deferred tax benefit

NOK thousands	2019	2018
Fixed assets	12	0
Right-of-use assets	712	0
Lease liabilities	(747)	0
Other current liabilities	(216)	0
Net temporary differences	(239)	0
Tax losses carried forward	(13 861)	(3 885)
Basis for deferred tax	(14 100)	(3 885)
Deferred tax (22%)	(3 102)	(855)
Deferred tax benefit not recognized in the balance sheet*	3 102	855
Deferred tax in the balance sheet	-	-

\*The reason deferred tax benefit are not reflected in the balance sheet is that historical results create doubt that future taxable profits will be sufficient to utilize the tax benefit

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

NOK thousands	2019	2018
Result before taxes	(11 269)	(1 974)
Permanent differences	1 054	(1 148)
Basis for the tax expense in the current year	(10 215)	(3 122)
Change in temporary differences	239	-
Basis for payable taxes in the income statement	(9 976)	(3 122)

### Components of the tax expense

NOK thousands	2019	2018
Payable tax on this year's result	-	-
Total payable tax	-	-
Change in deferred tax on original tax rate	(10 215)	(3 122)
Change in deferred tax not shown in the balance sheet	10 215	3 122
Tax expense	-	-

### Reconciliation of the tax expense with the nominal tax rate

NOK thousands	2019	2018
Result before taxes	(11 269)	(1 974)
Calculated tax (22%)	(2 479)	(434)
Tax expense	-	-
Difference	2 479	434

#### The difference consists of:

Tax on permanent differences	232	(253)
Change in tax rate	-	9
Change in deferred tax	-	(175)
Change in deferred tax due to change in tax rate	-	(2)
Change in deferred tax not shown in the balance sheet	2 247	855
Sum explained differences	2 479	434



## Note 8 - Earnings per share

NOK thousands	2019	2018
Loss attributable to the equity owners of the Company	(11 269)	(1 974)
Loss for calculation of diluted earnings per share	(11 269)	(1 974)
Weighted average number of shares outstanding	27 500 083	1 000
Dilutive options*	-	-
Average number of shares and options used in calculation for diluted EPS	27 500 083	1 000
<b>Basic earnings per share (NOK)</b>	<b>(0,41)</b>	<b>(1 973,5)</b>
<b>Diluted earnings per share (NOK)</b>	<b>(0,41)</b>	<b>(1 973,5)</b>

Basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period. The Company issued 29,900,000 new shares in a capital raise in January 2019. As such, the weighted average number of shares outstanding in 2019 has been calculated by applying a weight of 11/12 to the number of shares after this capital raise (total 30,000,000 shares).

Diluted earnings per share calculations are performed using the weighted average number of common shares and dilutive common shares equivalents outstanding during each period. Options are dilutive when they result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price in the period is treated as an issue of ordinary shares for no consideration.

\*The outstanding options that would result in a potential issue of 900,000 ordinary shares in 2019 (0 ordinary shares in 2018) are not included in the calculation of diluted earnings per share as they are anti-dilutive and would decrease loss per share.



## Note 9 - Government grants

NOK thousands	2019	2018
Government grants	(175)	1 150
Total other income	(175)	1 150

The Company has been granted "RDA" funds to compensate for being located in a municipality with higher rates for employer's national insurance contribution. The grant is considered a subsidy and part of the government's efforts to support the aquaculture industry and the industry in the region itself.

The negative amount in 2019 is due to an estimate deviation related to the amounts recognised in 2018.

## Note 10 - Personnel expenses, remuneration to the board and auditor's fee

NOK thousands	2019	2018
Salaries	7 835	922
Social security	265	114
Pensions	266	0
Other benefits	385	146
Share-based payments	780	0
Gross personnel expenses	9 531	1 182
- Capitalized R&D costs	(5 777)	0
Total personnel expenses recognized in P&L	3 754	1 182

**Number of full-time employment equivalents** 6 1

During the ordinary course of business, the Company capitalizes portions of total salary and personnel costs towards assets under construction.

Norwegian entities are obligated to establish a mandatory company pension. This obligation is fulfilled under the current pension plan.

### Remuneration and compensation to members of the board

NOK thousands	2019
Kristofer Reiten (Chairman of the Board)	140
Ingjarl Skarvøy (Member of the Board)	41
Per Olav Mevold (Member of the Board)	70
Glen Bradley (Member of the Board)	29
Anders Sandøy (Member of the Board)	29
Frode Kjøllås (Member of the Board)	29
Peder Stette (Member of the Board)	29
Frank Småge (Member of the Board)	29
Jonny Småge (Member of the Board)	41
Total board of Directors	438

No remuneration was paid to the Board of Directors during 2018.

### Remuneration and compensation to executive management

NOK thousands	Salary	Pension	Other	Total
Ingvar Skarvøy (CEO/COO) <sup>1)</sup>	1282	64	97	1444
Odd Tore Finnøy (CEO) <sup>2)</sup>	844	42	8	895
Håkon André Berg (CFO) <sup>3)</sup>	233	12	500	745
Total executive management	2360	118	606	3084

1) Ingvar Skarvøy resigned from his position as CEO in the Company in June 2019 and continued in the Company as COO. As such, his compensation relates to a combination of his period as CEO and COO.

2) Odd Tore Finnøy was employed in the Company as CEO from 1 June 2019. As such, the salary relates to 7 months of employment.

3) Håkon André Berg was employed in the Company as CFO from 1 November 2019. As such, the salary relates to 2 months of employment. The NOK 500 000 "Other" related to Håkon Andre Berg is related to a sign-on fee.

### Auditor's remuneration

NOK thousands	2019	2018
Statutory audit	20	29
Other services	11	12
Total	31	41

## Note 11 - Other operating expenses

NOK thousands	2019	2018
Cost of premises	90	-
Hired equipment	99	14
Project costs	-	226
Other operating and administrative expenses	2 026	515
Insurance	92	4
Consultancy fees	5 445	1 174
Total other operating expenses	7 752	1 933

## Note 12 - Financial income and expenses

NOK thousands	2019	2018
Interest income	622	0
Financial income	622	0
Interest expense	(3)	(1)
Interest expense lease liability	(27)	0
Other financial expenses	0	(8)
Financial expense	(30)	(9)
Net financial income (expense)	593	(9)

Interest income is mainly related to interest on cash deposits held with Norwegian financial institutions.



### Note 13 - Cash and restricted cash

NOK thousands	2019	2018
Cash in bank	20 578	321
Restricted bank deposits	546	49
Total cash and cash equivalents	21 124	370

Restricted cash are related to tax withholdings for employees (NOK 0.546m). The Company has no undrawn credit facilities as of 31 December 2019.

## Note 14 - Other current receivables

NOK thousands	2019	2018
Prepaid expenses	227	6
VAT receivable	2 172	169
Other receivables	350	525
Total other current receivables	2 749	700

As of 31 December 2019 and 2018, the Company's other current receivables were due within one year and considered fully collectible. Accordingly, the fair value of the Group's other current receivables was equal to nominal value, no bad debt was recognized for the years then ended, and management did not consider a provision for uncollectible accounts necessary.

Receivables denominated in foreign currencies are valued at the daily rate. Due to the short-term nature of current receivables, their carrying amount is considered equal to their fair value. As of 31 December 2019 and 2018, the Company's other current receivables, specified by currencies, consisted of the following:

NOK thousands	2019	2018
NOK	2 749	700
Other	0	0
Total other current receivables	2 749	700

## Note 15 - Trade and other current liabilities

NOK thousands	2019	2018
Trade payables	8 401	167
Total trade payables	8 401	167

NOK thousands	2019	2018
Payroll withholding tax	546	49
Employer's national insurance contributions	253	20
Total social security and other taxes	799	69

NOK thousands	2019	2018
Accrued employer's social security contribution	72	12
Shareholder loan	0	1 500
Accrued salaries, holiday pay and bonus provisions	675	111
Severance pay accrual	216	0
Total other current liabilities	963	1 622

## Note 16 - Share capital

	Outstanding	Nominal value
Ordinary shares	30 000 000	0,05

NOK thousands	2019	2018
Share capital	1 500	1 000
Share premium	49 500	0
Total	51 000	1 000

The number of shares issued in the company at 31 December 2019 was 30 000 000 with a nominal value of NOK 0.05 each. All shares carry equal voting rights.

	No of shares	Percentage share
Romsdalsfisk AS	14 250 000	48 %
Rofisk AS	6 000 000	20 %
Terra Mare AS	2 250 000	8 %
Artec Holding AS	1 800 000	6 %
Kjølas Stansekniver AS	1 500 000	5 %
Småge Eiendom AS	1 500 000	5 %
Stette Invest AS	1 500 000	5 %
Salmoserve AS	1 200 000	4 %
Total shareholders	30 000 000	100 %

As of 31 December 2019, shares directly held by members of the Board of Directors, Chief Executive officer, and Executive Management consisted of the following:

	No of shares	Percentage share
Ingjar Skarvøy (COO) (Terra Mare AS)	2 250 000	8 %
Kristofer Reiten (Chairman of the Board) (Romsdalsfisk AS)	4 316 325	14 %
Per Olav Mevold (Member of the board) (Romsdalsfisk AS)	4 966 125	17 %
Glen Allan Bradley (Member of the Board) (Salmoserve AS)	300 000	1 %
Frode Håkon Kjølas (Member of the Board) (Kjølas Stansekniver AS)	1 500 000	5 %
Peder Stette (Member of the board) (Stette Invest AS)	900 000	3 %
Total	14 232 450	47 %



## Note 17 - Leases

### Amounts recognised in the balance sheet

NOK thousands	2019	2018
<b>Right-of-use assets</b>		
Rent of premises	363	0
Car	349	0
<b>Total right-of-use assets</b>	<b>712</b>	<b>0</b>
<b>Lease liabilities</b>		
Current	394	0
Non-current	227	0
<b>Total lease liabilities</b>	<b>622</b>	<b>0</b>

Additions to right-of-use assets in 2019 were NOK 1,013 thousand.

### Amounts recognised in the statement of profit or loss

NOK thousands	2019	2018
<b>Depreciation right-of-use assets</b>		
Rent of premises	218	0
Car	84	0
Gross depreciation	302	0
- Capitalized as assets under construction	(220)	0
<b>Net depreciation</b>	<b>82</b>	<b>0</b>
Interest expense lease liability	27	0

The total cash outflow for leases in 2019 was NOK 294 thousand.

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

To determine the incremental borrowing rate, the Company:

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

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

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

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

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

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.



## Note 18 - Related party transactions

During the ordinary course of business, the Company engages in certain arm's length transactions with related parties. The following is a summary of related party transactions carried out during 2019:

During the year 2019, the Company has entered into an agreement with Artec Aqua AS, a subsidiary of Artec Holding AS, where the Company will have an exclusive right to purchase technology and supply capacity from Artec Aqua and which gives Artec Aqua the exclusive right to deliver land-based salmon production facilities to the Company. There were no transactions that affected the financial statements in 2019 as a result of this agreement.

There were no transactions with related parties during 2018.

## Note 19 - Share based payments

The Company has granted options to a total of 3 employees as of 31 December 2019. Each option gives the holder the right to subscribe or purchase shares in Salmon Evolution at an agreed exercise price of NOK 3.33. The options expire on 1 June 2020.

The fair value of the options is set on the grant date and is expensed over it's lifetime. The fair value of the options has been calculated using the Black & Scholes option-pricing model, which takes into account the exercise price, the term of the option, the share price at the grant date, expected price volatility of the underlying share, expected dividend and risk-free rates. The expected volatility is based on historical volatility for a selection of comparable companies listed on Oslo Stock Exchange ("Oslo Børs"). The risk-free interest rate is set to equal the interest on Norwegian government bonds with the same maturity as the option. Key assumptions is listed below.

Outstanding options (in thousands)	2019	2018
Outstanding options 1 January	0	0
Options granted	900	0
Options forfeited	0	0
Outstanding options 31 December	900	0

NOK thousands	2019	2018
Charges to income statement	780	0

Key assumptions	2019	2018
Average fair value (NOK)	3,33	na.
Average exercise price (NOK)	3,33	na.
Expected average life (in years)	0,53	na.
Estimated dividend per share (NOK)	0,00	na.
Expected average volatility	90,8 %	na.
Average risk-free rate	1,13 %	na.

## Note 20 - Events after the reporting date

- 1) Private placement of NOK 258 000 000 at NOK 3.33 per share in March 2020
- 2) Change of CEO
- 3) Change of board



## Directors responsibility statement

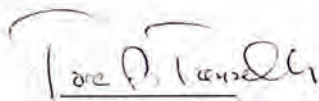
Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Director's report and the annual financial statements for Salmon Evolution AS, for the year ended 31 December, 2019 (Annual report 2019).

The financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and applicable additional disclosure requirements in the Norwegian Accounting Act.

To the best of our knowledge:

- The annual financial statements for 2019 have been prepared in accordance with applicable financial reporting standards.
- The annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 31 December, 2019 for the Company.
- The Board of Directors' report for the Company includes a fair review of:
  - i) the development and performance of the business and the position of the Company, and
  - ii) the principal risks and uncertainties the Company face.

Ålesund, 25<sup>th</sup> of August 2020



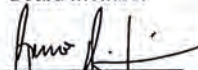
Tore Andreas Tønseth  
Chairman



Peder Stette  
Board member



Kristoffer Reiten  
Board member



Frode Håkon Kjølås  
Board member



Glen Allan Bradley  
Board member



Håkon A Berg  
CEO